UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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, 2017

or

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

For the transition period from to

Commission file number 001-33118

ORBCOMM INC.
(Exact name of registrant in its charter)

Delaware	**41-2118289**
(State or other jurisdiction of incorporation of organization)	*(I.R.S. Employer Identification Number)*

395 W. Passaic Street
Rochelle Park, New Jersey 07662
(Address of principal executive offices)

Registrant's telephone number, including area code:
(703) 433-6300

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

Title of Each Class:	Name of Each Exchange on Which Registered:
Common stock, par value $0.001 per share	The Nasdaq Stock Market, LLC

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 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 is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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. (Check one):

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

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

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

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant (based on the closing price reported on the Nasdaq Global Market on June 30, 2017) was $782,113,827.

Shares held by all executive officers and directors of the registrant have been excluded from the foregoing calculation because such persons may be deemed to be affiliates of the registrant.

The number of shares of the registrant's common stock outstanding as of February 26, 2018 was 74,759,482.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the 2017 Annual Meeting of Stockholders to be held on April 18, 2018 are incorporated by reference in Part III of this Form 10-K.

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Forward- Looking Statements

Certain statements discussed in Part I, Item 1. “Business”, Part I, Item 3. “Legal Proceedings”, Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this Annual Report on Form 10-K constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally relate to our plans, estimates, objectives and expectations for future events, as well as projections, business trends and other statements that are not historical facts. Such forward-looking statements are subject to known and unknown risks and uncertainties, some of which are beyond the Company’s control, which may cause the Company’s actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks and uncertainties include but are not limited to: demand for and market acceptance of our products and services and our ability to successfully implement our business plan; our dependence on our subsidiary companies (Market Channel Affiliates (MCAs)) and third party product and service developers and providers, distributors and resellers (Market Channel Partners (MCPs)) to develop, market and sell our products and services, especially in markets outside the United States; substantial losses we have incurred and may continue to incur; the inability to effect suitable investments, alliances and acquisitions, and even if we are able to make acquisitions, the failure to integrate and effectively operate the acquired businesses and the exposure to additional risks, such as unexpected costs, contingent or other liabilities, or weaknesses in internal controls, and issues related to non-compliance with domestic and foreign laws, particularly in acquisitions of foreign businesses; our dependence on a significant customers for a substantial portion of our revenues, including key customers such as JB Hunt Transport Services, Inc., Walmart, Caterpillar Inc., Komatsu Ltd., Hub Group, Onixsat and Satlink S.L.; our ability to expand our business outside the United States, including risks related to the economic, political and other conditions in foreign countries in which we do business, including fluctuations in foreign currency exchange rates; our dependence on a few significant vendors, service providers or suppliers, as well as the loss or disruption or slowdown in the supply of products and services these key vendors, such as our SkyWave business’s dependence on its commercial relationship with Inmarsat plc and the services provided by Inmarsat plc, including the continued availability of Inmarsat plc’s satellites, the supply of our products produced by Sanmina Corporation, or the supply of application specific integrated circuits (ASICs) from S3 Group; competition from existing and potential telecommunications competitors, including terrestrial and satellite-based network providers, some of whom provide wireless network services to our customers in connection with our products and services; our reliance on intellectual property rights and the risk that we, our MCAs, our MCPs and our customers may infringe on the intellectual property rights of others; inability to operate due to changes or restrictions in the political, legal, regulatory, government, administrative and economic conditions and developments in the United States and other countries and territories in which we provide our services; legal proceedings; the failure of our system or reductions in levels of service due to technological malfunctions or deficiencies or other events, such as in-orbit satellite failures, reduced performance of our existing satellites, or man-made or natural disasters and other extreme events; rapid and significant technological changes, pricing pressures and other competitive factors; cybersecurity risks; the level of our indebtedness and the terms of our $250 million 8.0% senior secured note indenture and our revolving credit agreement, under which we may borrow up to an $25 million, that could restrict our business activities or our ability to execute our strategic objectives or adversely affect our financial performance. In addition, specific consideration should be given to various factors described in Part I, Item 1A. “Risk Factors” and Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, and elsewhere in this Annual Report on Form 10-K. The Company undertakes no obligation to publicly revise any forward-looking statements or cautionary factors, except as required by law.

PART I

Item 1. ***Business***

We are a global provider of industrial Internet of Things ("IoT") solutions, including network connectivity, devices, device management and web reporting applications. These solutions enable optimal business efficiencies, increased asset utilization and reduced asset write-offs, helping customers realize benefits on a worldwide basis. Our industrial IoT products and services are designed to track, monitor, control and enhance security for a variety of assets, such as trailers, trucks, rail cars, sea containers, power generators, fluid tanks, marine vessels, diesel or electric powered generators ("gensets"), oil and gas wells, pipeline monitoring equipment, irrigation control systems, and utility meters, in industries for transportation & supply chain, heavy equipment, fixed asset monitoring, maritime and government. Additionally, we provide satellite Automatic Identification Service ("AIS") data services to assist in vessel navigation and to improve maritime safety for government and commercial customers worldwide. Through two acquisitions in 2017, we added to our transportation product portfolio vehicle fleet management, as well as in-cab and fleet vehicle solutions. We provide our services using multiple network platforms, including our own constellation of low-Earth orbit ("LEO") satellites and our accompanying ground infrastructure, as well as terrestrial-based cellular communication services obtained through reseller agreements with major cellular (Tier One) wireless providers. We also offer customer solutions utilizing additional satellite network service options that we obtain through service agreements we have entered into with third party mobile satellite providers. Our satellite-based customer solution offerings use small, low power, mobile satellite subscriber communicators for remote asset connectivity, and our terrestrial-based solutions utilize cellular data modems with subscriber identity modules ("SIMs"). We also resell service using the two-way Inmarsat plc ("Inmarsat") satellite network to provide higher bandwidth, low-latency satellite products and services, leveraging our IsatDataPro ("IDP") technology. Our customer solutions provide access to data gathered over these systems through connections to other public or private networks, including the Internet. We are dedicated to providing what we believe are the most versatile, leading-edge industrial IoT solutions in our markets that enable our customers to run their business operations more efficiently and achieve significant return on investment.

We derive service revenues mostly from monthly fees for industrial IoT connectivity services that consist of subscriber-based, recurring monthly usage fees for each subscriber communicator or SIM activated for use on our satellite network, other satellite networks, and cellular wireless networks that we resell to our customers (i.e., our MCPs, MCAs and direct customers). We also generate AIS service revenues from subscription based services supplying AIS data to customers and resellers. In addition, we earn service revenues from extended warranty service agreements extending beyond the initial warranty period of one year, installation services, royalty fees from third parties for the use of our proprietary communications protocol charged on a one-time basis for each subscriber communicator connected to our industrial IoT data communications system and fees from providing engineering, technical and management support services to customers. We derive product revenues primarily from sales of complete industrial IoT telematics devices, modems and cellular wireless SIMs (for our terrestrial-communication services) to our resellers (i.e., our MCPs and MCAs) and direct customers.

Customers benefiting from our network, products and solutions include original equipment manufacturers, or OEMs, such as Caterpillar Inc., Doosan Infracore America, Hitachi Construction Machinery Co. Ltd., John Deere, Komatsu Ltd., and Volvo Construction Equipment; vertical market technology integrators known as value-added resellers ("VARs") and international value-added resellers ("IVARs"), such as I.D. Systems, Inc. and American Innovations, and Value-added Solutions Providers ("SPs"), such as Onixsat, Satlink and Sascar (collectively referred to as Market Channel Partners ("MCPs")); and end-to-end solutions customers such as Carrier Transicold, Thermo King, C&S Wholesale, Canadian National Railways, CR England, Hub Group, Inc., JB Hunt Transport Services, Inc. ("JB Hunt"), KLLM Transport Services, Marten Transport, Prime Inc., Swift Transportation, Target, Tropicana, Tyson Foods, Walmart and Werner Enterprises.

Unless otherwise noted or the context otherwise requires, references in this Form 10-K to "ORBCOMM," "the Company," "our company," "we," "us" or "our" refer to ORBCOMM Inc. and its direct and indirect subsidiaries.

Acquisitions

Acquisition of Blue Tree Systems

On October 2, 2017, we purchased all of the issued share capital of Blue Tree Systems Limited ("Blue Tree") for an aggregate consideration of (i) $34.3 million, subject to an additional working capital adjustment; (ii) issuance of 191,022 shares of our common stock, valued at $10.47 per share; and (iii) additional consideration of up to $5.8 million, subject to certain operational milestones (the "Blue Tree Acquisition"). The Blue Tree Acquisition solidifies our transportation portfolio by adding in-cab and refrigerated truck solutions to our current cargo solution.

Acquisition of inthinc Inc.

On June 9, 2017, we completed the acquisition of substantially all of the assets of inthinc, Inc. ("Inthinc") for an aggregate consideration of (i) $34.2 million, subject to a working capital adjustment; (ii) issuance of 76,796 shares of our common stock, valued at $9.95 per share; and (iii) additional consideration of up to $25.0 million, subject to certain operational milestones (the "Inthinc Acquistion"). The Inthinc Acquisition allows us to offer fleet management and driver safety solutions to enterprises and industrial companies worldwide, who operate large commercial vehicle fleets.

Other Business Development Activities

Senior Secured Notes

On April 10, 2017, we issued $250 million aggregate principal amount of 8.0% Senior Secured Notes due 2024 (the "Senior Secured Notes"). The Senior Secured Notes were issued pursuant to an indenture, dated as of April 10, 2017, among us, certain of our domestic subsidiaries party thereto (the "Guarantors") and U.S. Bank National Association, as trustee and collateral agent (the "Indenture"). The Senior Secured Notes are unconditionally guaranteed on a senior secured basis by the Guarantors, and the Senior Secured Notes are secured on a first priority basis by (i) pledges of capital stock of certain of our directly and indirectly owned subsidiaries; and (ii) substantially all of our and our Guarantors' other property and assets, to the extent a first priority security interest is able to be granted or perfected therein, and subject, in all cases, to certain specified exceptions, and an intercreditor agreement with the collateral agent for our revolving credit facility described below. Interest payments are due on the Senior Secured Notes semi-annually in arrears on April 1 and October 1 beginning October 1, 2017.

We have the option to redeem some or all of the Senior Secured Notes at any time on or after April 1, 2020, at redemption prices set forth in the Indenture plus accrued and unpaid interest, if any, to the date of redemption. We also have the option to redeem some or all of the Senior Secured Notes at any time before April 1, 2020 at a redemption price of 100% of the principal amount of the Senior Secured Notes to be redeemed, plus a "make-whole" premium and accrued and unpaid interest, if any, to the date of redemption. In addition, at any time before April 1, 2020, we may redeem up to 35% of the aggregate principal amount of the Senior Secured Notes to be redeemed, plus accrued and unpaid interest, if any, to the date of redemption, with the proceeds from certain equity issuances.

The Indenture contains covenants that, among other things, limit us and our restricted subsidiaries' ability to: (i) incur or guarantee additional indebtedness; (ii) pay dividends, make other distributions or repurchase or redeem capital stock; (iii) prepay, redeem or repurchase certain indebtedness; (iv) make loans and investments; (v) sell, transfer or otherwise dispose of assets; (vi) incur or permit to exist certain liens; (vii) enter into certain types of transactions with affiliates; (viii) enter into agreements restricting our subsidiaries' ability to pay dividends; and (ix) consolidate, amalgamate, merge or sell all or substantially all of their assets; subject, in all cases, to certain specified exceptions. Such limitations have various exceptions and baskets as set forth in the Indenture, including the incurrence by us and our restricted subsidiaries of indebtedness under potential new credit facilities in the aggregate principal amount at any one time outstanding not to exceed $50 million.

On April 10, 2017, a portion of the proceeds of the issuance of the Senior Secured Notes was used to repay in full our outstanding obligations under our $150 million outstanding secured credit facilities incurred pursuant to the secured credit facilities credit agreement entered into on September 30, 2014, and to terminate the agreement, resulting in an early payment fee of $1.5 million and an additional expense associated with the remaining unamortized debt issuance cost of $2.4 million.

Revolving Credit Facility

On December 18, 2017, we and certain of our subsidiaries entered into a senior secured revolving credit agreement (the "Credit Agreement") with JPMorgan Chase Bank, N.A. ("JPMorgan Chase"), as administrative agent and collateral agent. The Credit Agreement provides for a revolving credit facility (the "Revolving Credit Facility") in an aggregate principal amount of up to $25.0 million for working capital and general corporate purposes and matures on December 18, 2022. The Revolving Credit Facility will bear interest at an alternative base rate or an adjusted LIBOR, plus an applicable margin of 1.50% in the case of alternative base rate loans and 2.50% in the case of adjusted LIBOR loans. The Revolving Credit Facility is secured by a first priority security interest in substantially all of our and our subsidiaries' assets under a Security Agreement among the Company, the applicable subsidiaries and JPMorgan Chase, subject to an intercreditor agreement with the indenture trustee for the Senior Secured Notes. The Revolving Credit Facility has no scheduled principal amortization until the maturity date. Subject to the terms set forth in the Credit Agreement we may borrow, repay and reborrow the Revolving Credit Facility at any time prior to the maturity date.

The Credit Agreement contains customary representations and warranties, conditions to funding, covenants and events of default. The Credit Agreement contains covenants that, among other things, limits us and our restricted subsidiaries' ability to: (i) incur or guarantee additional indebtedness; (ii) pay dividends, make other distributions or repurchase or redeem capital stock; (iii) prepay, redeem or repurchase certain indebtedness; (iv) make loans and investments; (v) sell, transfer or otherwise dispose of assets; (vi) incur or permit to exist certain liens; (vii) enter into certain types of transactions with affiliates; (viii) enter into agreements restricting the our subsidiaries' ability to pay dividends; and (ix) consolidate, amalgamate, merge or sell all or substantially all of their assets; subject, in all cases, to certain specified exceptions. Such limitations have various baskets as set forth in the Credit Agreement.

At December 31, 2017 no amounts were outstanding under the Revolving Credit Facility.

Strategic Alliance with Inmarsat

In early 2016, in connection with the strategic alliance with Inmarsat announced on November 4, 2013, we introduced the first of a series of interchangeable modems that work with either our OG2 VHF network or Inmarsat's L-band network. These modems have the same footprint, connectors, power input, and programming environment to allow for easy exchange of modems for the different networks. Manufacturers and partners are able to drop into their products the appropriate modem that corresponds with either our or Inmarsat's network based on geography, message size and delivery speed for ease of use and flexibility. In addition, users will be able to take advantage of our relationships with Tier One cellular providers for dual-mode cellular and satellite service with either satellite network. We also offer our unique ORBCOMMConnect Platform, which seamlessly translates and integrates the communications from our diverse network service partners into a uniform set of commands and information. This facilitates a uniform platform for provisioning, billing and multi-mode access for industrial IoT applications, supported by Inmarsat's M2M Access Platform, enabling access to network and terminal management tools for wholesale integration with us.

These versatile offerings are available in our end-to-end solutions for heavy equipment, fixed asset and transportation industries, as well as through our MCPs. We leverage our relationship with Inmarsat to access their worldwide fleet of L-band geostationary ("GEO") satellites to provide IDP, a satellite packet data service offering the highest throughput and lowest latency in the market, as well as a 3G satellite service offering real-time IP data speeds up to 512 kbps on a single global SIM—the only service of its kind in the satellite industrial IoT space.

Our Business Strengths and Competitive Advantage

Over the past several years, we have grown from a satellite network owner and operator into a leading global provider of industrial IoT solutions. Using our satellite network as a key differentiator, in 2017 we continued our transition to an end-to-end industrial IoT solution provider with the Inthinc Acquisition providing a solid entry point for us into the vehicle fleet management market, while the Blue Tree Acquisition solidified our transportation portfolio by adding in-cab and refrigerated truck solutions to our industry-leading cargo solutions. Through the incremental capabilities, markets and distribution channels acquired through inthinc and Blue Tree, we now provide what we believe is the most complete, integrated transportation solution offering – from in-cab fleet vehicles to refrigerated assets to dry vans – all visible in a single platform.

With our expanding portfolio of industrial IoT solutions, we are changing the way enterprises track, monitor, protect and control assets around the world in multiple industries. We provide individual application components, such as modems and chip sets, as well as full end-to-end solutions, such as freight transportation monitoring, cold chain compliance, refrigerated asset monitoring, vehicle fleet management, in-cab driver safety and cargo security systems. Our combination of global network services along with our state-of-the-art devices, device management and robust web-based Software-as-a-Service ("SaaS") applications provides what we believe is the global industrial IoT markets most comprehensive service offering and positions us as a leader and innovator in the global industrial IoT marketplace. In addition, our solution delivery team provides end-to-end customer service – from installation to deployment to ongoing customer care — to support our diverse customer base. We believe that our approach to industrial IoT solutions is unique in our industry and will enable us to achieve significant growth.

Within the rapidly evolving industrial IoT market, customers have widely divergent requirements for hardware, connectivity, middleware, and software that depend, in part, on specific industry, geography, and price requirements. Leveraging our expertise in the global industrial IoT sector and through our diverse portfolio of devices, network services and SaaS applications, we provide solutions that enable customers to minimize development time, reduce costs and increase operational efficiency, whether by saving on fuel, improving asset turn times, lowering maintenance costs or optimizing asset utilization. We believe that our flexibility in responding to unique customer requirements, as well as our ability to provide all of these products and services ourselves, through our incremental resources, increased capabilities and improved scalability, enhances our competitive positioning and the size of our addressable market.

Our key competitive advantages include a broad range of industrial IoT network connectivity solutions, including cellular network connectivity through our partnerships with Tier One cellular carriers, and global, two-way satellite data communication connectivity through our own network of LEO satellites and accompanying ground infrastructure, as well as through strategic partnerships with Inmarsat and Globalstar.

Through our satellite network, we provide worldwide coverage, including in the open ocean, allowing end-users to access our communications system in areas outside the coverage of terrestrial networks. Our unique, proven technology offers full two-way data communication with minimal line-of-sight limitations and reliable performance. By leveraging our expanded ORBCOMM Generation 2 (“OG2”) satellite network, we have reduced the time interval in delivering messages and data, or network latency, in most regions of the world. The OG2 capabilities allows for increased data rate and message sizes, as well as enhance our AIS capabilities. Using our satellite-based AIS system, which is equipped on each of our OG2 satellites, our customers have access to AIS data well beyond coastal regions in a cost-effective and timely fashion. We provide what we believe is the most comprehensive global AIS data service through a combination of satellite and terrestrial data, enabling government and commercial customers to track more than 200,000 AIS-equipped vessels worldwide per day, facilitating maritime surveillance and intelligence. We intend to continue working with system integrators and maritime information service providers to develop AIS-based value added services and to facilitate the sales and distribution of AIS data.

Our strategic relationships with key distributors and OEMs have enabled us to streamline our sales and distribution channels and, in some cases, shift much of the risk and cost of developing and marketing end-user applications to the OEMs and MCPs. We have established strategic relationships with major OEMs, such as Carrier Transicold, Caterpillar Inc., Hitachi Construction Machinery Co., Ltd., Komatsu Ltd., Volvo Construction Equipment, Oshkosh Corporation / JLG Industries, Inc. and Doosan Infracore America, as well as key VARs and IVARs, such as ID Systems, Precise Innovations and American Innovations in North America along with Onixsat, Satlink S.L. and Sascar in key international markets.

Our Strategy

Our long-term growth strategy capitalizes on expanding our capabilities and distribution through a build, buy or partner approach based on time to market and return on investment. Our growth is a result of our ability to leverage our vast in-house engineering capabilities to design new products as well as reduce costs and improve the functionality of our products through product redesign initiatives. In addition, we continue to identify strategic acquisitions that expand existing business lines, increase our resources and scalability and build collaborative partnerships with fellow industry leaders.

Industry Overview

Businesses and governments increasingly face the need to track, control, monitor and communicate with fixed and mobile assets that are located throughout the world. At the same time, these assets increasingly incorporate microprocessors, sensors and other devices that can provide a variety of information and analytical insight about the asset’s location, condition, operation and environment and are capable of responding to external commands and queries. As these intelligent devices proliferate, we believe that the need to establish two-way communications with these devices is greater than ever. The owners and operators of these intelligent devices are seeking low-cost and efficient communications systems that will enable them to communicate with these devices.

We operate in the industrial IoT industry, which includes various types of communications systems that enable intelligent machines, devices and fixed or mobile assets to communicate information from the machine, device, or fixed or mobile asset to and from back-office information systems of the businesses and government agencies that track, monitor, control and communicate with them. These industrial IoT data communications systems integrate a number of technologies and cross several different industries, including computer hardware and software systems, positioning systems, terrestrial and satellite communications networks and information technologies (such as data hosting and report generation).

There are four main components in any industrial IoT data communications system:

1. *Fixed or mobile assets.* Intelligent or trackable assets include devices and sensors that collect, measure, record or otherwise gather data about themselves or their environment to be used, analyzed or otherwise disseminated to other machines, applications or human operators and come in many forms, including devices and sensors that:
   - Report the location, speed and fuel economy data from trucks and locomotives;
   - Monitor the location, condition and environmental factors of dry van trailers, railcars and marine shipping containers;
   - Monitor the location, condition and temperature of refrigerated trailers, railcars and marine shipping containers that transport temperature-sensitive cargo;
   - Monitor vehicle fleet location, route details and fuel usage;
   - Monitor driver in-cab behavior;
   - Report operating data usage and required maintenance for heavy equipment;
   - Monitor fishing vessels to enforce government regulations regarding geographic and seasonal restrictions;
   - Report the location and condition of ocean buoys;
   - Report energy consumption from a utility meter;
   - Monitor corrosion in a pipeline;
   - Monitor levels in liquid, gas and materials storage tanks;
   - Measure water delivery in agricultural pipelines; and
   - Monitor environmental conditions in agricultural facilities.
2. *Communications network.* The communications network enables a connection to take place between the fixed or mobile asset and the back-office systems and users of that asset's data. The proliferation of terrestrial and satellite-based wireless networks has enabled the creation of a variety of industrial IoT data communications applications. Networks that are being used to deliver asset data include terrestrial communications networks, such as cellular, radio paging and WiFi networks, and satellite communications networks, utilizing LEO or GEO satellites.
3. *SaaS Applications.* Data collected from a remote asset is used in a variety of ways with SaaS applications that allow the end-user to track, monitor, control and communicate with these assets with a greater degree of control and with much less time and expense than would be required to do so manually.
4. *Platform-as-a-Service ("PaaS").* Multiple devices over various networks are better managed with a device management platform, utilizing cloud-based portal technology to provide visibility and management to all devices. With a single interface for managing multiple networks and devices, connectivity and device-specific messaging is abstracted to a common interface and messaging application programming interface ("API"), allowing the end-user to speak one language to all of their connected industrial IoT devices for complete interoperability.

Market Opportunity

We believe the following market opportunities as well as the increasing mainstream deployment of industrial IoT solutions will continue to position us as a leader and innovator in the global industrial IoT market:

Commercial transportation and distribution

For-hire transportation companies, including truckload carriers, shipping lines, railroads, and third-party logistics providers, and the in-house transportation operations of enterprises are increasingly requiring industrial IoT telematics solutions to manage their transportation assets more safely and efficiently and to improve performance and utilization. These wireless devices report location, engine diagnostic data, fuel consumption, compliance, fuel taxes, driver electronic data logs, cargo condition, on/off utilization, empty/loaded condition, demurrage and detention, facility entry/exit as well as a wide variety of other functions, in order to provide better control over business operations.

A growing number of truck and trailer fleet owners, operators and OEMs are integrating industrial IoT data communications systems into their transportation operations. In order to improve driver safety and effectively track hours of service, the Federal Motor Carrier Safety Administration (FSCMA) is instituting regulatory requirements for Electronic Logging Devices (ELDs), also known as the "ELD Mandate," in 2018. Through the Blue Tree Acquisition, we are now able to offer what we believe is the most advanced and user-friendly ELD solution on the market for medium to large-sized fleets, which not only enables regulatory compliance but also enables far greater operational efficiency. The trailer market also requires additional wireless applications, such as cargo sensor reporting, load monitoring, fuel measurement, control of refrigeration systems and door alarms, which we offer as part of our complete transportation solution portfolio. Future regulations may require position tracking of specific types of cargo, such as hazardous materials, and could also increase trailer tracking market opportunities. The coordination and integration of the broad collection of transportation assets, including trucks, trailers, containers, chassis and gensets, through an integrated service can provide significant benefits, synergies and savings to customers through operating efficiencies and increased logistical performance. The unified delivery of all these transport asset solutions provides a significant advantage for us, which now offers what we believe is the transportation industry's most comprehensive, integrated platform for nearly all transportation assets with the addition of the Inthinc and Blue Tree acquisitions.

Refrigerated or cold chain transportation shippers and transportation companies have a growing need to track and monitor environmental and control conditions and fill the visibility gap of cargo over rail, trucking and sea transport representing an important market opportunity. Our industry-leading cold chain monitoring solutions, including trailers, railcars, gensets and sea containers, address this significant market. In addition, the Food and Drug Administration's Food Safety Modernization Act ("FSMA") will also impact the growth of our market opportunity in this sector. The FSMA aims to ensure the safety of food across the supply chain through the introduction of new requirements for food manufacturers, processors, transporters and distributors. The FSMA is expected to require every large food distribution company at every step, from farm to table, to implement wireless monitoring solutions, which we expect will further increase the demand for our cold chain monitoring systems.

Fleet Management

Enterprises that utilize large and geographically dispersed fleets of vehicles are demanding improved fleet visibility, operational efficiency, regulatory compliance, and driver safety and security. Wireless applications provide enterprise fleet operators with a wide variety of fleet management services, including driver hours of service tracking, instantaneous driver performance feedback, vehicle performance monitoring, and asset utilization. Customers, particularly those in industrial environments such as oil and gas, utilities and commercial services, increasingly require safer fleet operations and better management of drivers. The Inthinc Acquisition has allowed us to enter the vehicle fleet management market, which is one the fastest growth areas for industrial IoT solutions and offers a large market opportunity.

Manufacturing, warehousing & supply chain management

In the growing complex and competitive world of manufacturing and supply chain operations, enterprises need to ensure that high-value materials, tools and supplies converge at the right time and place. Manufacturing and warehousing profitability is dependent on ensuring just-in-time availability and accurate real-time location of inventory in the supply chain. Companies employing sophisticated supply chain methods have the potential to realize greater profits than competitors using more traditional means. As regulatory pressure for buying multiple technologies rises, customers are increasingly demanding integrated solutions from single-source providers. End-to-end industrial IoT solutions based on multi-modal short-range tracking technologies such as RFID, WiFi, condition sensors and actuators are more capable of handling the complex demands of today's manufacturing and supply chain operations.

Heavy equipment

Heavy equipment fleet owners and leasing companies seeking to improve fleet productivity and profitability require applications that report diagnostic information, location, time-of-use information, emergency notification, driver usage and maintenance alerts for their heavy equipment, which may be in remote, difficult to reach locations. Using industrial IoT data communications systems, heavy equipment fleet operators can remotely manage the productivity and mechanical condition of their equipment, potentially lowering operating costs through preventive maintenance. OEMs can also use industrial IoT applications to better anticipate the maintenance and spare parts needs of their customers, expanding the market for higher-margin spare parts orders. Heavy equipment OEMs are increasingly integrating industrial IoT data communications systems into their equipment at the factory or offering them as options through certified after-market dealers.

Fixed asset monitoring

Companies with widely dispersed fixed assets, such as remote oil and gas equipment, require a means of collecting data from them to monitor productivity, manage inventory, increase security, minimize downtime and realize other operational benefits, as well as managing remote operation of valves, compressors, pumps and electrical switches. Industrial IoT systems can provide automated meter reading, oil and gas storage tank monitoring, pipeline monitoring and environmental monitoring, which can reduce labor costs, fuel costs, and the expense of on-site monitoring and maintenance.

Marine vessels

Marine vessels need satellite-based communications due to the absence of reliable terrestrial-based coverage more than a few miles offshore. Industrial IoT systems offer features and functions to luxury recreational marine vessels and commercial fishing vessels, such as onboard diagnostics and other marine telematics, alarms, requests for assistance, security, location reporting and tracking, two-way messaging, catch data and weather reports. In addition, owners and operators of commercial fishing and other marine vessels are increasingly subject to regulations governing, among other things, commercial fishing seasons and geographic limitations, vessel tracking, safety systems, and resource management and protection. Our investments in AIS also provide significant opportunity in the marine market.

We expect to leverage our investment in AIS technology to resell AIS data collected by our network to other maritime services and governmental agencies. Further expansion of the AIS business had been driven by our AIS distribution agreements for commercial purposes with resellers. The successful deployment of our OG2 satellites, all of which are equipped with AIS capability, will allow us to enhance our AIS services.

Government and homeland security

Governments worldwide are seeking to address the global terror threat by monitoring land borders and hazardous materials, as well as marine vessels and containers. In addition, modern military and public safety forces use a variety of applications, particularly in supply chain management, logistics and support, which could incorporate our products and services. Industrial IoT systems can be used in applications to address infiltration across land borders, for example, monitoring seismic sensors placed along the border to detect incursions. Industrial IoT systems can also be used in applications to address homeland security requirements, such as tracking and monitoring vessels and containers.

Customers

We market and sell our products and services directly to OEM and government customers and end-users, and indirectly through Market Channel Partners and Market Channel Affiliates, as discussed below.

Revenues in Foreign Geographic Areas

Revenues in 2017, 2016 and 2015 in foreign geographic areas, mostly South America, Europe and Japan, represented approximately 18%, 31% and 36% of our consolidated revenues, respectively. No other foreign geographic area accounted for more than 10% of our consolidated revenues. See also "Note 13 – Segment Information" in the accompanying "Notes to Consolidated Financial Statements" in this Annual Report.

Sales, Marketing and Distribution

We generally market our services and products through the following channels:

Market Channel Partners. We are currently working with a number of third party resellers referred to as MCPs and seek to add MCPs as we expand our business. The role of the MCP is to develop tailored applications that utilize our system and then market them, through non-exclusive licenses, to specific, targeted vertical markets and geographies. MCPs are responsible for establishing retail pricing, collecting revenues from end-users and for providing customer service and support. Our MCPs have made significant investments in developing ORBCOMM-based applications. MCPs pay fees for access to our system based on either a fixed monthly recurring charge or on the amount of data transmitted.

Generally, subject to regulatory restrictions, MCPs that have an IVAR arrangement allow us to enter into a single agreement with any given IVAR and allows the IVARs to pay directly to us a single price on a single monthly invoice in a single currency for worldwide service, regardless of the territories they sell into, avoiding the need to negotiate prices in each territory. We pay our MCAs, as defined below, a commission on revenues received from IVARs from each subscriber activated in a specific territory.

Market Channel Affiliates, referred to as MCAs. We generally market and distribute our services outside the United States primarily through our subsidiary companies, several of which are overseas joint ventures, which are assigned specific international territories. We rely on these MCAs to establish business in their respective territories, including obtaining and maintaining necessary regulatory and other approvals, as well as managing local resellers. We believe our MCAs, through their local expertise, are able to operate in these territories in a more efficient and cost-effective manner. We currently have MCAs covering over 135 countries and territories. As we seek to expand internationally, we expect to add additional MCAs, covering Asia and Africa.

Direct to End-Users. We also market directly to end-users, providing services and products tailored to particular verticals, establishing retail pricing, collecting revenues and for providing customer service and support.

Competition

Currently, we are the only commercial provider of below 1 GHz band, or little LEO, two-way data satellite services optimized for narrowband. However, we are not the only provider of data communication services, and we face competition from a variety of existing and proposed products and services. Competing service providers can be divided into four main categories: terrestrial tower-based, LEO mobile satellite, geostationary satellite service providers and telematics and industrial IoT solution providers.

Terrestrial tower-based cellular networks

While terrestrial tower-based cellular networks are capable of providing services at costs comparable to ours, they lack seamless global coverage. Terrestrial coverage is dependent on the location of tower transmitters, which are generally located in densely populated areas or heavily traveled routes. Several data and messaging markets, such as long-haul trucking, railroads, oil and gas, agriculture, utility distribution and heavy construction, have significant activity in sparsely populated areas with limited or no terrestrial coverage. In some geographic areas, terrestrial tower-based networks have gaps in their coverage and may require a back-up system to fill in such coverage gaps. We have entered into re-seller agreements with several major Tier One cellular wireless providers in the U.S. and the rest of the world to provide our customers options for incorporating terrestrial communications connectivity for industrial IoT solutions, in either single-mode or dual-mode configurations that use both terrestrial and satellite network platforms.

Low-Earth orbit mobile satellite service providers

LEO mobile satellite service providers operating above the 1 GHz band, or big LEO systems, can provide data connectivity with global coverage that can compete with our communications services. The primary focus of big LEO satellite service providers is on circuit-switched communications tailored for time- and bandwidth-intensive voice traffic, which is less efficient than the transfer of short data messages. However, big LEO satellite service providers have shifted to focus more on industrial IoT data communications. These systems entail significantly higher costs for the satellite fleet operator and the end-users. Our principal big LEO mobile satellite service competitors are Iridium Communications Inc. and, to a lesser extent, Globalstar, Inc., whose satellite airtime services we also resell.

Geostationary satellite service providers

Geostationary satellite system operators can offer services that compete with ours. Certain pan-regional or global systems (operating in the L or S bands), such as Inmarsat, are designed and licensed for mobile high-speed data and voice services. However, the equipment cost and service fees for narrowband, or small packet, data communications is more expensive than ours. We believe that the equipment cost and service fees for narrowband data communications using these systems are also significantly higher than ours, and that these geostationary providers cannot offer global service with competitive communications devices and costs. In addition, they have other limitations, such as requiring a clear line of sight between the communicator equipment and the satellite, being affected by adverse weather or atmospheric conditions, and being vulnerable to catastrophic single-point failures of their satellites with limited backup options. We resell satellite airtime service provided by Inmarsat as well to meet specific customer needs.

Telematics and IoT solution providers

The growth in the industrial IoT industry has led to other competitors that compete with our products and services including for enterprise and commercial fleets, for-hire carriers, tank monitoring applications and petroleum logistics solutions. Our principal telematics competitor in trailer tracking applications is SkyBitz, Inc. However, our combination of global network services along with our state-of-the-art devices, device management, breadth of related services and robust web-based SaaS applications for multiple market segments and across multiple asset classes provides what we believe is the global industrial IoT market's most comprehensive service offering and positions us as a leader and innovator in the global industrial IoT marketplace.

Product Development

We develop products and service enhancements that we sell directly to our end-user customers, as well as design new products and services that enhance features and capabilities, while at the same time reducing costs of our products and services. During the years ended December 31, 2017, 2016 and 2015, we have incurred product development costs of $8.9 million, $6.3 million and $6.5 million, respectively. Additional product development costs attributable to the design, development and enhancement of our products and services are capitalized.

ORBCOMM Communications System

Overview

Our industrial IoT data communications services are provided by offering a unique combination of both satellite and terrestrial networks including our proprietary LEO satellite constellation, consisting of our ORBCOMM Generation 1 ("OG1") and OG2 satellites, which are equipped with additional AIS capabilities, operating in the VHF band. In addition, we offer data communication services provided by third party satellite constellations, such as our partnership with Inmarsat, through which we provide L-band GEO satellite service via both IDP, a satellite packet data service offering the highest payload and lowest latency in the market and a 3G-based service, and the Globalstar satellite network. In addition, we provide data communication services utilizing Tier One wireless carriers through partnerships with AT&T, Verizon, T-Mobile, Telefonica, Orange, Rogers and Vodafone, whose Access Point Name ("APN") networks are tightly integrated into our own production network to provide a common interface for a mix of carrier and service options for our customers.

We utilize our ORBCOMMconnect platform to seamlessly translate and integrate the communications from our diverse network service partners into a uniform and easily manageable set of commands and responses and information transport. This creates a common user platform for provisioning, billing and multi-mode access for industrial IoT applications and enables access to network and terminal management tools for rapid wholesale integration with our network. We sell or lease to our customers a subscriber component, which consists of satellite subscriber communicators and cellular terrestrial units, or wireless modems incorporating SIMs, used by end-users to transmit and receive messages to and from their assets and our system. In addition, our web applications provide specialized data feeds that are established through our application gateway interface to third party dispatch systems and proprietary customer software applications to provide customers data and analytics from telematics products and specialized sensors.

The data generated by our customer base typically comes from end-user or ORBCOMM developed applications. The data may be transferred to either a satellite terminal or a terrestrial based wireless device using a SIM on the partner cellular provider's network. If the data is transferred to a satellite subscriber communicator, data is transmitted to the next satellite that comes into view in near real-time. The data is then routed by the satellite to the next gateway earth station ("GES") that it successfully connects to, which in turn forwards it to the ORBCOMM gateway control center ("GCC"). Within the GCC, the data is processed, safe-stored, and forwarded to its ultimate destination and, if requested, an acknowledgment that the message content has been received is transmitted back to the subscriber communicators. If the data is transferred to a cellular device, data is routed through the partner carrier's network via VPN to the ORBCOMM GCC and forwarded to its ultimate destination in real time. The destination for transferred data may be another subscriber communicator, a SIM, a corporate resource management system, any personal or business Internet e-mail address, a pager or a text message-capable cellular phone, or any combination of the above. In addition, data can be sent in the reverse direction (a feature which is utilized by many applications to remotely control assets) using similar methods.

System Status

OG1 Satellite Health

With the launch of the OG2 satellites, we are gradually phasing out the OG1 satellites. We will maintain operational control for the remaining lives of the OG1 satellites.

OG2 Satellite Health

On July 14, 2014, we launched six of our next-generation OG2 satellites, all of which were placed into proper orbit. On September 15, 2014, following an in-orbit testing period, we initiated commercial service for the six OG2 satellites. In June 2015, we lost communication with one of these six OG2 satellites and recorded a non-cash impairment charge of $12.7 million to write off the value of the satellite. In August 2016, we lost communication with another one of these six OG2 satellites and recorded a non-cash impairment charge of $10.7 million to write off the value of the satellite.

On December 21, 2015, we launched the remaining 11 next-generation OG2, all of which were placed into proper orbit. On March 1, 2016, following an in-orbit testing period, we initiated commercial service for the 11 OG2 satellites.

Between April 2017 and July 2017, there was a loss of communication with three OG2 satellites, two of which were launched in December 2015 and one of which was launched in July 2014. We established a comprehensive investigative team that included outside independent consultants, internal engineers and OG2 contractors to determine the root cause of the anomalies affecting these three OG2 satellites and associated corrective measures. The investigative team identified two potential primary causes for the loss of communication and developed operational procedures and software enhancements to mitigate the risk of a similar anomaly occurring on other OG2 satellites. The investigative team did not identify a systemic design flaw in the OG2 satellites. We recorded a non-cash impairment charge of $31.2 million to write off the net book value of these satellites. The satellite network capacity remains multiple times more capable than current demand, while there has been a small effect on message delivery times.

The 12 operational OG2 satellites are providing both machine-to-machine (“M2M”) messaging and AIS service for our global customers. The satellites have been divided into four separate planes and were placed into differing altitudes to allow each plane to drift to the proper orbit. All of the drifting operations are complete and the OG2 satellites are equally spaced in four planes providing customers the optimum coverage.

ORBCOMM Gateway Health

The gateway earth stations in the United States and internationally are performing well. In addition to routine maintenance, we continue to perform hardware and software upgrades which have improved the functionality of the gateway earth stations. Specifically, new antenna control and drive systems have been installed in several of the gateway earth stations in conjunction with the aforementioned upgrades.

ORBCOMM Network Capacity

With the addition of our OG2 satellites, the network capacity has been greatly increased. In the backwards compatible OG1 mode, each OG2 satellite has more than six times the capacity of the OG1 satellites because each OG2 satellite has six downlink transmitters where the OG1 satellites have only one. Currently, the OG2 satellites are meeting our capacity needs with just one or two downlink channels per satellite. Our ground segment was originally designed with scalability in mind. As technologies in storage and networking solutions evolve, we are continuously upgrading the key components, through internal resources, that are impacted most by an increasing subscriber base.

Inmarsat Services

With our acquisition of SkyWave Mobile Communications, Inc. (“SkyWave”) in January 2015 (the “SkyWave Acquisition”), we entered into an agreement with Inmarsat to transition the primary operational control of the IsatDataPro (“IDP”) services to Inmarsat. This transition is complete and the system performance is over 99.9% network availability. For the legacy IsatM2M services, we provide operational support to Inmarsat’s engineering and operations teams. Like the IDP services, network availability for IsatM2M services has been very good. For both the IDP and ISatM2M services, we remain in control of the message delivery Gateway that is the interface to our customers for message delivery. The Gateway is a redundant system providing customer access via two independent Internet lines which offer connectivity to their mobile terminals and messages over multiple transports and protocols. It is a high-availability system responsible for connection, storing and relaying messages between customers and Inmarsat satellite network systems, as well as providing terrestrial messaging services between customers and mobile terminals.

Terrestrial Services

We have active partnerships with many of the major carriers, both domestic and abroad including AT&T, Verizon, T-Mobile, Telefonica, Orange, Rogers and Vodafone. We have tightly integrated each carrier’s APN into our production network to provide a common interface for a mix of carrier and service options for our customers. The integration planning of each carrier network is at the core of our goal to provide a consistent and reliable uniform messaging environment over a variety of networks. We maintain redundant connections to carriers through an East Coast primary data center and West Coast backup data center. Our Network Control Center ("NCC"), staffed 24 hours a day, monitors all aspects of the network to ensure prompt response to network anomalies when they occur. Aside from a traditional Network Management System (NMS) utilizing Simple Network Management Protocol (SNMP) for infrastructure monitoring, device and carrier specific tests simulate customer traffic and provide performance metrics for support staff as well as engineers. A three-tier support structure is employed to ensure that staff with domain specific knowledge are quickly assigned to anomalies and implement resolutions.

AIS Services

Our AIS data services are provided through a combination of our OG2 satellites, which are all enabled with advanced AIS data receivers, and third party space-based assets and terrestrial AIS data providers.

Regulation of Our Business in the United States

FCC Authorizations

Any entity seeking to construct, launch, or operate a commercial satellite system in the United States must first be licensed by the U.S. Federal Communications Commission ("FCC"). ORBCOMM License Corp., a wholly owned subsidiary of ours, holds the FCC license for our VHF LEO Satellite System (the "Space Segment License"). ORBCOMM License Corp. also holds additional FCC licenses relating to our United States gateway earth stations, and our VHF and L-Band subscriber communicator deployments in the United States. We believe that our business, as currently conducted, is in full compliance with all applicable FCC rules, policies, and license conditions.

FCC License Renewals

The current fifteen-year term of our Space Segment License expires in April 2025, and the renewal application must be filed between 30 and 90 days prior to end of the twelfth year of the current license term (*i.e.,* between 30 and 90 days prior to April 2022). The current FCC licenses for the United States gateway earth stations and VHF subscriber communicators expire on May 17, 2020 and June 12, 2020, respectively, and our two L-Band subscriber communicator licenses expire on January 22, 2019 and April 19, 2026, respectively. Renewal applications for these four licenses must be filed between 30 and 90 days prior to expiration. Although the FCC has been positively disposed thus far towards granting our applications for license renewals, there can be no assurance that the FCC will in fact renew our FCC licenses in the future.

We believe that our business as currently conducted is currently in full compliance with all applicable FCC rules, policies, and license conditions. We also believe that we will continue to be able to comply with all applicable FCC requirements, although we cannot provide assurance that it will be the case.

Non-Common Carrier Status

All of our FCC licenses authorize our provision of commercial services on a "non-common carrier" basis. As a result, our service offerings are subject to limited FCC regulations, and we are not required to comply with the obligations, restrictions and reporting requirements applicable to common carriers or to providers of Commercial Mobile Radio Services, or CMRS. There can be no assurance, however, that in the future, we will not be deemed by the FCC to provide services that are designated common carrier or CMRS, or that the FCC will not exercise its discretionary authority to apply its common carrier or CMRS rules and regulations to our service offerings. If this were to occur, we would be subject to FCC obligations that include record retention requirements, limitations on use or disclosure of customer proprietary network information and truth-in-billing regulations. In addition, we would need to obtain FCC approval for foreign ownership in excess of 25% and authority under Section 214 of the Communications Act of 1934, as amended, to provide international services. Finally, we would be subject to additional reporting obligations with regard to international traffic and circuits, and Equal Employment Opportunity compliance.

United States import and export control regulations

We are subject to U.S. import and export control laws and regulations, specifically the Arms Export Control Act, the International Traffic in Arms Regulations, the Export Administration Regulations and the trade sanctions laws and regulations administered by the U.S. Department of the Treasury's Office of Foreign Assets Control, and we believe we are in full compliance with all such laws and regulations. We also believe that we have obtained all the specific authorizations currently needed to operate our business and believe that the terms of the relevant licenses are sufficient given the scope and duration of the activities to which they pertain.

Regulation of our Business in Other Countries

Our business and our business objectives are inherently worldwide, and our product and service offerings are subject to national telecommunication regulation and other applicable laws and policies of every country in which we, our MCAs, and our MCPs conduct business. These rules and policies, all of which are subject to change, which may occur from time to time without prior notice, specify technical parameters for the operation of network facilities and subscriber communicators, determine the permissible uses of network facilities and subscriber communicators, and otherwise establish the terms and conditions pursuant to which our products and services can be offered and utilized in any given country. As a result, we, our MCAs, our MCPs, and in some cases, our respective customers must obtain and maintain requisite local regulatory and other governmental approvals in each country where our product and services are offered and utilized. The process for obtaining the applicable regulatory authorization varies from country to country, and in some instances may require technical studies or actual experimental field tests under the direction and/or supervision of the local regulatory authority. Certain countries continue to require that some or all telecommunications services be provided by a government-owned or controlled entity. Therefore, under such circumstances, we may be required to offer our products or services through a government-owned or controlled entity. Failure to obtain or maintain any requisite authorizations in any given country could mean that some or all of our products and services may not be provided or utilized in that country.

We believe but cannot provide assurance that we, our MCAs, our MCPs, and our customers, have obtained all necessary regulatory or other governmental approvals required to conduct our respective current business activities in each of the countries where we currently operate. However, it may not be possible to obtain, modify, or maintain such approvals in the future. Moreover, future changes in applicable regulatory or governmental approval requirements may result in disruptions of the ability to provide or utilize some or all of the products and services we offer in one or more countries, or alternatively result in added operational costs, which could materially harm our business.

Non-U.S. gateway earth stations for our satellite constellation

To date, in addition to those in the United States, gateway earth stations for our VHF satellite constellation have been authorized and deployed in Argentina, Australia, Brazil, Curaçao, Italy, Japan, Kazakhstan, Malaysia, Morocco, South Africa and South Korea. Gateway earth stations are generally licensed on an individual facility basis. This process normally entails radio frequency coordination within the country of operation for the specific frequencies to be used in the designated geographic location of the subject gateway earth station. This domestic frequency coordination is in addition to any international coordination that may be required, as determined by the proximity of the gateway earth station location to foreign borders (see "— International Regulation of our VHF LEO Satellite System"). Based on the best available information, we believe that each of the gateway earth station authorizations is sufficient for the provision of our VHF satellite constellation services in the areas served by the relevant facilities. We will need additional gateway earth station authorizations in other countries as we install additional ORBCOMM gateway earth stations around the world.

Equipment standards

Each manufacturer of the applicable subscriber communicator is contractually responsible to obtain and maintain the governmental authorizations necessary to operate their subscriber communicators in each jurisdiction. Most countries generally require all radio transmission equipment used within their borders to comply with operating standards that may include specifications relating to required minimum acceptable levels for radiated power, power density and spurious emissions into adjacent frequency bands not allocated for the intended use. Technical criteria established by telecommunications equipment standards issued by the FCC and/or the European Telecommunications Standards Institute, or ETSI, are generally accepted and/or closely duplicated by domestic equipment approval regulations in most countries. To the best of our knowledge, all of the subscriber communicator models that we, our MCAs, and our MCPs offer on the market comply with established FCC and ETSI standards.

International Regulation of our VHF LEO Satellite System

The use of certain orbital planes and related system radio frequency assignments by our VHF LEO Satellite System, as licensed by the FCC, is subject to the frequency coordination and registration process of the International Telecommunication Union, or ITU. In order to protect satellite systems from harmful radio frequency interference from other satellite communications systems, the ITU maintains a Master International Frequency Register, or MIFR, of radio frequency assignments and their associated orbital locations. Each ITU member state (referred to as an administration) is required by treaty to give notice of, coordinate and register its proposed use of radio frequency assignments and associated orbital locations with the ITU's Radio Communication Bureau.

The FCC serves as the notifying administration for the United States and is responsible for filing and coordinating the allocated radio frequency assignments and associated orbital locations for our VHF LEO Satellite System with both the ITU's Radio Communication Bureau and the national administrations of other countries. While the FCC, as our notifying administration, is responsible for coordinating our VHF LEO Satellite System, in practice the satellite licensee is generally responsible for identifying any potential interference concerns with existing systems or those enjoying date priority and for coordinating with such systems. If we are unable to reach agreement and finalize coordination, the FCC would then assist with such coordination.

The FCC has notified the ITU that our VHF LEO Satellite System was initially placed in service in April 1995 and that it has operated without any substantiated complaints of interference since that time. The FCC has also informed the ITU that our system has successfully completed the international coordination process and our system has been formally registered in the MIFR. We continue to support as necessary FCC efforts to complete any additional required international coordination relating to our system and our new satellites. If design modifications we may make to our future satellites entail substantial changes to the frequency utilization by the subject system component(s), additional international coordination may be required or reasonably deemed advisable. However, we believe that ITU coordination can be successfully completed in all circumstances where such coordination is required, although we cannot assure you that we will successfully complete such ITU coordination. Failure to complete requisite ITU coordination could have a material adverse effect on our business. Regardless, to date, and to our best knowledge, the system has not caused harmful interference to any other radio system, or suffered harmful interference from any other radio system.

Intellectual Property

We use and hold intellectual property rights for a number of trademarks, service marks and logos for our system. We have one main mark — "ORBCOMM" — which is registered or is pending registration in approximately 125 countries.

The telematics solutions services carried on by our affiliates use trademarks including "REEFERTRAK" and "CARGOWATCH" that are registered in the U.S. and numerous countries around the world and others, such as "GLOBALTRAK" that are seeking registration only in the U.S., and others, such as "STARTRAK," "MOBILENET" and "FLEETEDGE," that are subject to common law protection.

Our telematics solutions services are protected by approximately 30 issued patents held by our SkyWave subsidiary, approximately 17 issued patents held by our StarTrak Information Technologies, LLC subsidiary, approximately 12 issued patents held by our ORBCOMM/ORBCOMM SENS, LLC subsidiary, approximately 34 issued patents held by our Inthinc subsidiary, approximately 24 issued patents held by our GlobalTrak, LLC subsidiary, and one issued patent held by our WAM Technology, LLC subsidiary. Each of these subsidiaries also has a number of pending patent applications relating to our solutions services.

We may file additional patent applications in the appropriate countries for various aspects of our businesses and technology.

We believe that all intellectual property rights used in our system were independently developed or duly licensed by us, by those we license the rights from or by the technology companies who supplied portions of our system. We cannot assure you, however, that third parties will not bring suit against us for patent or other infringement of intellectual property rights.

The value of intellectual property assets recorded for accounting purposes is primarily related to technology-based intangible assets resulting from acquisitions.

Employees

As of December 31, 2017, we had 758 full-time employees. Our employees are not covered by any collective bargaining agreements and we have not experienced a work stoppage since our inception.

Corporate Information

ORBCOMM Inc. was incorporated in Delaware in 2003. Our principal executive offices are located at 395 W. Passaic Street, Rochelle Park, New Jersey 07662, and our telephone number is (703) 433-6300. Our website is www.orbcomm.com and information contained on our website is not included as a part of, or incorporated by reference into, this Annual Report on Form 10-K. Our annual, quarterly, and other reports, and amendments to those reports can be obtained through the Investor Relations section of our website or from the Securities and Exchange Commission at www.sec.gov.

Executive Officers of the Registrant

Certain information regarding our executive officers is provided below:

Name	Age	Position(s)
Marc J. Eisenberg	51	Chief Executive Officer and President
Robert G. Costantini	58	Executive Vice President and Chief Financial Officer
John J. Stolte, Jr.	58	Executive Vice President — Technology and Operations
Christian G. Le Brun	50	Executive Vice President and General Counsel
Craig Malone	55	Executive Vice President — Product Development

Marc J. Eisenberg is our Chief Executive Officer and President, a position he has held since March 31, 2008, and a member of our board of directors since March 7, 2008. From June 2006 to March 30, 2008 he was our Chief Operating Officer and from March 2002 to June 2006, he was our Executive Vice President, Sales and Marketing. He was a member of the board of directors of ORBCOMM Holdings LLC from May 2002 until February 2004. Prior to joining ORBCOMM, from 1999 to 2001, Mr. Eisenberg was a Senior Vice President of Cablevision Electronics Investments, where among his duties he was responsible for selling Cablevision services such as video and internet subscriptions through its retail channel. From 1984 to 1999, he held various positions, most recently as the Senior Vice President of Sales and Operations with the consumer electronics company The Wiz, where he oversaw sales and operations and was responsible for over 2,000 employees and $1 billion a year in sales. Mr. Eisenberg is the son of Jerome B. Eisenberg, our Chairman of the Board.

Robert G. Costantini is our Executive Vice President and Chief Financial Officer, a position he has held since October 2, 2006. From October 2003 until September 2006, he served as Chief Financial Officer, Senior Vice President and Corporate Secretary of First Aviation Services Inc., an aviation services company providing aircraft parts and maintenance services. From 1999 to 2003, Mr. Costantini was the Chief Financial Officer of FocusVision Worldwide, Inc., a technology company providing video transmission services. From 1986 to 1999, he was Corporate Controller and then Vice-President — Finance of M.T. Maritime Management Corp., a global maritime transportation company. Mr. Costantini started his career with Peat Marwick, Mitchell & Co. Mr. Costantini is a Certified Public Accountant, Certified Management Accountant, and a member of the bar of New York and Connecticut.

John J. Stolte, Jr. is our Executive Vice President, Technology and Operations, a position he has held since April 2001. From January to April 2001, he held a similar position with ORBCOMM Global L.P. Mr. Stolte has over 25 years of technology management experience in the aerospace and telecommunications industries. Prior to joining ORBCOMM Global L.P., Mr. Stolte held a number of positions at Orbital Sciences Corporation from September 1990 to January 2001, most recently as Program Director, where he was responsible for design, manufacturing and launch of the ORBCOMM satellite constellation. From 1982 to 1990, Mr. Stolte worked for McDonnell Douglas in a number of positions including at the Naval Research Laboratory where he led the successful integration, test and launch of a multi-billion dollar defense satellite.

Christian G. Le Brun is our Executive Vice President and General Counsel, a position he has held since March 31, 2008. From April 2005 to March 30, 2008, Mr. Le Brun was our Senior Vice President and General Counsel. Prior to joining ORBCOMM, from 1999 to 2005, Mr. Le Brun was an attorney with Chadbourne & Parke LLP, where he oversaw a broad range of transactions, including mergers, acquisitions, divestitures, corporate restructurings and work-outs, as well as debt and equity financing arrangements involving publicly-held and private companies. In addition, from 1994 to 1999, he was a corporate attorney with Pullman & Comley, LLC. Mr. Le Brun is a member of the bar of New York.

Craig Malone is our Executive Vice President, Product Development, a position he has held since July 8, 2013. Mr. Malone joined ORBCOMM in 2011 as the Senior Vice President of Product Development. Mr. Malone has over 20 years of experience in leading teams engaged in the development of innovative products and solutions for the M2M, wireless and telecommunications industries. Prior to ORBCOMM, Mr. Malone was the Senior Vice President of Product Development and Operations at Skybitz. He also served as the Vice President of Product Development and Chief Technology Officer at GeoLogic Solutions and held executive positions at Philips Electronics and Raytheon Company.

Item 1A. *Risk Factors*

Set forth below and elsewhere in this Annual Report on Form 10-K are risks and uncertainties that could cause actual results to differ materially from the results contemplated by the forward-looking statements contained in this Annual Report on Form 10-K. Any of these risks could also materially and adversely affect our business, financial condition or the price of our common stock. Because of the following factors, as well as other variables affecting our operating results, past financial performance should not be considered as a reliable indicator of future performance and investors should not use historical trends to anticipate results or trends in future periods.

Risks Relating to Our Business

Our business plan depends on both increased demand for our products and services and our ability to successfully implement it.

Our business plan is predicated on continued growth in demand for our products and services. Demand for such data products and services may not grow, or may even contract, either generally or in particular geographic markets, for particular types of services or during particular time periods. A lack of demand could impair our ability to sell products and services, develop and successfully market new products and services and could exert downward pressure on prices. Any decline in prices would decrease our revenues and negatively affect our ability to generate cash for investments and other working capital needs. Our business plan assumes that potential customers and end-users will accept certain limitations that can be inherent in our product and service offerings. For example, our VHF satellite system is optimized for small packet, or narrowband, data transmissions, is subject to certain delays in the relay of messages, referred to as latencies, and may be subject to certain line-of-sight limitations between our satellites and the end-user's subscriber communicator.

Our ability to successfully implement our business plan will also depend on a number of other factors, including:

- our ability to continue to successfully and timely introduce innovative new products and services that satisfy market demand, including new services provided via our satellite constellation, our other satellite network platforms, our terrestrial communication network platforms, and our dual-mode or multi-mode network platform products and services;
- our ability to sell our products and services in additional countries and market verticals;
- the ability of our various MCAs and MCPs to market and sell our products and services, and to continue to successfully develop, market, and sell additional offerings based on our products and services;
- our ability to continue to offer our customers a diversity of satellite and terrestrial communication network platform options, including our ability to maintain and limit the effects of decreased health, in-orbit anomalies, capacity and control of our ORBCOMM VHF satellites;
- Failure to attract new customers if end-users do not accept our products and services, or those developed and offered by our MCPs, or because the necessary regulatory or other required governmental approvals in particular countries or territories cannot be obtained or maintained;
- the potential demand for our satellite-based AIS service or the extent to which we will be able to meet that demand. Although we believe the market for satellite-based AIS service is significant, the actual size of the market is subject to significant uncertainty; and
- our ability to maintain competitive prices for our products and services and control costs, including the effect foreign exchange rates have on our revenue and costs.

We substantially rely on our subsidiary companies and various third parties to market and sell our products and services, and to develop and sell additional offerings utilizing our products and services. If these parties are unsuccessful in these endeavors, our business will be harmed.

To successfully develop, market, and sell our products and services, we substantially rely on our subsidiary companies, several of which are overseas joint ventures, to address particular product or services, vertical segments, or distinct market territories (we refer collectively here to our subsidiary companies as MCAs). We also substantially rely on our various third-parties, including product and service developers and providers, distributors, resellers, solution providers, and others (we refer collectively here to all such third parties as MCPs). The willingness of our existing and potential new MCPs to engage or continue to engage in our business depends on a number of factors, including whether they perceive our services to be compatible with their business objectives, whether the prices they can charge end-users will provide an adequate return, and the burden imposed by market challenges or regulatory constraints, if any. We believe that successful marketing of our products and services will depend on our ability to continue to develop and launch solutions that support the specific needs of the targeted end-users and offered at competitive pricing. The design, development and implementation of successful solutions require the commitment of substantial financial and technological resources by us and our MCPs. Certain of our MCPs are, and many potential new MCPs will be, newly formed or small ventures with limited financial resources, and such entities might not be successful in their efforts to effectively market our products and services, or to design new offerings that utilize our products and services. The inability of our MCAs and MCPs to successfully market and sell to end-users could have a material adverse effect on our business, financial condition and results of operations. We also believe that our success depends upon the competitive pricing of product and service offerings by us, our MCAs and our MCPs. However, we have little or no control over our MCAs and MCPs with respect to customer pricing decisions.

The substantial reliance we must place on our MCAs and MCPs is inherent to our business structure, and is driven by the competitive landscape in which we operate. Thus, our revenues, profitability, liquidity and reputation could be adversely affected if both our MCAs and our MCPs are not sufficiently successful.

We have incurred net losses since our inception, other than in 2012 and 2013, and may incur additional net losses in the future. As a result, we have an accumulated deficit of $166.2 million as of December 31, 2017. We must increase our revenues at a rate faster than increases in our expenses to become profitable.

We have had annual net losses since our inception, other than in fiscal years 2012 and 2013, and as of December 31, 2017, we have an accumulated deficit of $166.2 million. Our future results will continue to reflect significant operating expenses, including expenses associated with expanding our sales and marketing efforts, maintaining the infrastructure to operate as a public company, and the ongoing depreciation, operation and maintenance of our fleet of VHF satellites and associated ground network facilities, as well as the additional facilities we own and operate in connection with our other satellite and terrestrial network platform service offerings. The continued development of our business also will require additional capital expenditures for, among other things, the costs relating to the installation and maintenance of additional gateway earth stations and associated satellite network ground facilities around the world relating to our VHF satellite system, as well as expenditures for the ongoing maintenance, repair, upgrade, or expansion of other network facilities that we own and operate. In addition, we may acquire additional companies and such acquisitions may result in increases in intangible assets which are subject to amortization and potential impairment. Accordingly, as we make these capital and acquisition investments, our future results will include greater depreciation and amortization expense which reflect the full cost of acquiring these new assets and we may incur additional operating losses and net losses in the future.

In order to become profitable, we must continue to increase revenue at a rate faster than increases in expenses. Revenue will depend on the success of our resellers and acceptance of our products and services by end-users in current markets, as well as in new geographic and industry markets. We may not be able to sustain such profitability, if achieved.

We face substantial competition from existing and potential competitors in the telecommunications industry, including numerous terrestrial and satellite-based network systems with greater resources, which could reduce our market share and revenues.

Competition in the telecommunications and industrial IoT industries is intense, fueled by rapid, continuous technological advances and alliances between industry participants seeking to capture significant market share. We face competition from numerous existing and potential alternative telecommunications products and services provided by various companies, including sophisticated two-way satellite-based data and voice communication services and digital cellular services, such as GSM, 3G, 4G, LTE, 5G, two-way terrestrial services such as Low-Power Wide-Area Network (“LPWAN”) and a diverse group of industrial IoT providers aggressively pricing their products and services to gain market share. The rigorously competitive environment in which we operate can have a substantial negative influence on pricing flexibility, gross profit margins and market share, both for our products and services and the offerings of our MCPs. For example, we face ongoing market pressures from several global satellite communication services operators that offer mobile satellite data products and services that directly compete with our products and services. New and advanced technology which can perform essentially the same functions as our messaging and products and services, direct broadcast satellites, new deployed satellites of competing low-earth orbit satellite systems and other forms of wireless transmission, are in various stages of development by others in the industry. The telematics industry includes numerous companies developing technologies to compete with the products and services of our subsidiaries. These technologies are being developed, supported and rolled out by entities that may have significantly greater resources than we do. These technologies could adversely impact the demand for our products and services. Research and development by others may lead to technologies that render some or all of our services non-competitive or obsolete in the future. In addition, a continuing trend toward consolidation and strategic alliances in the telecommunications industry, as well as the possibility that new low earth orbit “mega” constellations may be deployed at some future date by companies such as OneWeb and SpaceX, could give rise to significant new competitors. Furthermore, some foreign competitors may benefit from government subsidies, or other protective measures, afforded by their home countries. Some of these competitors may provide more efficient or less expensive products or services than we are able to provide, which could reduce our market share and adversely affect our revenues and business.

Certain of our existing and potential competitors have substantially greater financial, technical, marketing and distribution resources than we do. Furthermore, these competitors may be able to adopt more aggressive pricing policies and offer customers more attractive terms than we can.

Our success depends, in part, on our ability to effect suitable investments, alliances and acquisitions and our ability to successfully integrate the businesses we acquire.

Since mid-2011 we have expanded our business both organically and through several key acquisitions. On an ongoing basis, we review investment, alliance and acquisition prospects that would complement our existing product offerings, augment our market coverage or enhance our technological capabilities. However, we cannot assure that we will be able to identify and consummate suitable investment, alliance or acquisition transactions in the future. Our prospects and ability to strategically pursue possible new acquisitions or joint ventures are subject to our ability to:

- evaluate the goodwill and acquisition-related intangible assets for impairment;
- when such assets are found to be impaired, they will be written down to estimated fair value, with a charge against earnings;
- successfully engage with our existing MCAs and MCPs, and develop new MCAs and MCPs; and
- use all of our capabilities to expand our business across existing and new verticals and key markets throughout the world by driving new customers to our array of products and services offerings.

Even if we are able to successfully identify and consummate suitable acquisition transactions, the consummation of such acquisitions may result in:

- issuances of equity securities dilutive to our existing shareholders;
- the incurrence of substantial debt and assumption of unknown liabilities;
- the potential loss of key employees from the acquired company;
- amortization expenses related to intangible assets; and
- the diversion of management's attention from other business concerns.

Furthermore, the integration of acquired businesses and their products and services may be expensive, time-consuming, a strain on our resources and present certain challenges, including:

- impairment of relationships with employees and customers;
- inability to maintain brand recognition of acquired businesses;
- inability to maintain corporate controls, procedures and policies;
- failure of acquired features, functions, products or services to achieve market acceptance; and
- potential unknown liabilities associated with acquired businesses.

Defects, errors or other insufficiencies in our products or services could result in end-users rejecting our offerings, which could damage our reputation and harm our financial condition.

We must continue to successfully collaborate with our MCAs and MCPs to develop and deploy innovative, reliable, and cost-effective products and services that keep pace with rapidly changing markets and customer requirements. These efforts, which often entail complex or accelerated development cycles, can result in offerings that have undetected errors or defects, especially when first introduced or when subsequent versions are introduced. Any such errors of defects could result in the disruption or failure of our products or services, or even personal injury or property damage. Any such occurrence could damage our reputation as well as the reputation of respective MCAs or MCPs, and result in lost customers, lost revenue, diverted development resources, and increased service, recall and warranty costs, and even liability claims. In addition, it is possible that our products could become the subject of a product recall as a result of a product defect. We do not maintain recall insurance, so any recall could have a material adverse effect on our business, financial condition and results of operations. In addition to the direct expenses of liability claim awards, recalls and litigation, a claim, recall or litigation might cause us adverse publicity, which could harm our reputation and compromise our ability to sell our products in the future.

Because we depend on a few significant customers for a substantial portion of our revenues, the loss or decline or slowdown in growth in business in any of these customers could seriously harm our business.

Significant customers such as JB Hunt, Walmart, Caterpillar, Komatsu, Hub Group Inc., Onixsat and Satlink S.L. collectively, represented 31.9% and 26.5% of our revenues in 2017 and 2016, respectively, and are expected to represent a substantial portion of our revenues in the near future. As a result, the loss of any one of these customers, or decline or slowdown in the growth in business of these customers, which could occur at any time, could have a material adverse effect on our business, financial condition and results of operations. In addition, because service revenue depends either partially or entirely on the usage of our products and services by our customers and end users, the decline or slowdown in the growth of usage patterns of these customers which could occur at any time and with or without a reduction in the number of our billable subscribers could have a material adverse effect on our business, financial condition and results of operations.

We could be adversely affected if we are not successful in expanding and managing our business outside of the United States and there are numerous risks inherent to our international operations that are beyond our control.

Our business and our business objectives are inherently worldwide. As a result, we are subject to certain political risks, such as changes in international and foreign jurisdictional law and regulation, varying applicable telecommunication industry and governmental standards, tariffs or taxes and other trade barriers, exchange controls, expropriation, and political and economic instability, including fluctuations in the value of foreign currencies. Certain of these risks may be greater in developing countries or regions, where economic, political or diplomatic conditions may be significantly more volatile than those commonly experienced in the United States and other industrialized countries.

Unless we are able to continue expanding our business, particularly in markets outside of the United States, our ability to grow our business could be adversely affected. Although we currently have MCAs registered to do business in more than forty-five (45) countries outside of the United States, we also must substantially rely on MCPs to establish and grow our business in many overseas markets. In some countries, due to market conditions, foreign ownership restrictions, or other business or legal constraints, we are compelled or even required to rely on MCPs to obtain and maintain necessary local regulatory and other approvals for some or all of the products and services sought to offered. And of course, we and/or our MCAs or MCPs may not be successful in obtaining and maintaining the necessary regulatory and other approvals in some countries or territories. Moreover, even if those approvals are obtained and maintained, efforts to develop markets and/or distribution networks within any given country may not be successful. Certain of our MCPs are, or are likely to be, newly formed or small ventures with limited or no operational history and limited financial resources, and any such entities may not be successful in their efforts to secure adequate financing and to continue operating. In addition, in certain countries and territories outside the United States, we must currently rely on MCPs to operate and maintain various components of our system, such as several of the gateway earth stations for our VHF satellite system. These entities may not be successful in operating and maintaining such components of our communications system and may not have the same financial incentives as we do to maintain those components in good repair.

Our business is affected by the regulatory laws and policies of the countries in which we operate. Due to foreign ownership constraints or other restrictions in certain jurisdictions around the world, we often rely on MCPs to obtain and maintain necessary local regulatory and other governmental approvals. In addition, in certain countries regulatory frameworks may be rudimentary or in an early stage of development, which can make it difficult or impossible in such jurisdictions to secure the necessary approvals to operate in those locations. There can be no assurance that we, our MCAs, or our MCPs will be successful in obtaining or maintaining the necessary approvals for countries that may offer desirable new market opportunities and, if these efforts are not successful, we will be unable to do business in such countries. In addition, efforts to implement network facilities in certain foreign countries may be complicated, constrained, or even prohibited due to legal requirements we must comply with in the United States or other jurisdictions that may contravene with legal requirements in the new country markets we seek access to. Furthermore, even if the necessary regulatory and other governmental approvals can be obtained in these countries, the cost of developing, deploying, operating and maintaining required local network infrastructure, or other costs associated with ongoing regulatory compliance, may be prohibitive, which could impair our ability to expand our product and service offerings in such areas and undermine our value for potential customers in these markets. Finally, our ability to provide services in these countries is also constrained by national laws and policies regarding the installation and operation of in-country network facilities that manage and control the flow of communication traffic coming to and from the respective national territories. Our inability to offer our products and services in one or more important new markets could have a negative impact on our business.

While expanding our international operations would advance our growth, it would also increase numerous risks, including:

- difficulties in penetrating new markets due to established and entrenched competitors;
- difficulties in developing products and services that are tailored to the needs of local customers;
- difficulties in developing products and services at competitive prices due to foreign exchange fluctuations;
- lack of local acceptance or knowledge of our products and services;
- lack of recognition of our products and services;
- unavailability of or difficulties in establishing relationships with local customers and distributors;

- significant investments, including the development, deployment and maintenance of dedicated network facilities in certain countries with laws that require such facilities to be installed and operated within their jurisdiction to connect the traffic coming to and from their territory;
- unpredictable events resulting in economic or political instability in certain countries;
- changes in laws and policies affecting trade and investment in certain jurisdictions;
- exposure to varying or inconsistently enforced legal standards, including intellectual property protection and foreign state ownership laws;
- difficulties in obtaining required regulatory or other governmental approvals;
- difficulties in enforcing legal rights, even those provided for under applicable law;
- local domestic ownership requirements;
- changing and conflicting local regulatory or legal requirements; and
- excessive tax, import duty, or other governmental fee requirements;

Fluctuations in foreign currency exchange rates could have a material adverse effect on our business, results of operations and financial condition.

Fluctuations in foreign currency exchange rates could have a material adverse effect on our business, results of operations and financial condition. Our consolidated financial results are reported in U.S. dollars, however a portion of our costs and expenses occur in foreign currencies. Fluctuations in the value of these foreign currencies against the U.S. dollar could result in substantial changes in reported earnings and operating results due to the foreign currency impact upon translation of these transactions into U.S. dollars. Further, any appreciation of the U.S. dollar may also negatively affect our growth by increasing the cost of our products and services in foreign countries. In the future, we may choose to employ various hedging strategies to partially mitigate these foreign exchange risks, including the use of forward exchange contracts. These strategies may not be effective in protecting us against the effects of fluctuations from movements in foreign exchange rates. Our failure to mitigate these foreign currency exchange risks could materially adversely affect our business, results of operations and financial condition.

If we become subject to unanticipated domestic or foreign tax or fee liabilities, it could materially increase our costs.

We operate in various tax jurisdictions. We believe that we have complied in all material respects with our obligations to pay taxes and fees in these jurisdictions. However, our position is subject to review and possible challenge by the authorities of these jurisdictions. If the applicable authorities were to challenge successfully our current tax or fee positions, or if there were changes in the manner in which we conduct our activities, or changes in the interpretation or application of existing laws, we could become subject to material unanticipated tax or fee liabilities. We may also become subject to additional tax, tariff, or fee liabilities as a result of changes in laws, which could in certain circumstances, have a retroactive effect.

Economic, political and other conditions could have a material adverse effect on our business, results or operations or financial condition.

A significant portion of our revenues are generated from customers located in foreign countries. Some country economies have been impacted by government agencies and unstable economic cycles. Governments have often changed monetary, taxation, credit, tariff and other policies to influence the course of their country's economy. For example, government actions to control inflation have at times involved setting wage and price controls, blocking access to bank accounts, imposing exchange controls and limiting imports. Our customers may be adversely affected by exchange rate movements; exchange control policies; expansion or contraction of the local economy; inflation; tax policies; other economic political, diplomatic and social developments; interest rates; liquidity of domestic capital and lending markets; and social and political instability.

Extreme events such as a man-made or natural disaster, earthquakes, severe weather or other climate change related events could diminish or prelude our ability to provide communications service.

Extreme events or the collateral effects of such events could damage or destroy some or all or of communication system network platforms. Such events could impair or completely preclude our ability to provide service to our customers in the affected region(s) on a temporary, prolonged, or even permanent basis. Even if network facilities that we own and operate were not affected by any extreme event, some or all of the communication services we provide could be disrupted if an extreme event damages or destroys third party networks that we utilize, or disrupts our ability to connect to those networks. Our operations or the operations of our MCPs with facilities in various locations may be interrupted by extreme events and affect our ability to provide service and products for a period of time. Such failure or service disruptions could materially harm our business and results of operations.

We rely on a limited number of manufacturers for many of our products and devices. If we are unable to, or cannot find third parties to, manufacture a sufficient quantity of our products and devices at a reasonable price, the prospects for our business will be negatively impacted.

The development and availability on a timely basis of relatively inexpensive products and devices are critical to the successful commercial operation of our system. We rely on contract manufacturers to produce these products and devices that we market and sell, including those we offer under our own brand names. Our solutions subsidiaries rely on a few contract manufacturers. Our customers may not be able to obtain a sufficient supply of products and devices at price points or with functional characteristics and reliability that meet their needs. An inability to successfully develop and manufacture products and devices that meet the needs of customers and are available in sufficient numbers and at prices that render our services cost-effective to customers could limit the acceptance of our system and potentially affect the quality of our services, which could have a material adverse effect on our business, financial condition and results of operations.

Our business may be materially and adversely affected if any of our direct or indirect relationships with these contract manufacturers is terminated or modified. If our arrangements with third party manufacturers are terminated our search for additional or alternate manufacturers could result in significant delays, added expense and an inability to maintain or expand our customer base. Any of these events could require us to take unforeseen actions or devote additional resources to provide our services and could harm our ability to compete effectively.

In particular, significant interruptions, discontinuation, slowdown or loss of the supply of subscriber communicators from our vendor Sanmina Corporation ("Sanmina") or a change in our commercial relationship with Sanmina could have a material adverse effect on our business.

Our business is heavily dependent on Sanmina, a contract manufacturer with significant operations in Mexico, for the manufacture of our subscriber communicators that we design and sell. Consequently, significant interruptions, discontinuation, slowdown or loss of Sanmina's manufacturing and supply of products will negatively affect our ability to grow, provide reliable service and could have a material adverse effect on our business. While we currently have a good relationship with Sanmina, we cannot provide any assurance that our future commercial relationship or arrangements with Sanmina will not change in a manner that has an adverse effect on our business. In addition, any change in trading agreements between the United States and Mexico could have a significant impact on our business.

If our arrangements with third party manufacturers, including Sanmina, are terminated or expire, our search for additional or alternate manufacturers could result in significant delays in customers activating products on our communications system, added expense for our customers and our inability to maintain or expand our customer base.

We may be subject to legal proceedings that could adversely affect our business.

We may be subject to legal claims or regulatory matters involving stockholder, consumer, antitrust, intellectual property infringement, product liability and other issues. Litigation is subject to inherent uncertainties, including increases in demands for attention on our management team, and unfavorable rulings could occur. An unfavorable ruling could include money damages. If an unfavorable ruling were to occur, it could have a material adverse effect on our business, financial condition and results of operations for the period in which the ruling occurred or future periods. See also "Note 15 – Commitments and Contingencies" in our audited consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Our business relies on intellectual property, some of which third parties own and we, our MCAs, our MCPs, or our respective customers may inadvertently infringe upon their patents and proprietary rights and we have been and may in the future become subject to claims that our products violate the patent or intellectual property rights of others, which could be costly and disruptive to us.

Many entities, including some of our competitors, currently (or may in the future) hold patents and other intellectual property rights that cover or affect products or services related to those that are offered by us, our MCAs, our MCPs, or our respective customers. We cannot assure you that we are aware of all intellectual property rights that any such products or services may infringe upon. As a result, any such products or services may become subject to intellectual property infringement claims or litigation. The defense of intellectual property suits is both costly and time-consuming, even if ultimately successful, and may divert management's attention from other business concerns. An adverse determination in litigation to which we may become a party could, among other things:

- subject us, our MCAs, our MCPs, or our respective customers to significant liabilities to third parties, including treble damages;
- require disputed rights to be licensed from a third party for royalties that may be substantial;

- require cessation of the use of important technology;
- prohibit the sale of some or all products and services; or
- require the redesign of products in such a way as to avoid infringing upon others' patents.

We cannot estimate the extent to which we, our MCAs, our MCPs, or our respective customers may be required in the future to obtain intellectual property licenses, or the availability and cost of any such licenses. To the extent that we are required to pay royalties to third parties to whom we are not currently making payments, these increased costs of doing business could negatively affect our profitability or liquidity.

If a competitor holds intellectual property rights, it may not allow use its intellectual property at any price, which could adversely affect our competitive position.

Because we operate our business in the highly regulated telecommunications industry, we may be subjected to increased regulatory restrictions which could disrupt our service or increase our operating costs.

Telecommunications product and service providers are subject to extensive regulation under the laws of various national and international regulatory bodies, all of which are subject to change, which may occur from time to time without prior notice. These rules and policies, among other things, establish technical parameters for the operation of facilities and subscriber communicators, determine the permissible uses of facilities and subscriber communicators, and otherwise establish the terms and conditions pursuant to which we, or MCAs and our MCPs must conduct our respective businesses. Additionally, under some circumstance, these rules and policies may require us, our MCAs and our MCPs to suspend or terminate the operation or use of network facilities we operate or utilize, or otherwise alter or disrupt our ability to provide services. Any such events could significantly disrupt or preclude the operation of some or all of our communications systems. These rules and policies may also impose regulatory constraints on the use of subscriber communicators within certain countries or territories. They may also cause delays in the marketing of our services and products, may impose costly fees and procedures on us, our MCAs or our MCPs, and may give a competitive advantage to larger companies that we compete with. Possible future changes to regulations and policies in the countries in which we operate may result in additional regulatory requirements or restrictions on the services and equipment we provide, which may have a material adverse effect on our business and operations. Although we believe that we, our MCAs, and our MCPs have obtained all the regulatory or other governmental approvals required to conduct our respective businesses as they are currently operated, it may not be possible to obtain, modify or maintain such approvals in the future. Moreover, future changes in applicable regulatory or governmental approval requirements may result in disruptions of ability to provide some or all of the products and services we offer, or alternatively result in added operational costs, which could materially harm our business.

We do not currently maintain in-orbit or other insurance for our OG1 or OG2 satellites.

We do not currently maintain in-orbit insurance coverage for our OG1 or OG2 satellites to address the risk of potential systemic anomalies, failures, collisions with our satellites or other satellite/debris, or catastrophic events affecting the existing satellite constellation. An uninsured failure of one or more of our satellites could have a material adverse effect on our financial condition and results of operations.

We do not maintain third-party liability insurance with respect to our satellites. Accordingly, we have no insurance to cover any third-party damages that may be caused by any of our satellites. If we experience significant uninsured losses, such events could have a material adverse impact on our business, financial condition and results of operations.

Certain areas of our business rely upon third-party wireless network service providers, which are potential competitors, to deliver existing and developing services.

Certain services we provide rely on our relationships with third party wireless network service providers, including Verizon, AT&T, T-Mobile, Telefonica, Orange, Rogers and Vodafone with respect to cellular communications and Inmarsat with respect to ORBCOMM L-Band satellite services. Our ability to provide these services and grow our business depends on continued access to these wireless networks and our ability to purchase sufficient capacity. In addition, our services depend on the continuing reliability and security of these third party networks, which could be adversely affected by errors, defects, interrupted service and/or a breach of the network security. While our existing agreements have multiple year terms certain of these wireless network service providers are and, in the future, could become competitors. This competition could adversely affect our relationship and their willingness to sell us airtime at commercially reasonable rates.

Significant interruptions, discontinuation or loss of services provided by Inmarsat plc and its subsidiaries or a change in our commercial relationship with the Inmarsat group could have a material adverse effect on our business.

The revenues generated by our provision of L-Band mobile satellite network services are materially dependent on the satellite network services provided to us by Inmarsat group. Consequently, any significant interruptions, discontinuation or loss of those services due to the temporary or permanent failure of Inmarsat satellites or associated Inmarsat terrestrial network facilities would negatively affect our ability to provide reliable service and could have a material adverse effect on our L-Band mobile satellite product and service revenues. Additionally, although we currently enjoy a stable and beneficial business relationship with Inmarsat, we cannot provide any assurance that our future commercial relationship or arrangements with Inmarsat will not change in a manner that has an adverse effect on our business.

Significant interruptions, discontinuation, slowdown or loss of Application Specific Integrated Circuit, or ASIC, development and manufacturing from vendor S3 Group ("S3") or a change in our commercial relationship with S3 could have a material adverse effect on our business.

We have invested significantly in building the ASIC, with S3, an ASIC developer and manufacturer. Consequently, the inability for S3 to effectively build and supply an ASIC could have a material adverse effect on our business. Additionally, significant interruptions, discontinuation, slowdown or loss of S3 services for development, manufacturing and delivery of ASICs will negatively affect our ability to grow, provide reliable service and could have a material adverse effect on our business. While we currently have a good relationship with S3, we cannot provide any assurance that our future commercial relationship or arrangements with S3 will not change in a manner that has an adverse effect on our business.

If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be impaired.

We are subject to the reporting requirements of the Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the rules and regulations of the U.S. Securities and Exchange Commission, or the SEC, and The Nasdaq Stock Market, or Nasdaq. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal controls over financial reporting. We perform system and process evaluation and testing of our internal controls over financial reporting to allow management to report on the effectiveness of our internal controls over financial reporting in our Annual Reports on Form 10-K, as required by Section 404 of the Sarbanes-Oxley Act. If we are not able to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner, or if we are unable to maintain proper and effective internal controls, we may not be able to produce timely and accurate financial statements, and we may conclude that our internal controls over financial reporting are not effective. If that were to happen, the market price of our stock could decline and we could be subject to sanctions or investigations by Nasdaq, the SEC or other regulatory authorities. Maintaining effective internal controls over financial reporting is necessary for us to produce reliable financial statements. If we fail to maintain effective controls over financial reporting in the future, it could result in a material misstatement of our financial statements that would not be prevented or detected on a timely basis and which could cause investors and other users to lose confidence in our financial statements.

Risks Related to our Technology

Our satellites are subject to significant operating risks due to various types of potential anomalies and potential impacts of space debris or other spacecrafts.

Satellites utilize highly complex technology and operate in the harsh environment of space and, accordingly, are subject to significant operational risks while in orbit. These risks include malfunctions, or "anomalies", that have and may continue to occur in our satellites. In addition, satellites have a limited life capacity and they could become compromised over their designated operational life span. Some of the principal satellite anomalies include:

- Mechanical and electrical failures due to manufacturing error or defect, including:
  - Mechanical failures that degrade the functionality of a satellite, such as the failure of solar array panel drive mechanisms, rate gyros or momentum wheels;
  - Antenna failures and defects that degrade the communications capability of the satellite;
  - Circuit failures that reduce the power output of the solar array panels on the satellites;
  - Failure of the battery cells that power the payload and spacecraft operations during daily solar eclipse periods;
  - Power system failures that result in a shut-down or loss of the satellite;

- Avionics system failures, including GPS, that degrade or cause loss of the satellite;
- Altitude control system failures that degrade or cause the inoperability of the satellite;
- Transmitter or receiver failures that degrade or cause the inability of the satellite to communicate with subscriber communicator units or gateway earth stations;
- Communications system failures that affect overall system capacity;
- Satellite computer or processor re-boots or failures that impair or cause the inoperability of the satellites; and
- Radio frequency interference emitted internally or externally from the spacecraft affecting the communication links.
- Equipment degradation during the satellite's lifetime, including:
- Degradation of the batteries' ability to accept a full charge;
- Degradation of solar array panels due to radiation;
- General degradation resulting from operating in the harsh space environment;
- Degradation or failure of reaction wheels;
- Degradation of the thermal control surfaces;
- Degradation and/or corruption of memory devices; and
- Propulsion system failures that degrade or cause the inability to reposition the satellite.
- Deficiencies of control or communications software, including:
- Failure of the charging algorithm that may damage the satellite's batteries;
- Problems with the communications and messaging servicing functions of the satellite;
- Limitations on the satellite's digital signal processing capability that limit satellite communications capacity; and
- Problems with the fault control mechanisms embedded in the satellite.

We have experienced, and may in the future experience, anomalies in some of the categories described above. The effects of these anomalies include, but are not limited to, failure of the satellite, degraded communications performance, reduced power available to the satellite in sunlight and/or eclipse, battery overcharging or undercharging and limitations on satellite communications capacity. Some of these effects may be increased during periods of greater message traffic and could result in our system requiring more than one attempt to send messages before they get through to our satellites. Although these multiple re-try effects do not result in lost messages, they could lead to increased messaging latencies for the end-user and reduced throughput for our system. We consider a satellite "failed" only when it can no longer provide any communications service, and we do not intend to undertake further efforts to return it to service. See "ORBCOMM Communications System — System Status — ORBCOMM Network Capacity" for a description of our network capacity. While we have already implemented a number of system adjustments we cannot assure you that these actions will succeed or adequately address the effects of any anomalies in a timely manner or at all.

Collisions with space debris or other spacecraft could materially affect system performance and our business. Our satellites operate at LEO altitudes, in a regime populated by other operational satellites, defunct satellites and other cataloged debris, and debris that is too small to be tracked, and do not have the ability to actively maneuver to avoid space debris or other satellites. Two major events have increased the LEO debris population: a deliberate Chinese ASAT test in 2007 and an accidental collision in 2009 between an operational Iridium satellite and a non-operational Russian satellite. While ORBCOMM does coordinate with the Joint Space Operations Center as well as with other government and commercial spacecraft operators to limit the risk of collision, such risk cannot be fully eliminated.

While certain software deficiencies may be corrected remotely, most, if not all, of the satellite anomalies or debris collision damage cannot be corrected once the satellites are placed in orbit. See "ORBCOMM Communications System — System Status" for a description of the operational status and anomalies that affect our satellites. We may experience additional anomalies in the future, whether of the types described above or arising from the failure of other systems or components, and operational redundancy may not be available upon the occurrence of such an anomaly.

If a satellite fails, we would record an impairment charge in our statement of operations, which would have the effect of fully reducing the net book value of that satellite listed in our operations statement to a zero value. Any such impairment charges would depress our net income for the reporting period in which the failure occurs.

Our products and services could fail to perform or perform at reduced levels of service because of technological malfunctions, satellite failures or deficiencies or events outside of our control, which would seriously harm our business and reputation.

Our products and services are exposed to the risks inherent in a large-scale, complex telecommunications system employing advanced technology. Any disruption to our services, information systems or communication networks or those of third parties into which our network connects could result in the inability of our customers to receive our services for an indeterminate period of time. Satellite anomalies and other technical and operational deficiencies of our communications system described in this Annual Report on Form 10-K could result in system failures or reduced levels of service. In addition, certain components of our system are located in foreign countries, and as a result, are potentially subject to governmental, regulatory or other actions in such countries which could force us to limit the operations of, or completely shut down, components of our system, including gateway earth stations or subscriber communicators. Any disruption to our services or extended periods of reduced levels of service could, and increased latencies in our satellite network delivering messages have and could continue to, cause us to lose customers or revenue, result in delays or cancellations of future implementations of our products and services, result in failure to attract customers or could result in litigation, customer service or repair work that would involve substantial costs and distract management from operating our business. The failure of any of the diverse and dispersed elements of our system, including our satellites, our network control center or backup control center, our gateway earth stations, our gateway control centers or our subscriber communicators, to function and coordinate as required could render our system unable to perform at the quality and capacity levels required for success. Any system failures, repeated product failures, shortened product life or extended reduced levels of service could reduce our sales, increase costs or result in warranty or liability claims and seriously harm our business.

Some of the hardware and software we use in operating our gateway earth stations was designed and manufactured over 15 years ago and could be more difficult and expensive to service, upgrade or replace.

Some of the hardware and software we use in operating our gateway earth stations was designed and manufactured over 15 years ago and portions are becoming obsolete. As they continue to age, they may become less reliable and will be more difficult and expensive to service, upgrade or replace. Although we maintain inventories of some spare parts, it nonetheless may be difficult or impossible to obtain all necessary replacement parts for the hardware. Our business plan contemplates updating or replacing some of the hardware and software in our network, however, the age of our existing hardware and software may present us with technical and operational challenges that complicate or otherwise make it not feasible to carry out our planned upgrades and replacements, and the expenditure of resources, both from a monetary and human capital perspective, may exceed our estimates. Without upgrading and replacing our equipment, obsolescence of the technologies that we use could have a material adverse effect on our revenues, profitability and liquidity.

Technical or other difficulties with our gateway earth stations could harm our business.

The ongoing operations of our satellite constellation rely on the functionality of our gateway earth stations, some of which are owned and maintained by third parties. While we believe that the overall health of the majority of our gateway earth stations remains stable, we have and may continue to experience technical difficulties or parts obsolescence with our gateway earth stations which negatively impact service in the region covered by that gateway earth station. Certain problems with these gateway earth stations have and may continue to reduce their availability and negatively impact the performance of our system in that region. In addition, due to regulatory and licensing constraints in certain countries in which we operate, we are unable to wholly-own or majority-own some of the gateway earth stations in our system located outside the United States. As a result of these ownership restrictions, we rely on third parties to own and operate some of these gateway earth stations. If our relationship with these third parties deteriorates or where these third parties have been and may continue to be unable or unwilling to bear the cost of operating or maintaining the gateway earth stations, or if there are changes in the applicable domestic regulations that require us to give up any or all of our ownership interests in any of the gateway earth stations, our control over our satellites could be diminished and our business could be harmed.

Rapid and significant technological changes in the communications industry may impair our competitive position and require us to make significant additional capital expenditures.

The space and communications industries are subject to rapid advances and innovations in technology. We expect to face competition in the future from companies using new technologies and new satellite systems. New technology could render some or all of our systems and services obsolete or less competitive by satisfying customer demand in more attractive ways or through the introduction of incompatible standards. Particular technological developments that could adversely affect us include the deployment by our competitors of new satellites or terrestrial network platforms with greater power, coverage, flexibility, efficiency or capabilities than we can deliver. For us to keep up with technological changes and remain competitive, we may need to make significant capital expenditures. Customer acceptance of the products and services that we offer will continually be affected by technology-based differences in our product and service offerings compared to those of our competitors. New technologies may be protected by patents or other intellectual property laws and therefore may not be available to us. Any failure by us to implement new technology within our system may compromise our ability to compete.

Our networks and data processing systems and those of our third-party service providers may be vulnerable to security risks.

We expect the secure transmission of confidential information over public networks to continue to be a critical element of our operations. Our network and those of our third-party service providers, including banks, and our customers may be vulnerable to unauthorized access, computer viruses and other security problems. The data processing systems used to provide the services of our business may likewise be vulnerable. Persons who circumvent security measures could wrongfully obtain or use information on the network or cause interruptions, delays or malfunctions in our operations, or misappropriation of assets, any of which could have a material adverse effect on our business, financial condition and results of operations. We may be required to expend significant resources to protect against the threat of security breaches or to alleviate problems, including reputational harm and litigation, caused by any breaches. Although we have implemented and intend to continue to implement security measures, these measures may prove to be inadequate and result in system failures and delays that could lower network operations center availability, which could have a material adverse effect on our business, financial condition and results of operations.

The collection, storage, transmission, use and disclosure of user data and personal information could give rise to liabilities or additional costs as a result of laws, governmental regulations and evolving views of personal privacy rights.

We transmit, and in some cases store, end user data, including potential personal information. In jurisdictions around the world, personal information is becoming increasingly subject to legislation and regulations intended to protect consumers' privacy and security. The interpretation of privacy and data protection laws and regulations regarding the collection, storage, transmission, use and disclosure of such information in some jurisdictions is unclear and evolving. These laws may be interpreted and applied in conflicting ways from country to country and in a manner that is not consistent with our current data protection practices. Complying with these varying international requirements could cause us to incur additional costs and change our business practices. Because our services are accessible in many foreign jurisdictions, some of these jurisdictions may claim that we are required to comply with their laws, even where we have no local entity, employees or infrastructure. We could be forced to incur significant expenses if we were required to modify our products, our services or our existing security and privacy procedures in order to comply with new or expanded regulations. In addition, if end users allege that their personal information is not collected, stored, transmitted, used or disclosed appropriately or in accordance with our privacy policies or applicable laws, we could have liability to them, including claims and litigation resulting from such allegations. Any failure on our part to protect end users' privacy and data could result in a loss of user confidence, hurt our reputation and ultimately result in the loss of users.

The failure of our information technology systems could disrupt our business operations which could have a material adverse effect on our business, financial condition and results of operations.

The operation of our business depends on our information technology systems. We rely on our information technology systems to effectively manage, among other things, our subsidiaries' customer interface as well as business data, communications, supply chain, inventory management, customer order entry and order fulfillment, processing transactions, summarizing and reporting results of operations, human resources benefits and payroll management, complying with regulatory, legal or tax requirements and other processes and data necessary to manage our business. We use technology to provide secure transmission of confidential information, including our business data and customer information. To achieve our strategic objectives and to remain competitive, we must continue to develop and enhance our information systems. This may require the acquisition of equipment and software and the development, either internally or through independent consultants, of new proprietary software. Our inability to design, develop, implement and utilize, in a cost-effective manner, information systems that provide the capabilities necessary for us to compete effectively, could make us less competitive, increase our costs and adversely affect our business. The failure of our information technology systems to perform as we anticipate could disrupt our business and could result in, among other things, transaction errors, processing inefficiencies, loss of data and the loss of sales and customers, which could cause our business and results of operations to suffer. In addition, our information technology systems may be vulnerable to damage or interruption from circumstances beyond our control, including, without limitation, fire, natural disasters, power outages, systems failure, system conversions, security breaches, cyber-attacks, viruses and/or human error. In any such event, we could be required to make a significant investment to fix or replace our information technology systems, and we could experience interruptions in its ability to service our customers. Any such damage or interruption could have a material adverse effect on our business, financial condition and results of operations.

Security problems with our software products, systems or services, including the improper disclosure of data, could cause increased cyber-security protections costs and general service costs, harm our reputation, and result in liability and increased expense for litigation and diversion of management time.

We process large amounts of customer information. Our software products also enable our customers to store and process data. We have included security features in our products and processes that are intended to protect the privacy and integrity of data, including confidential client data. Security for our products and processes is critical given the confidential nature of the information contained in our systems. We also rely on employees in our network operations centers, data centers, and support operations to follow our procedures when handling such information. It is possible that our security controls, our selection and training of employees, and other practices we follow may not prevent the improper disclosure of information. Any unauthorized access, computer viruses, accidental or intentional release of confidential information or other disruptions could result in increased costs, customer dissatisfaction leading to loss of customers and revenues, and fines and other liabilities. Also, such disclosure could harm our reputation and subject us to liability in regulatory proceedings and private litigation, resulting in increased costs or loss of revenue. Improper disclosure of corporate data could result in lawsuits or regulatory proceedings alleging damages, and perceptions that our products and services do not adequately protect the privacy of customer data and could inhibit sales of our products and services. Defending these types of claims could result in increased expenses for litigation and claims settlement and a significant diversion of our management's attention. Additionally, our software products, the systems on which the products are used, and our processes may not be impervious to intentional break-ins ("hacking"), cyber-attacks or other disruptive disclosures or problems, whether as a result of inadvertent third party action, employee action, malfeasance, or otherwise. Hacking, cyber-attacks or other disruptive problems could result in the diversion of our development resources, damage to our reputation, increased cyber-security protection costs and general service costs. These activities, any damage caused by them, or interruptions could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to our Debt

Our Indenture and Credit Agreement could restrict our business activities or our ability to execute our strategic objectives or adversely affect our financial performance.

On April 10, 2017 we entered into the Indenture and issued $250 million of our 8.0% senior secured notes that refinanced credit facilities in the aggregate principal amount of $160 million. On December 18, 2017 we entered into the Credit Agreement that provides for the Revolving Credit Facility of up to $25 million for working capital and general corporate purposes.

The Indenture, Credit Agreement and related security agreement contains covenants that may restrict our business activities or our ability to execute our strategic objectives, and our failure to comply with these covenants could result in a default under our indebtedness. Our inability to generate sufficient cash flow to satisfy interest payments and principal repayment at maturity, could adversely affect our financial condition, operating results and cash flows. The covenants in the Indenture, Credit Agreement and related security agreement limit our ability to, among other things, incur additional indebtedness and liens, sell, transfer, lease or otherwise dispose of our subsidiaries assets, or merge or consolidate with other companies. We must also comply with an incurrence covenant of having available liquidity and not exceeding a specific leverage ratio. Failure to comply with the covenants could result in an event of default, which, if not cured or waived, the noteholders or lenders, as applicable, may require repayment in full of all principal and interest outstanding. If we fail to repay such amounts, the noteholders or lenders, as applicable, may foreclose on substantially all of our assets which we have pledged. If we are unable to cure the default, we may need to repay the debt and find other sources of financing and there can be no assurance that we would have access to other sources of financing on acceptable terms, or at all.

Our substantial indebtedness may adversely affect our business, financial condition and operating results.

As of December 31, 2017, we have $250 million in aggregate principal amount of total debt from the issuance of 8.0% Senior Secured Notes. On December 18, 2017, we also entered into the Credit Agreement for a Revolving Credit Facility of up to $25 million, bearing interest at an alternative base rate or an adjusted LIBOR, plus an applicable margin of 1.50% in the case of alternative base rate loans and 2.50% in the case of adjusted LIBOR loans. If drawn, the Revolving Credit Facility would be pari passu with the $250 million 8.0% Senior Secured Notes. Our level of indebtedness may have material adverse effects on our business, financial condition and operating results, including to:

- make it more difficult for us to satisfy our debt service obligations or refinance our indebtedness;
- require us to dedicate a substantial portion of our cash flows from operations to payments on our indebtedness, thereby reducing the availability of our cash flows to fund working capital, capital expenditures and other general operating requirements;
- limit our ability to obtain additional financing to fund our working capital requirements, capital expenditures, acquisitions, investments, debt service obligations and other general corporate requirements;
- restrict us from making strategic acquisitions, taking advantage of favorable business opportunities or executing our strategic priorities;
- place us at a relative competitive disadvantage compared to our competitors that have proportionately less debt;
- limit our flexibility to plan for, or react to, changes in our businesses and the industries in which we operate, which may adversely affect our operating results and ability to meet our debt service obligations;
- increase our vulnerability to the current and potentially more severe adverse general economic and industry conditions;

- limit our ability, or increase the cost, to refinance our indebtedness; and
- limit our ability to purchase the notes upon a change of control triggering event, or disposition of "substantially all" of our assets, as required by the indenture governing the notes;

As a result of our indebtedness, we may be restricted in pursuing desirable business activities and in our operations, and as a result our business and ability to repay the notes may be adversely affected. Despite our current level of indebtedness, we may still be able to incur substantially more debt. This could further exacerbate the risks that we and our subsidiaries face.

Risks Related to an Investment in our Common Stock

The price of our common stock has been, and may continue to be, volatile and your investment may decline in value.

The trading price of our common stock has been and may continue to be volatile and purchasers of our common stock could incur substantial losses. Factors that could affect the trading price of our common stock include:

- failure of our satellites;
- liquidity of the market in, and demand for, our common stock;
- changes in expectations as to our future financial performance or changes in financial or subscriber growth estimates, if any, of market analysts;
- actual or anticipated fluctuations in our results of operations, including quarterly results;
- our financial or subscriber growth performance failing to meet the expectations of market analysts or investors;
- our ability to raise additional funds to meet our capital needs;
- the outcome of any litigation by or against us, including any judgments favorable or adverse to us;
- conditions and trends in the end markets we serve and changes in the estimation of the size and growth rate of these markets;
- announcements relating to our business or the business of our competitors;
- investor perception of our prospects, our industry and the markets in which we operate;
- changes in our pricing policies or the pricing policies of our competitors;
- loss of one or more of our significant customers;
- changes in governmental regulation;
- changes in market valuation or earnings of our competitors;
- investor perception of and confidence in capital markets and equity investments; and
- general economic conditions.

In addition, the stock market in general, and The Nasdaq Global Market and the market for telecommunications companies in particular, have experienced and continue to experience extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of particular companies affected. These broad market and industry factors may materially harm the market price of our common stock, regardless of our operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class-action litigation has often been instituted against that company. Such litigation has previously been instituted against us and could result in substantial costs and a diversion of management's attention and resources, which could have a material adverse effect on our business, financial condition, future results and cash flow.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock will continue to depend in part on the research and reports that securities or industry analysts publish about us or our business. If we do not continue to maintain adequate research coverage or if one or more of the analysts who covers us downgrades our stock or publishes inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price and trading volume to decline.

We are subject to anti-takeover provisions which could affect the price of our common stock.

Our amended and restated certificate of incorporation and our bylaws contain provisions that could make it difficult for a third party to acquire us without the consent of our board of directors. These provisions do not permit actions by our stockholders by written consent and require the approval of the holders of at least 66 2/3% of our outstanding common stock entitled to vote to amend certain provisions of our amended and restated certificate of incorporation and bylaws. In addition, these provisions include procedural requirements relating to stockholder meetings and stockholder proposals that could make stockholder actions more difficult. Our board of directors is classified into three classes of directors serving staggered, three-year terms and may be removed only for cause. Any vacancy on the board of directors may be filled only by the vote of the majority of directors then in office. Our board of directors has the right to issue preferred stock with rights senior to those of the common stock without stockholder approval, which could be used to dilute the stock ownership of a potential hostile acquirer, effectively preventing acquisitions that have not been approved by our board of directors. Delaware law also imposes some restrictions on mergers and other business combinations between us and any holder of 15% or more for our outstanding common stock. Although we believe these provisions provide for an opportunity to receive a higher bid by requiring potential acquirers to negotiate with our board of directors, these provisions apply even if the offer may be considered beneficial by some stockholders and may delay or prevent an acquisition of our company.

The future issuance of additional shares of our common stock could cause dilution of ownership interests and adversely affect our stock price.

We may in the future issue our previously authorized and unissued securities, resulting in the dilution of the ownership interests of our current stockholders. We are authorized to issue 250 million shares of common stock, of which approximately 74 million shares of voting common stock were issued and outstanding as of December 31, 2017 and approximately 16 million were available for future issuance. The potential issuance of such additional shares of common stock, whether directly or pursuant to any conversion right of any convertible securities, may create downward pressure on the trading price of our common stock. We may also issue additional shares of our common stock or other securities that are convertible into or exercisable for common stock for capital raising or other business purposes. Future sales of substantial amounts of common stock, or the perception that sales could occur, could have a material adverse effect on the price of our common stock.

We have issued and may issue shares of preferred stock or other securities with greater rights than our common stock.

Subject to the rules of The Nasdaq Stock Market, our certificate of incorporation authorizes our board of directors to issue one or more series of preferred stock and set the terms of the preferred stock without seeking any further approval from holders of our common stock. Currently, there are 50 million shares of preferred stock authorized and approximately 37,000 shares of Series A convertible preferred stock are issued as of December 31, 2017. Any preferred stock that is issued may rank ahead of our common stock in terms of dividends, priority and liquidation premiums and may have greater voting rights than holders of our common stock.

If persons engage in short sales of our common stock, the price of our common stock may decline.

Selling short is a technique used by a stockholder to take advantage of an anticipated decline in the price of a security. A significant number of short sales or a large volume of other sales within a relatively short period of time can create downward pressure on the market price of a security. Further sales of common stock could cause even greater declines in the price of our common stock due to the number of additional shares available in the market, which could encourage short sales that could further undermine the value of our common stock. Holders of our securities could, therefore, experience a decline in the value of their investment as a result of short sales of our common stock.

We do not expect to pay dividends on our common stock in the foreseeable future.

We do not currently pay cash dividends on our common stock and, because we currently intend to retain all cash we generate to fund the growth of our business, we do not expect to pay dividends on our common stock in the foreseeable future. Any future dividend payments would be within the discretion of our board of directors and would depend on a variety of factors, including our results of operations, working capital requirements, capital expenditure requirements, financial condition, contractual restrictions, debt covenants, business opportunities, anticipated cash needs, provisions of applicable law and other factors that our board of directors may deem relevant. We may not generate sufficient cash from operations in the future to pay dividends on our common stock.

Item 1B. *Unresolved Staff Comments*

None.

Item 2. ***Properties***

We currently lease the following properties for operations and administrative functions:

Location	Real Property Owned or Leased	Lease Expiration
Rochelle Park, New Jersey	Leased	February 2020
Sterling, Virginia	Leased	November 2024
Ottawa, Canada	Leased	June 2022
Kowloon, Hong Kong	Leased	January 2019
San Jose, California	Leased	November 2019
Hyderabad, India	Leased	June 2025
Utica, New York	Leased	May 2024
Tokyo, Japan	Leased	September 2019
Hoensbroek, The Netherlands	Leased	May 2022
Bonn, Germany	Leased	June 2022
Centurion, South Africa	Leased	February 2020
Galway, Ireland	Leased	September 2022
Salt Lake City, Utah	Leased	December 2020
Boca Raton, Florida	Leased	January 2025

In addition, we currently own eleven gateway earth stations at the following locations, four situated on owned real property and seven on real property subject to leases:

Gateway	Real Property Owned or Leased	Lease Expiration
St. John’s, Arizona	Owned	n/a
Arcade, New York	Owned	n/a
Curaçao, Netherlands Antilles	Owned	n/a
Rutherglen Vic, Australia	Owned	n/a
Kijal, Malaysia	Leased	Month to Month
Ocilla, Georgia	Leased	Month to Month
East Wenatchee, Washington	Leased	Month to Month
Hartebeesthoek, South Africa	Leased	December 2020
Kitaura-town, Japan	Leased	March 2018
Zona Franca de Justo Daract, Argentina	Leased	March 2019
Itaborai, Brazil	Leased	June 2018

We currently own or lease real property sufficient for our business operations, although we may need to purchase or lease additional real property in the future. We intend to renew all leases due to expire in 2018.

Item 3. ***Legal Proceedings***

From time to time, we are involved in various litigation matters involving ordinary and routine claims incidental to our business and acquisitions. Management currently believes that the outcome of these proceedings, either individually or in the aggregate, will not have a material adverse effect on our business, results of operations or financial condition. We record reserves related to legal matters when losses related to such litigation or contingencies are both probable and reasonably estimable.

See “Note 15 – Commitments and Contingencies” in the accompanying “Notes to Consolidated Financial Statements” in this Annual Report.

Item 4. ***Mine Safety Disclosures***

Not applicable.

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Price of our Common Stock

Our common stock has traded on The Nasdaq Global Market under the symbol "ORBC".

The following sets forth the high and low sales prices of our common stock, as reported on The Nasdaq Global Market from January 1, 2016 through December 31, 2017:

	Price range of common stock	
	High	Low
Year ended December 31, 2017		
Quarter ended December 31, 2017	$ 11.80	$ 9.37
Quarter ended September 30, 2017	$ 11.99	$ 9.50
Quarter ended June 30, 2017	$ 11.60	$ 9.08
Quarter ended March 31, 2017	$ 9.58	$ 7.77
Year ended December 31, 2016		
Quarter ended December 31, 2016	$ 10.36	$ 7.15
Quarter ended September 30, 2016	$ 10.98	$ 9.45
Quarter ended June 30, 2016	$ 10.49	$ 8.43
Quarter ended March 31, 2016	$ 10.20	$ 6.80

As of February 26, 2018, there were 227 holders of record of our common stock.

Dividend Payments and Policy

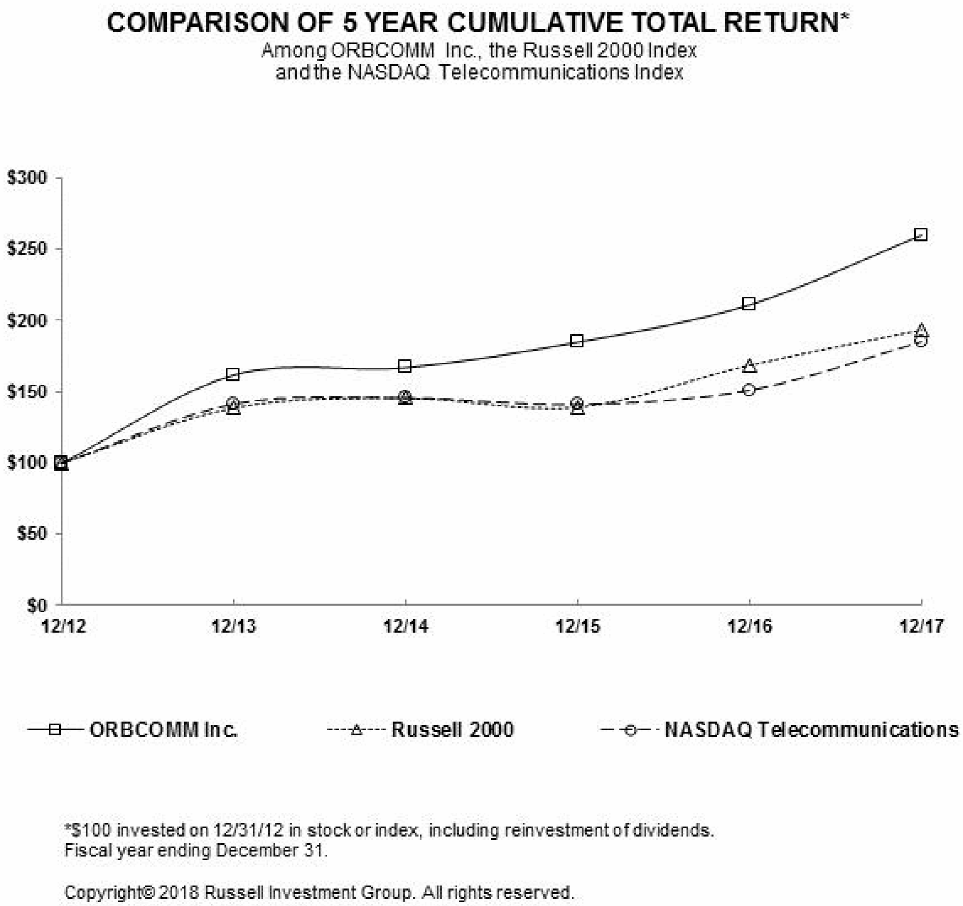
Common stock: We have never declared or paid cash dividends on shares of our common stock. Our board of directors currently intends to retain all available funds and future earnings to support operations and to finance the growth and development of our business and does not intend to pay cash dividends on our common stock for the foreseeable future. Our board of directors may, from time to time, examine our dividend policy and may, in its absolute discretion, change such policy. In addition, dividends are restricted by the covenants in our Credit Agreement.

Series A convertible preferred stock: Pursuant to the terms of our Series A convertible preferred stock, the holders are entitled to receive a cumulative 4% annual dividend payable quarterly in additional shares of Series A convertible preferred stock. In 2017, we paid dividends of 1,078 preferred shares.

Stock Performance Graph

The graph set forth below compares the cumulative total shareholder return on our common stock between December 31, 2012 and December 31, 2017, with the cumulative total result of (i) the Russell 2000 Index and (ii) the Nasdaq Telecommunications Index, over the same period. This graph assumes the investment of $100 on December 31, 2012 in our common stock, the Russell 2000 Index and the Nasdaq Telecommunications Index, and assumes the reinvestment of dividends, if any. The graph assumes the initial value of our common stock on December 31, 2012 was the closing sales price of $3.92 per share.

The comparisons shown in the graph below are based on historical data. We caution that the stock price performance show in the graph below is not necessarily indicative of, nor is it intended to forecast, the potential future performance of our common stock. Information used in the graph was obtained from Research Data Group, a source believed to be reliable, but we are not responsible for any errors or omissions in such information.



(Amounts in dollars)

	12/12	12/13	12/14	12/15	12/16	12/17
ORBCOMM Inc.	**100.00**	**161.73**	**166.84**	**184.69**	**210.97**	**259.69**
Russell 2000	**100.00**	**138.82**	**145.62**	**139.19**	**168.85**	**193.58**
NASDAQ Telecommunications	**100.00**	**141.28**	**145.43**	**140.97**	**150.94**	**184.81**

Item 6. ***Selected Consolidated Financial Data***

The following selected consolidated financial data should be read together with the information under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes which are included elsewhere in this Annual Report on Form 10-K. We have derived the consolidated statement of operations data for the years ended December 31, 2017, 2016 and 2015 and the consolidated balance sheet data as of December 31, 2017 and 2016 from our audited consolidated financial statements, which are included elsewhere in this Annual Report on Form 10-K. We have derived the consolidated statement of operations data for the years ended December 31, 2014 and 2013 and the consolidated balance sheet data as of December 31, 2015, 2014 and 2013 from our consolidated financial statements, which are not included in this Annual Report on Form 10-K. Our historical results are not necessarily indicative of future results of operations.

	Years ended December 31,				
Consolidated Statement of Operations Data:	**2017(1)(2)**	**2016(1)(2)**	**2015(1)(2)**	**2014(1)(3)**	**2013(1)(3)**
	(In thousands, except per share data)				
Service revenues	$ 134,938	$ 112,881	$ 99,973	$ 59,695	$ 55,957
Product sales	119,282	73,863	78,320	36,547	18,255
Total revenues	254,220	186,744	178,293	96,242	74,212
Costs and expenses:					
Costs of services	50,548	37,913	34,109	20,339	19,806
Costs of product sales	99,640	55,037	56,413	28,345	13,736
Selling, general and administrative	55,753	46,915	44,395	30,989	24,551
Product development	8,941	6,252	6,469	2,895	2,759
Impairment charges	31,224	10,680	12,748	605	—
Depreciation and amortization	45,681	42,803	26,571	10,856	6,001
Acquisition-related and integration costs	3,315	1,630	4,803	3,819	1,658
Total costs and expenses	295,102	201,230	185,508	97,848	68,511
(Loss) income from operations	(40,882)	(14,486)	(7,215)	(1,606)	5,701
Other (expense) income	(20,722)	(8,223)	(4,559)	(2,511)	353
(Loss) income from continuing operations before income taxes	(61,604)	(22,709)	(11,774)	(4,117)	6,054
Income taxes	(409)	517	1,225	408	1,295
Net (loss) income	(61,195)	(23,226)	(12,999)	(4,525)	4,759
Less: Net income (loss) attributable to the noncontrolling interests	89	285	252	159	160
Net (loss) income attributable to ORBCOMM Inc.	$ (61,284)	$ (23,511)	$ (13,251)	$ (4,684)	$ 4,599
Net (loss) income attributable to ORBCOMM Inc. common stockholders	$ (61,296)	$ (23,525)	$ (13,287)	$ (4,721)	$ 4,540
Per share information-basic:					
Net (loss) income attributable to ORBCOMM Inc.	$ (0.84)	$ (0.33)	$ (0.19)	$ (0.08)	$ 0.10
Per share information-diluted:					
Net (loss) income attributable to ORBCOMM Inc.	$ (0.84)	$ (0.33)	$ (0.19)	$ (0.08)	$ 0.09
Weighted average common shares outstanding:					
Basic	72,882	70,907	70,419	56,684	47,420
Diluted	72,882	70,907	70,419	56,684	48,770

	As of December 31,				
	2017(1)(2)	2016(1)(2)	2015(1)(2)	2014(1)(2)	2013(1)
	(In thousands)				
Cash and cash equivalents	$ 34,830	$ 25,023	$ 27,077	$ 91,565	$ 68,354
Working capital	74,282	37,882	38,646	219,945	74,540
Satellite network and other equipment, net	174,178	215,841	229,970	180,621	133,028
Goodwill	166,678	114,033	112,425	39,870	20,335
Intangible assets, net	99,339	82,545	93,172	26,334	11,636
Total assets	595,194	506,154	523,019	506,548	261,474
Note payable, net of current portion	245,131	147,458	146,548	150,000	45,000
Note payable — related party	1,366	1,195	1,241	1,389	1,571
Total equity	246,396	281,868	299,756	308,509	192,948

(1) Amounts include the impact of several acquisitions of businesses. For more information regarding our acquisitions, refer to "Note 3 — Acquisitions" in our audited consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

(2) On September 30, 2014, we entered into a credit agreement with Macquarie which provided secured credit facilities in an aggregate amount of $160 million, providing for an initial term loan facility, a Term B2 term loan facility, a Term B3 term loan facility, and a revolving loan facility (our "Secured Credit Facilities") in order to refinance our $45 million 9.5% per annum senior notes. On October 10, 2014, we borrowed $70 million under the initial term loan facility, a portion of which was used to repay in full our $45 million 9.5% per annum senior Notes, and $10 million under the revolving credit facility. On December 30, 2014, we borrowed $70 million under the Term B3 facility, which was used to partially fund the SkyWave Acquisition. On January 16, 2015, we borrowed $10 million under the Term B2 facility, which was used to partially fund the InSync Acquisition.

On April 10, 2017, we issued $250 million aggregate principal amount of the Senior Secured Notes due 2024, the proceeds of which was used to repay in full our outstanding obligations under, and to terminate our $150 million outstanding Secured Credit Facilities. For more information regarding the Senior Credit Facilities and Senior Secured Notes, refer to "Note 11 — Notes Payable" in our audited consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

(3) We made certain reclassifications to prior period information to conform to the current period presentation, including the reclassification of depreciation and amortization from cost of services, cost of product sales, product development and selling, general and administrative ("SG&A") expenses into its own caption. These reclassifications had no effect on previously reported net income.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following discussion and analysis should be read in conjunction with our Consolidated Financial Statements and Notes which appear elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in Part I, Item 1A, "Risk Factors" and elsewhere in this Annual Report on Form 10-K.

Overview

We are a global provider of industrial IoT solutions, including network connectivity, devices, device management and web reporting applications. These solutions enable optimal business efficiencies, increased asset utilization and reduced asset write-offs, helping customers realize benefits on a worldwide basis. Our industrial IoT products and services are designed to track, monitor, control and enhance security for a variety of assets, such as trailers, trucks, rail cars, sea containers, power generators, fluid tanks, marine vessels, diesel or gensets, oil and gas wells, pipeline monitoring equipment, irrigation control systems, and utility meters, in industries for transportation & supply chain, heavy equipment, fixed asset monitoring, maritime and government. Additionally, we provide satellite AIS data services to assist in vessel navigation and to improve maritime safety for government and commercial customers worldwide. Through two acquisitions in 2017, we added to our transportation product portfolio vehicle fleet management, as well as in-cab and fleet vehicle solutions. We provide our services using multiple network platforms, including our own constellation of LEO satellites and our accompanying ground infrastructure, as well as terrestrial-based cellular communication services obtained through reseller agreements with major cellular (Tier One) wireless providers. We also offer customer solutions utilizing additional satellite network service options that we obtain through service agreements we have entered into with third party mobile satellite providers. Our satellite-based customer solution offerings use small, low power, mobile satellite subscriber communicators for remote asset connectivity, and our terrestrial-based solutions utilize cellular data modems with SIMs. We also resell service using the two-way Inmarsat satellite network to provide higher bandwidth, low-latency satellite products and services, leveraging our IDP technology. Our customer solutions provide access to data gathered over these systems through connections to other public or private networks, including the Internet. We are dedicated to providing what we believe are the most versatile, leading-edge industrial IoT solutions in our markets that enable our customers to run their business operations more efficiently and achieve significant return on investment.

2017 Strategic Transactions

During 2017, we completed the following strategic transaction that had an impact and will continue to have an impact on our results of operations:

Acquisition of Blue Tree Systems

On October 2, 2017, we purchased all of the issued share capital of Blue Tree for an aggregate consideration of (i) $34.3 million in cash, subject to an additional working capital adjustment; (ii) issuance of 191,022 shares of our common stock, valued at $10.47 per share, which reflected our common stock closing price one business day prior to the closing date; and (iii) additional consideration of up to $5.8 million, subject to certain operational milestones. The acquisition of Blue Tree solidifies our transportation product portfolio by adding truck in-cab and refrigerated fleet vehicle solutions to our current cargo solution. For additional information regarding the Blue Tree Acquisition, refer to "Note 3 — Acquisitions" in the accompanying "Notes to Consolidated Financial Statements" in this Annual Report.

Acquisition of inthinc Inc.

On June 9, 2017, we completed the acquisition of substantially all of the assets of Inthinc for an aggregate consideration of (i) $34.2 million in cash, subject to a working capital adjustment; (ii) issuance of 76,796 shares of our common stock, valued at $9.95 per share; and (iii) additional consideration of up to $25.0 million, subject to certain operational milestones. The acquisition of Inthinc allows us to offer fleet management and driver safety solutions to enterprises and industrial companies world-wide, who operate large commercial vehicle fleets. For additional information regarding the Inthinc Acquisition, refer to "Note 3 — Acquisitions" in the accompanying "Notes to Consolidated Financial Statements" in this Annual Report.

Senior Secured Notes

On April 10, 2017, we issued $250 million aggregate principal amount of 8.0% Senior Secured Notes due 2024. The Senior Secured Notes were issued pursuant to an Indenture, dated as of April 10, 2017, among us, the "Guarantors and U.S. Bank National Association, as trustee and collateral agent. The Senior Secured Notes are unconditionally guaranteed on a senior secured basis by the

Guarantors, and the Senior Secured Notes are secured on a first priority basis by (i) pledges of capital stock of certain of our directly- and indirectly-owned subsidiaries; and (ii) substantially all of our and our Guarantors' other property and assets, to the extent a first priority security interest is able to be granted or perfected therein, and subject, in all cases, to certain specified exceptions, and an intercreditor agreement with the collateral agent for our revolving credit facility described below. Interest payments are due on the Senior Secured Notes semi-annually in arrears on April 1 and October 1 beginning October 1, 2017.

On April 10, 2017, a portion of the proceeds of the issuance of the Senior Secured Notes was used to repay in full our outstanding obligations under, and to terminate our $150 million outstanding secured credit facilities incurred pursuant to the credit agreement entered into on September 30, 2014, resulting in an early payment fee of $1.5 million and an additional expense associated with the remaining unamortized debt issuance cost of $2.4 million.

Revolving Credit Facility

On December 18, 2017, we and certain of our subsidiaries entered into a Credit Agreement with JPMorgan Chase, as administrative agent and collateral agent. The Credit Agreement provides for a Revolving Credit Facility in an aggregate principal amount of up to $25.0 million for working capital and general corporate purposes and matures on December 18, 2022. The Revolving Credit Facility will bear interest at an alternative base rate or an adjusted LIBOR, plus an applicable margin of 1.50% in the case of alternative base rate loans and 2.50% in the case of adjusted LIBOR loans. The Revolving Credit Facility is secured by a first priority security interest in substantially all of our and our subsidiaries' assets under a Security Agreement among the Company, the applicable subsidiaries and JPMorgan Chase, subject to an intercreditor agreement with the indenture trustee for the Senior Secured Notes. The Revolving Credit Facility has no scheduled principal amortization until the maturity date. Subject to the terms set forth in the Credit Agreement we may borrow, repay and reborrow the Revolving Credit Facility at any time prior to the maturity date.

2016 Strategic Transactions

During 2016, we completed the following strategic transaction that had an impact and will continue to have an impact on our results of operations:

Acquisition of Skygistics Ltd.

On May 26, 2016, we completed the acquisition of substantially all of the assets of Skygistics (PTY) Ltd., for cash consideration of $3.8 million and additional contingent consideration of up to $1.0 million, subject to certain operational milestones. The acquisition provides a broad range of satellite and cellular connectivity options, as well as telematics solutions centered on the management of remote and mobile assets to more than 250 telematics and enterprise customers. For additional information regarding the Skygistics Acquisition, refer to "Note 3 — Acquisitions" in the accompanying "Notes to Consolidated Financial Statements" in this Annual Report.

2015 Strategic Transactions

During 2015, we completed the following strategic transactions that had an impact and will continue to have an impact on our results of operations:

Acquisition of WAM Technologies, LLC

On October 6, 2015, we completed the acquisition of substantially all of the assets of WAM Technologies, LLC ("WAM"), for a total consideration of $8.7 million, inclusive of a working capital settlement of $0.2 million. The acquisition expands and strengthens our cold chain monitoring solutions, which include trailers, rail cars, gensets and sea containers. For additional information regarding the acquisition of WAM, refer to "Note 3 — Acquisitions" in the accompanying "Notes to Consolidated Financial Statements" in this Annual Report.

Acquisition of InSync Software Inc.

On January 16, 2015, we completed the acquisition of InSync Software Inc. ("Insync") for an aggregate consideration of (i) $10.9 million in cash, comprised of various components and inclusive of net working capital adjustments of $0.3 million, of which $1.3 million was deposited in escrow to pay certain indemnification obligations and (ii) additional contingent consideration of up to $5.0 million. We borrowed $10 million under our Term B2 facility to partially fund the acquisition. The acquisition supports our strategy to provide the most complete set of applications and capabilities in the industrial IoT industry, while broadening our market access to a wide range of industries. For additional information regarding the acquisition of InSync, refer to "Note 3 — Acquisitions" in the accompanying "Notes to Consolidated Financial Statements" in this Annual Report.

Acquisition of SkyWave Mobile Communications Inc.

On January 1, 2015, we completed the acquisition of SkyWave for a total consideration of $130.2 million, consisting of (i) $122.4 million cash consideration, inclusive of a working capital settlement of $0.3 million, of which $10.6 million was deposited in escrow to pay certain indemnification obligations; and (ii) $7.5 million in the form of a promissory note settled by the transfer of assets to Inmarsat Global Limited pursuant to an agreement with Inmarsat. We borrowed $70 million under our Term B3 facility to partially fund the acquisition. The acquisition furthers our strategy to provide the most complete set of options and capabilities in the industry. For additional information regarding the acquisition of SkyWave, refer to "Note 3 — Acquisitions" in the accompanying "Notes to Consolidated Financial Statements" in this Annual Report.

OG2 Satellite Launch

On December 21, 2015, we launched the remaining 11 of our OG2 satellites aboard a SpaceX Falcon 9 launch vehicle. On March 1, 2016, following an in-orbit testing period, we initiated commercial service for the 11 OG2 satellites, which provide both M2M messaging and AIS service for our global customers. For additional information regarding the OG2 satellites, refer to "Part I, Item 1. Business ─ ORBCOMM Communications System ─ System Status─OG2 Satellite Health" in this Annual Report.

2015 Shelf Registration

In April 2015, we filed a Form S-3 Shelf registration statement registering our securities for a proposed maximum aggregate offering price of $200 million (including approximately $17.2 million remaining available under a previous shelf registration statement). We may use this shelf registration statement at any time or from time to time to offer, in one or more offerings, our debt securities, shares of our common stock, shares of our preferred stock, warrants to purchase our debt securities, common stock or preferred stock or units consisting of any combination of the foregoing securities. The shelf registration statement, which was declared effective on April 14, 2015, also registered the resale of up to 3,910,433 shares of common stock by a selling shareholder, all of which were sold on August 19, 2015.

Revenues

We derive service revenues mostly from monthly fees for industrial IoT connectivity services that consist of subscriber-based, recurring monthly usage fees for each subscriber communicator or SIM activated for use on our satellite network, other satellite networks, and cellular wireless networks that we resell to our customers (i.e., our MCPs, MCAs and direct customers). Usage fees are generally based upon the data transmitted by a customer and the overall number of subscriber communicators and SIMs activated by each customer and whether we provide services through our value-added portal. Service revenues are recognized on an accrual basis, as services are rendered, or on a cash basis, if collection from the customer is not reasonably assured at the time the service is provided. We also generate AIS service revenues from subscription based services supplying AIS data to customers and resellers. In addition, we earn service revenues from extended warranty service agreements extending beyond the initial warranty period of one year, installation services, royalty fees from third parties for the use of our proprietary communications protocol charged on a one-time basis for each subscriber communicator connected to our industrial IoT data communications system and fees from providing engineering, technical and management support services to customers.

We derive product revenues primarily from sales of complete industrial IoT telematics devices, modems and cellular wireless SIMs (for our terrestrial-communication services) to our resellers (i.e., our MCPs and MCAs) and direct customers. Revenues generated from product revenues are either recognized when the products are shipped or when customers accept the product depending on the specific contractual terms. Shipping costs billed to customers are included in product sales revenues and the related costs are included as costs of product sales.

Revenues generated from leasing arrangements of subscriber communicators are recognized using the estimated selling price for each deliverable in the arrangement. Product and installation revenues associated with these arrangements are recognized upon shipment or installation of the subscriber communicator, depending on the specific contractual terms. Service and warranty revenues are recognized on an accrual basis, as services are rendered, or on a cash basis, if collection from the customer is not reasonably assured at the time the service is provided.

Amounts received prior to the performance of services under customer contracts are recognized as deferred revenues and revenue recognition is deferred until such time that all revenue recognition criteria have been met.

Costs and expenses

Direct costs

We operate a proprietary LEO satellite network and accompanying ground equipment, including fifteen gateway earth stations, three AIS data reception earth stations, and three regional gateway control centers. Our proprietary satellite-based communications system is typically characterized by high initial capital expenditures and relatively low marginal costs for providing service. We use as part of our solution, as well as resell, network connectivity for two other satellite networks and seven terrestrial network partners. Reselling network connectivity typically involves a cost for each device connected to the network system and the amount paid to each provider will vary. In addition, we incur costs associated with the installation services provided to our customers.

We primarily sell industrial IoT telematics devices and modems that we design and build using contract manufacturers. Each industrial IoT device and modem will have engineering costs, manufacturing costs, warehousing and shipping costs and inventory management costs.

Operating expenses

We incur expenses associated with sales, marketing and administrative expenses related to the operation of our business, including significant charges for depreciation and amortization of our satellite communications system and other acquired intellectual property and intangible assets we acquired or developed. We also incur engineering expenses developing and supporting the operation of our communications system and the development and support of new applications.

Acquisition-related and integration costs

Acquisition-related and integration costs include professional services expenses and identifiable integration costs directly attributable to our acquisitions. These costs were expensed as incurred and are reflected in acquisition-related and integration costs on our consolidated statement of operations.

Results of Operations for the years ended December 31, 2017 and 2016

Revenue

The table below presents our revenues for the years ended December 31, 2017 and 2016, together with the percentage of total revenue represented by each revenue category (in thousands):

	Year Ended December 31,			
	2017		2016	
Service revenues	$ 134,938	53.1%	$ 112,881	60.4%
Product sales	119,282	46.9%	73,863	39.6%
	$ 254,220	100.0%	$ 186,744	100.0%

Total revenues for the year ended December 31, 2017 increased $67.5 million, or 36.1%, to $254.2 million in 2017 from $186.7 million in 2016.

Service Revenues

	Year Ended December 31,		Change	
(In thousands)	2017	2016	Dollars	%
Service revenues	$ 134,938	$ 112,881	$ 22,057	19.5%

The increase in service revenue for the year ended December 31, 2017, compared to the prior year period, was primarily due to revenue generated from growth in billable subscriber communicators across our services and from our acquisitions.

As of December 31, 2017, we had approximately 2,026,000 billable subscriber communicators compared to approximately 1,724,000 billable subscriber communicators as of December 31, 2016, an increase of 17.5%.

Service revenue growth can be impacted by the customary lag between subscriber communicator activations and recognition of service revenue from these units.

Product sales

(In thousands)	Year Ended December 31, 2017	2016	Change Dollars	%
Product sales	$ 119,282	$ 73,863	$ 45,419	61.5%

The increase in product revenues for the year ended December 31, 2017, compared to the prior year period, was primarily due to shipments to existing customers, as well as significant product deployments to new customers, primarily 71,845 units to JB Hunt.

Costs of revenues, exclusive of depreciation and amortization

(In thousands)	Year Ended December 31, 2017	2016	Change Dollars	%
Cost of services	$ 50,548	$ 37,913	$ 12,635	33.3%
Cost of product sales	99,640	55,037	44,603	81.0%

Costs of services is comprised of expenses to operate our network, such as payroll and related costs, including stock-based compensation, installation costs, and usage fees to third-party networks, but exclude depreciation and amortization discussed below. The increase in cost of service for the year ended December 31, 2017, compared to the prior year period, was primarily due to an increase in billable subscribers, installation costs associated with significant product deployments and from our acquisitions.

Costs of product sales includes the purchase price of subscriber communicators and SIMs sold, costs of warranty obligations, shipping charges, as well as operational costs to fulfill customer orders, including costs for employees and inventory management. The increase in cost of product sales for the year ended December 31, 2017, compared to the prior year period, was primarily due to costs associated with the increased product sales and changes in the mix of product shipments.

Selling, general and administrative expenses

(In thousands)	Year Ended December 31, 2017	2016	Change Dollars	%
Selling, general and administrative expenses	$ 55,753	$ 46,915	$ 8,838	18.8%

SG&A expenses relate primarily to expenses for general management, sales and marketing, finance, audit and legal fees and general operating expenses. The increase in SG&A expenses for the year ended December 31, 2017, compared to the prior year, reflected increases in employee-related costs and other operating expenses, mainly related to our acquisitions, and increases in contractor and consulting costs for sales and engineering. In addition, the SG&A expenses for the year ended December 31, 2016 reflected a refund of regulatory fees of approximately $1.7 million that did not repeat in 2017.

Product development expenses

(In thousands)	Year Ended December 31, 2017	2016	Change Dollars	%
Product development	$ 8,941	$ 6,252	$ 2,689	43.0%

Product development expenses consist primarily of the expenses associated with our engineering efforts, including the cost of third parties to support our current applications. Product development expenses for the year ended December 31, 2017, compared to the prior year period, reflected increases in employee costs and other operating expenses, mainly related to our acquisitions.

Impairment charges – satellite network

(In thousands)	Year Ended December 31, 2017	2016	Change Dollars	%
Impairment charges - satellite network	$ 31,224	$ 10,680	$ 20,544	192.4%

Impairment charges relate to the impairment or loss of satellites on our proprietary network. The increase for the year ended December 31, 2017, compared to the prior year period, was primarily due to the loss of three OG2 satellites during 2017, compared to one OG2 satellite during 2016.

Depreciation and amortization

	Year Ended December 31,		Change	
(In thousands)	**2017**	**2016**	**Dollars**	**%**
Depreciation and amortization	$ 45,681	$ 42,803	$ 2,878	6.7%

The increase in depreciation and amortization for the year ended December 31, 2017, compared to the prior year period, was primarily due to depreciation associated with our capitalized costs attributable to the design, development and enhancements of our products and services sold to our customers and our internal developed software.

Acquisition-related and integration costs

	Year Ended December 31,		Change	
(In thousands)	**2017**	**2016**	**Dollars**	**%**
Acquisition-related and integration costs	$ 3,315	$ 1,630	$ 1,685	103.4%

Acquisition-related and integration costs include professional services expenses and identifiable integration costs directly attributable to our acquisitions. The increase in acquisition-related and integration costs reflected higher acquisition and integration activity in the 2017 period compared to the prior year period.

Other income (expense)

Other income (expense) is comprised primarily of interest expense, foreign exchange gains and losses, interest income from our cash and cash equivalents, which can consist of U.S. Treasuries, interest bearing instruments, and our previously held investments in marketable securities consisting of U.S. government and agency obligations, corporate obligations and FDIC-insured certificates of deposit classified as held to maturity and interest income related to capital leases.

	Year Ended December 31,		Change	
(In thousands)	**2017**	**2016**	**Dollars**	**%**
Interest income	$ 959	$ 378	$ 581	153.7%
Other (expense) income	(160)	484	(644)	(133.1)%
Interest expense	(17,653)	(9,085)	(8,568)	94.3%
Loss on debt extinguishment	(3,868)	—	(3,868)	100.0%
Total other expense	$ (20,722)	$ (8,223)	$ (12,499)	152.0%

The increase in other expense for the year ended December 31, 2017, compared to the prior year, was primarily due to increased interest expense as a result of higher outstanding principal balances and higher interest rates associated with our Senior Secured Notes issued April 10, 2017 and a loss on extinguishment of our Secured Credit Facilities. We believe our foreign exchange exposure is limited as a majority of our revenue is collected in US Dollars.

Income taxes

In 2017, we recorded income taxes of $(0.4) million, which primarily included foreign income taxes of $1.7 million from income generated by our international operations and $(2.1) million of income tax benefit related to the impact of the Tax Cuts and Jobs Act to the amortization of tax goodwill generated from our acquisitions.

In 2016, we recorded income taxes of $0.5 million, which primarily included foreign income taxes of $(0.1) million from income generated by our international operations and $0.6 million from amortization of tax goodwill generated from our acquisitions.

Net loss

For the year ended December 31, 2017, we had a net loss of $61.2 million compared to net loss of $23.2 million in December 31, 2016, primarily due to the $31.2 million satellite impairment, increased interest expense on our Senior Secured Notes as discussed above, and increased SG&A, offset, in part, by a $10.7 million satellite impairment charge included in the 2016 period.

Noncontrolling interests

Noncontrolling interests relate to earnings and losses attributable to noncontrolling shareholders.

Net loss attributable to ORBCOMM Inc.

For the year ended December 31, 2017, we had a net loss attributable to our company of $61.3 million compared to net loss of $23.5 million in December 31, 2016.

For the years ended December 31, 2017 and 2016, the net loss attributable to our common stockholders considers dividends of less than $0.1 million and $0.1 million, respectively, paid in shares of the Series A convertible preferred stock.

Results of Operations for the years ended December 31, 2016 and 2015

Revenue

The table below presents our revenues for the years ended December 31, 2016 and 2015, together with the percentage of total revenue represented by each revenue category (in thousands):

	Year Ended December 31,			
	2016		2015	
Service revenues	$ 112,881	60.4%	$ 99,973	56.1%
Product sales	73,863	39.6%	78,320	43.9%
	$ 186,744	100.0%	$ 178,293	100.0%

Total revenues for the year ended December 31, 2016 increased $8.5 million, or 5%, to $186.7 million in 2016 from $178.3 million in 2015.

Service Revenues

	Year Ended December 31,		Change	
(In thousands)	2016	2015	Dollars	%
Service revenues	$ 112,881	$ 99,973	$ 12,908	12.9%

The increase in service revenue for the year ended December 31, 2016, compared to the prior year period, was primarily due to revenue generated from increases in core service revenues from growth in billable subscriber communicators and our acquisitions, as well as increases in satellite-based service revenues due to efficiencies and network capacity provided by our OG2 satellites.

As of December 31, 2016, we had approximately 1,724,000 billable subscriber communicators compared to approximately 1,569,000 billable subscriber communicators as of December 31, 2015, an increase of 9.8%.

Service revenue growth can be impacted by the customary lag between subscriber communicator activations and recognition of service revenue from these units.

Product sales

	Year Ended December 31,		Change	
(In thousands)	2016	2015	Dollars	%
Product sales	$ 73,863	$ 78,320	$ (4,457)	(5.7)%

The decrease in product revenues for the year ended December 31, 2016, compared to the prior year period, was primarily attributable to timing of shipments and lower sales to some international markets, most notably in South America.

Costs of revenues, exclusive of depreciation and amortization

	Year Ended December 31,		Change	
(In thousands)	**2016**	**2015**	**Dollars**	**%**
Cost of service	$ 37,913	$ 34,109	$ 3,804	11.2%
Cost of product sales	55,037	56,413	(1,376)	(2.4)%

Costs of services is comprised of expenses to operate our network, such as payroll and related costs, including stock-based compensation, and usage fees to third-party networks, but exclude depreciation and amortization discussed below. The increase in cost of service for the year ended December 31, 2016, compared to the prior year, was primarily due to an increase in service revenues from billable subscribers and our acquired companies, as well as increases from third party satellite-based networks.

Costs of product sales includes the purchase price of subscriber communicators and SIMs sold, costs of warranty obligations, shipping charges, as well as operational costs to fulfill customer orders including costs for employees and inventory management. The decrease in cost of product sales for the year ended December 31, 2016, compared to the prior year period, was primarily due to decreases in revenue reflecting fewer shipments and savings associated with a new contract manufacturer, offset, in part, by increased costs associated with the mix of products sold.

Selling, general and administrative expenses

	Year Ended December 31,		Change	
(In thousands)	**2016**	**2015**	**Dollars**	**%**
Selling, general and administrative expenses	$ 46,915	$ 44,395	$ 2,520	5.7%

SG&A expenses relate primarily to expenses for general management, sales and marketing, finance, audit and legal fees and general operating expenses. The increase in SG&A expenses for the year ended December 31, 2016, compared to the prior year, reflected increases in contractor and consulting costs for sales and engineering, facility costs related to our acquisitions, foreign exchange losses in the year ended December 31, 2016, compared to foreign exchange gains in the year ended December 31, 2015, and other general operating expenses, offset, in part, by a refund of regulatory fees.

Product development expenses

	Year Ended December 31,		Change	
(In thousands)	**2016**	**2015**	**Dollars**	**%**
Product development	$ 6,252	$ 6,469	$ (217)	(3.4)%

Product development expenses consist primarily of the expenses associated with our engineering efforts including the cost of third parties to support our current applications. Product development expenses for the year ended December 31, 2016 were slightly lower than the prior year due to capitalization of costs associated with the development and enhancement of products and software for our customers.

Impairment charges — satellite network

	Year Ended December 31,		Change	
(In thousands)	**2016**	**2015**	**Dollars**	**%**
Impairment charges - satellite network	$ 10,680	$ 12,748	$ (2,068)	(16.2)%

Impairment charges relate to the impairment or loss of satellites on our proprietary network. The decrease for the year ended December 31, 2016, compared to the prior year period, was primarily due to the carrying value of the lost OG2 satellite at the time of impairment.

Depreciation and amortization

(In thousands)	Year Ended December 31, 2016	Year Ended December 31, 2015	Change Dollars	Change %
Depreciation and amortization	$ 42,803	$ 26,571	$ 16,232	61.1%

The increase in depreciation and amortization for the year ended December 31, 2016, compared to the prior year period, was primarily due to additional depreciation expense associated with the 11 OG2 satellites placed into service on March 1, 2016.

Acquisition-related and integration costs

(In thousands)	Year Ended December 31, 2016	Year Ended December 31, 2015	Change Dollars	Change %
Acquisition-related and integration costs	$ 1,630	$ 4,803	$ (3,173)	(66.1)%

Acquisition-related and integration costs include professional services expenses and identifiable integration costs directly attributable to our acquisitions. The decrease in acquisition-related and integration costs for the year ended December 31, 2016, compared to the prior year period, related primarily to the absence of acquisition-related and integration costs incurred in 2015 in connection with the acquisitions of SkyWave and InSync, offset, in part, by costs incurred in 2016 in connection with the acquisition of Skygistics.

Other income (expense)

(In thousands)	Year Ended December 31, 2016	Year Ended December 31, 2015	Change Dollars	Change %
Interest income	$ 378	$ 344	$ 34	9.9%
Other (expense) income	484	339	145	42.8%
Interest expense	(9,085)	(5,242)	(3,843)	73.3%
Total other expense	$ (8,223)	$ (4,559)	$ (3,664)	80.4%

Other income (expense) is comprised primarily of interest income from our cash and cash equivalents, which can consist of U.S. Treasuries, interest bearing instruments, and our previously held investments in marketable securities consisting of U.S. government and agency obligations, corporate obligations and FDIC-insured certificates of deposit classified as held to maturity, foreign exchange gains and losses and interest expense.

The increase in other expenses was primarily due to higher interest expense recognized in the year ended December 31, 2016 compared to the prior year period. We capitalized interest expense and deferred financing fees associated with our Initial Term Loan Facility through March 1, 2016, the date the final 11 OG2 satellites were placed into service. We believe our foreign exchange exposure is limited as a majority of our revenue is collected in US Dollars.

Income taxes

In 2016, we recorded income taxes of $0.5 million, which primarily included foreign income taxes of $(0.1) million from income generated by our international operations and $0.6 million from amortization of tax goodwill generated from our acquisitions.

In 2015, we recorded income taxes of $1.2 million, which primarily included foreign income taxes of $0.6 million from income generated by our international operations and $0.4 million from amortization of tax goodwill generated from our acquisitions.

Net loss

For the year ended December 31, 2016, we had a net loss of $23.2 million compared to net loss of $13.0 million for the year ended December 31, 2015, primarily due to the increased depreciation and amortization in 2016 discussed above.

Noncontrolling interests

Noncontrolling interests relate to earnings and losses attributable to noncontrolling shareholders.

Net loss attributable to ORBCOMM Inc.

For the year ended December 31, 2016, we had a net loss attributable to our company of $23.5 million compared to net loss of $13.3 million in December 31, 2015.

For the years ended December 31, 2016 and 2015, the net loss attributable to our common stockholders considers dividends of less than $0.1 million and $0.1 million, respectively, paid in shares of the Series A convertible preferred stock.

Liquidity and Capital Resources

Overview

Our liquidity requirements arise from our working capital needs, our ability to make scheduled payments of interest on our indebtedness, to fund capital expenditures to support our current operations and to facilitate growth and expansion. We have financed our operations and expansion with cash flows from operating activities, sales of our common stock through public offerings and placements of public debt. At December 31, 2017, we have an accumulated deficit of $166.2 million. Our primary source of liquidity consists of cash and cash equivalents of $34.8 million and an unused $25 million Revolving Credit Facility under the Credit Agreement entered into on December 18, 2017, which we believe will be sufficient to provide working capital, support capital expenditures and facilitate growth and expansion for the next twelve months.

Operating activities

Cash used in our operating activities in 2017 was $5.0 million resulting from a net loss of $61.2 million, offset by non-cash items including $45.7 million for depreciation and amortization, $31.2 million for an impairment loss on our satellite network, $5.7 million for stock-based compensation and $3.1 million for amortization and write-off of deferred financing fees. These non-cash add backs were offset by a working capital use of cash of $26.9 million. Working capital activities primarily consisted of net uses of cash of $16.9 million in inventories as a result of our increased business activities, increases in accounts receivable of $10.0 million relating to timing of collections and an increase in prepaid expenses and other current assets of $10.5 million, offset, in part, by increases in accounts payable and accrued expenses of $12.2 million as a result of timing of invoices.

Cash provided by our operating activities in 2016 was $28.9 million resulting from a net loss of $23.2 million, offset by non-cash items including $42.8 million for depreciation and amortization, $10.7 million for an impairment loss on our satellite network and $5.0 million for stock-based compensation. These non-cash add backs were offset by a working capital use of cash of $7.2 million. Working capital activities primarily consisted of net uses of cash of $2.0 million in inventories as a result of our increased business activities, as well as an increase in prepaid expenses and other current assets of $4.6 million and decreases in deferred revenues of $3.3 million, offset, in part, by increases in accounts payable and accrued expenses of $4.9 million as a result of timing of invoices.

Cash provided by our operating activities in 2015 was $26.1 million resulting from a net loss of $13.0 million, offset by non-cash items including $26.6 million for depreciation and amortization, $12.7 million for an impairment loss on our satellite network and $4.6 million for stock-based compensation. These non-cash add backs were offset by a working capital use of cash of $4.8 million. Working capital activities primarily consisted of net uses of cash of $8.0 million in inventories as a result of our increased business activities, and $3.0 million from a decrease in accounts payable and accrued expenses primarily related to timing of payments, offset, in part, by a decrease of accounts receivable of $8.0 million relating to timing of collections.

Investing activities

Cash used in our investing activities in 2017 was $95.9 million, resulting from $67.9 million in cash consideration paid in connection with the Inthinc and Blue Tree Acquisitions and capital expenditures of $27.4 million, including approximately $4.0 million related to final payments for the OG2 program.

Cash used in our investing activities in 2016 was $31.1 million, resulting from capital expenditures of $28.4 million, including approximately $8.3 million related to payments for the OG2 program, as well as capitalized costs associated with the development and enhancements of our products and software, and $3.5 million in cash consideration paid in connection with Skygistics Acquisition, offset, in part, by $1.0 million in a return of restricted cash upon reaching certain milestones related to our OG2 satellite constellation.

Cash used in our investing activities in 2015 was $88.6 million, resulting primarily from $141.6 million in cash consideration paid in connection with the SkyWave, InSync and WAM Acquisitions and capital expenditures of $70.0 million, offset, in part, by cash released from escrow for the SkyWave Acquisition of $123.0 million.

Financing activities

Cash provided by our financing activities in 2017 was $110.3 million, primarily due to proceeds from issuance of our Senior Secured Notes of $250.0 million, proceeds from issuance of common stock in a private offering of $15.0 million and proceeds from our employee stock purchase plan of $1.0 million, offset, in part, by payment of $5.4 million of debt issuance costs related to our Senior Secured Notes and the $150.0 million repayment of our Secured Credit Facilities, as well as payments of contingent consideration of $0.3 million in connection with a previous acquisition.

Our financing activities in 2016 includes cash provided by proceeds from employee stock purchase plan of $0.3 million, offset by payments of contingent consideration of $0.3 million in connection with a previous acquisition.

Cash used in our financing activities in 2015 was $1.8 million, resulting primarily from payments of contingent consideration of $1.1 million in connection with our previous acquisitions.

Future Liquidity and Capital Resource Requirements

We believe that our existing cash and cash equivalents along with expected cash flows from operating activities and additional funds available in our Revolving Credit Facility entered into on December 18, 2017, will be sufficient over the next 12 months to provide working capital, cover interest payments on our debt facilities and fund growth initiatives and capital expenditures.

On April 10, 2017, we issued $250 million aggregate principal amount of 8.0% Senior Secured Notes due 2024. The Senior Secured Notes were issued pursuant to an Indenture, dated as of April 10, 2017, among us, the Guarantors and U.S. Bank National Association, as trustee and collateral agent. The Senior Secured Notes are unconditionally guaranteed on a senior secured basis by the Guarantors, and the Senior Secured Notes are secured on a first priority basis by (i) pledges of capital stock of certain of our directly- and indirectly-owned subsidiaries; and (ii) substantially all of our and our Guarantors' other property and assets, to the extent a first priority security interest is able to be granted or perfected therein, and subject, in all cases, to certain specified exceptions, and an intercreditor agreement with the collateral agent for our revolving credit facility described below. Interest payments are due on the Senior Secured Notes semi-annually in arrears on April 1 and October 1 beginning October 1, 2017.

We have the option to redeem some or all of the Senior Secured Notes at any time on or after April 1, 2020, at redemption prices set forth in the Indenture plus accrued and unpaid interest, if any, to the date of redemption. We also have the option to redeem some or all of the Senior Secured Notes at any time before April 1, 2020 at a redemption price of 100% of the principal amount of the Senior Secured Notes to be redeemed, plus a "make-whole" premium and accrued and unpaid interest, if any, to the date of redemption. In addition, at any time before April 1, 2020, we may redeem up to 35% of the aggregate principal amount of the Senior Secured Notes to be redeemed, plus accrued and unpaid interest, if any, to the date of redemption, with the proceeds from certain equity issuances.

The Indenture contains covenants that, among other things, limit us and our restricted subsidiaries' ability to: (i) incur or guarantee additional indebtedness; (ii) pay dividends, make other distributions or repurchase or redeem capital stock; (iii) prepay, redeem or repurchase certain indebtedness; (iv) make loans and investments; (v) sell, transfer or otherwise dispose of assets; (vi) incur or permit to exist certain liens; (vii) enter into certain types of transactions with affiliates; (viii) enter into agreements restricting our subsidiaries' ability to pay dividends; and (ix) consolidate, amalgamate, merge or sell all or substantially all of their assets; subject, in all cases, to certain specified exceptions. Such limitations have various exceptions and baskets as set forth in the Indenture, including the incurrence by us and our restricted subsidiaries of indebtedness under potential new credit facilities in the aggregate principal amount at any one time outstanding not to exceed $50 million.

On April 10, 2017, a portion of the proceeds of the issuance of the Senior Secured Notes was used to repay in full our outstanding obligations under, and to terminate, our $150 million outstanding secured credit facilities incurred pursuant to the secured credit facilities credit agreement, resulting in an early payment fee of $1.5 million and an additional expense associated with the remaining unamortized debt issuance cost of $2.4 million.

On December 18, 2017, we and certain of our subsidiaries entered into the Credit Agreement with JPMorgan Chase, as administrative agent and collateral agent. The Credit Agreement provides for a Revolving Credit Facility in an aggregate principal amount of up to $25.0 million for working capital and general corporate purposes and matures on December 18, 2022. The Revolving Credit Facility will bear interest at an alternative base rate or an adjusted LIBOR, plus an applicable margin of 1.50% in the case of alternative base rate loans and 2.50% in the case of adjusted LIBOR loans. The Revolving Credit Facility is secured by a first priority security interest in substantially all of our and our subsidiaries' assets under a Security Agreement among the Company, the applicable subsidiaries and JPMorgan Chase, subject to an intercreditor agreement with the indenture trustee for the Senior Secured Notes. The Revolving Credit Facility has no scheduled principal amortization until the maturity date. Subject to the terms set forth in the Credit Agreement we may borrow, repay and reborrow the Revolving Credit Facility at any time prior to the maturity date.

The Credit Agreement contains covenants that, among other things, limits us and our restricted subsidiaries' ability to: (i) incur or guarantee additional indebtedness; (ii) pay dividends, make other distributions or repurchase or redeem capital stock; (iii) prepay, redeem or repurchase certain indebtedness; (iv) make loans and investments; (v) sell, transfer or otherwise dispose of assets; (vi) incur or permit to exist certain liens; (vii) enter into certain types of transactions with affiliates; (viii) enter into agreements restricting the our subsidiaries' ability to pay dividends; and (ix) consolidate, amalgamate, merge or sell all or substantially all of their assets; subject, in all cases, to certain specified exceptions. Such limitations have various baskets as set forth in the Credit Agreement.

At December 31, 2017 no amounts were outstanding under the Revolving Credit Facility. As of December 31, 2017, we were in compliance with all financial covenants.

On May 26, 2016, we completed the Skygistics Acquisition for a cash consideration of $3.8 million and additional contingent consideration of up to $1.0 million, subject to certain operational milestones.

On June 9, 2017, we completed the Inthinc Acquisition for cash consideration of $34.2 million, subject to working capital adjustments, issuance of 76,796 shares of our common stock, valued at $9.95 per share, and additional contingent consideration of up to $25.0 million, subject to meeting certain operational milestones.

On June 15, 2017, we completed a private placement of 1,552,795 shares of our common stock at a price of $9.66 per share, calculated as 95% of the volume-weighted average trading price of our common stock for the 30 trading days ending on June 14, 2017, for which we received net proceeds of $15.0 million.

On October 2, 2017, we completed the Blue Tree Acquisition for cash consideration of $34.3 million, subject to working capital adjustments, issuance of 191,022 shares of our common stock, valued at $10.47 per share, and additional contingent consideration of up to $5.8 million, subject to meeting certain operational milestones.

EBITDA

EBITDA is defined as earnings attributable to ORBCOMM Inc., before interest income (expense), provision for income taxes and depreciation and amortization. We believe EBITDA is useful to our management and investors in evaluating our operating performance because it is one of the primary measures we use to evaluate the economic productivity of our operations, including our ability to obtain and maintain our customers, our ability to operate our business effectively, the efficiency of our employees and the profitability associated with their performance. It also helps our management and investors to meaningfully evaluate and compare the results of our operations from period to period on a consistent basis by removing the impact of our financing transactions and the depreciation and amortization impact of capital investments from our operating results. In addition, our management uses EBITDA in presentations to our board of directors to enable it to have the same measurement of operating performance used by management and for planning purposes, including the preparation of our annual operating budget. We also believe adjusted EBITDA, defined as EBITDA adjusted for stock-based compensation expense, noncontrolling interests, impairment loss, non-capitalized satellite launch and in-orbit insurance and acquisition-related and integration costs, is useful to investors to evaluate our core operating results and financial performance because it excludes items that are significant non-cash or non-recurring expenses reflected in the consolidated statements of operations.

EBITDA and adjusted EBITDA is not a performance measure calculated in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). While we consider EBITDA and adjusted EBITDA to be an important measure of operating performance, it should be considered in addition to, and not as a substitute for, or superior to, net loss or other measures of financial performance prepared in accordance with U.S. GAAP and may be different than EBITDA and adjusted EBITDA measures presented by other companies.

	Years Ended December 31,		
	2017	2016	2015
	(In thousands)		
Net loss attributable to ORBCOMM Inc.	$ (61,284)	$ (23,511)	$ (13,251)
Income tax expense	(409)	517	1,225
Interest income	(959)	(378)	(344)
Interest expense	17,653	9,085	5,242
Loss on extinguishment of debt	3,868	—	—
Depreciation and amortization	45,681	42,803	26,571
EBITDA	4,550	28,516	19,443
Stock based compensation	5,673	5,023	4,620
Net income attributable to the noncontrolling interests	89	285	252
Acquisition-related and integration costs	3,315	1,630	4,803
In-orbit insurance	—	1,119	441
Impairment charges	31,224	10,680	12,748
Adjusted EBITDA	$ 44,851	$ 47,253	$ 42,307

For the year ended December 31, 2017 compared to the year ended December 31, 2016, EBITDA decreased $24.0 million, while net loss attributable to ORBCOMM Inc. increased $37.8 million. For the years ended December 31, 2017 and 2016, the net loss included a $31.2 million and $10.7 million impairment charge on our satellite network, respectively. The rate of decrease for EBITDA compared to the net loss increase primarily reflects increased interest expense associated with our Senior Secured Notes issued in April 2017, compared to the prior year period, and a loss on debt extinguishment incurred upon the repayment of our Secured Credit Facilities. For the year ended December 31, 2017 compared to the year ended December 31, 2016, EBITDA decreased $24.0 million while adjusted EBITDA decreased $2.4 million. The rate of change for EBITDA compared to adjusted EBITDA primarily results from the increased impairment charges in 2017 compared to 2016 on our satellite network noted above.

For the year ended December 31, 2016 compared to the year ended December 31, 2015, EBITDA increased $9.1 million, while net loss attributable to ORBCOMM Inc. increased $10.3 million. For the years ended December 31, 2017 and 2016, the net loss included a $10.7 million and $12.7 million impairment charge on our satellite network, respectively. The rate of increase for EBITDA compared to the net loss increase primarily reflects higher depreciation associated with the OG2 satellites placed into service on March 1, 2016, higher amortization of finite-lived intangible assets as a result of the acquisition of WAM Technologies, LLC and Skygistics (PTY), Ltd., and increased interest expense associated with our Secured Credit Facilities. For the year ended December 31, 2016 compared to the year ended December 31, 2015, EBITDA increased $9.1 million while adjusted EBITDA increased $4.9 million. The rate of change for EBITDA compared to adjusted EBITDA primarily results from the lowering of acquisition-related costs incurred in 2016 compared to 2015, and the decreased impairment charges in 2016 compared to 2015 on our satellite network noted above.

Contractual Obligations

The following table summarizes our contractual obligations at December 31, 2017 and the effect that those obligations are expected to have on our liquidity and cash flows in future periods:

	Payment due by Period				
	Total	Less than 1 year	1 to 3 Years	3 to 5 Years	After 5 Years
Operating leases(1)	$ 20,014	$ 4,040	$ 7,574	$ 5,025	$ 3,375
Senior Secured Notes(2)	250,000	—	—	—	250,000
Interest payments on Senior Secured Notes(3)	126,667	20,000	40,000	40,000	26,667
Vendor parts supplier(4)	3,008	1,950	1,058	—	—
Carrier providers(5)	25,766	7,761	12,678	5,327	—
	$ 425,455	$ 33,751	$ 61,310	$ 50,352	$ 280,042

(1) Amounts represent future minimum payments under operating leases for our office spaces and other facilities.

(2) Amounts represent repayment of the principal of the Senior Secured Notes in April 2024 based on our outstanding long-term debt as of December 31, 2017.

(3) Interest payments reflect borrowing rates for our outstanding long-term debt as of December 31, 2017.

(4) Amounts represent future contractual minimums with a vendor parts supplier.

(5) Amounts represent future contractual minimums with carrier airtime data providers based on the number of subscribers on these networks as of December 31, 2017.

Off-Balance sheet Arrangements

None

Critical Accounting Policies and Estimates

Our discussion and analysis of our results of operations, liquidity and capital resources are based on our consolidated financial statements which have been prepared in conformity with U.S. GAAP. The preparation of these consolidated financial statements requires us to make certain estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates and judgments, including those related to revenue recognition, accounts receivable, accounting for business combinations, goodwill, intangible assets, satellite network and other equipment, long-lived assets, capitalized development costs, income taxes, warranty costs, loss contingencies and the value of securities underlying stock-based compensation. We base our estimates on historical and anticipated results and trends and on various other assumptions that we believe are reasonable under the circumstances, including assumptions as to future events. These estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. By their nature, estimates are subject to an inherent degree of uncertainty. Actual results may differ from our estimates and could have a significant adverse effect on our results of operations and financial position. We believe the following critical accounting policies affect our more significant estimates and judgments in the preparation of our consolidated financial statements.

Revenue recognition

We recognize revenues when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable and collectability is reasonably assured. Our revenue recognition policy requires us to make significant judgments regarding the probability of collection of the resulting accounts receivable balance based on prior history and the creditworthiness of our customers. In instances where collection is not reasonably assured, revenue is recognized when we receive cash from the customer.

Service revenues are recognized on an accrual basis, as services are rendered, or on a cash basis, if collection from the customer is not reasonably assured at the time the service is provided. Revenues from the activation of subscriber communicators and SIMs are initially recorded as deferred revenues and are recognized ratably over the term of the agreement with the customer, generally three years, which is the estimated customer relationship period. Revenues generated from monthly usage and administrative fees and engineering services are recognized when the services are rendered. Revenues generated from separately priced extended warranty service agreements extending beyond the initial warranty period of one year are initially recorded as deferred revenues and are, thereafter, recognized ratably over the term of the agreements generally two to five years. Revenues generated from installation services are recognized when the services have been completed. Revenues generated from royalties under our subscriber communicator manufacturing agreements are recognized when we issue to a third party manufacturer upon request a unique serial number to be assigned to each unit manufactured by such third party manufacturer.

Revenues generated from the sale of satellite subscriber communicators, SIMs and other products are either recognized when the products are shipped or when customers accept the products, depending on the specific contractual terms. Sales of subscriber communicators and SIMs and other items are not subject to return and title and risk of loss generally pass to the customer at the time of shipment.

Revenues generated from leasing arrangements of subscriber communicators are recognized using the estimated selling price for each deliverable in the arrangement. Product and installation revenues associated with these arrangements are recognized upon shipment or installation of the subscriber communicator, depending on the specific contractual terms. Service and warranty revenues are recognized on an accrual basis, as services are rendered, or on a cash basis, if collection from the customer is not reasonably assured at the time the service is provided.

Revenue Recognition for Arrangements with Multiple Deliverables

We enter into arrangements with customers that include multiple deliverables, which typically include subscriber communicators, monthly usage fees and optional extended warranty service agreements. We evaluate and separate each deliverable to determine whether it represents a separate unit of accounting if the following criteria are met:

- The delivered item(s) have value to the customer on a standalone basis.
- If the arrangement includes a general right of return relative to the delivered items(s) and delivery of the undelivered item(s) is probable and in the control of the vendor.

Deliverables which do not meet these criteria are combined into a single unit of accounting. We have determined that all of the deliverables qualify as separate units of accounting.

At the inception of an agreement, we allocate revenue to each element in a multiple element arrangement based upon their relative selling price. When applying the relative selling price method, we determine the selling price for each deliverable using vendor-specific objective evidence of selling price ("VSOE"), if it exists, or third party evidence of selling price ("TPE") if VSOE does not exist. If neither VSOE nor TPE exists for a deliverable, estimated selling price ("ESP") is used. We limit the amount of revenue recognized for delivered elements to an amount that is not contingent upon future delivery of additional products or services or the meeting of any specified performance conditions. Revenue allocated to each element is then recognized when the revenue recognition criteria are met for each element.

VSOE is the price charged when the same or similar product or service is sold separately (i.e., on a standalone basis). TPE is generally the price at which a competitor or third party sells the same or a similar and largely interchangeable deliverable on a standalone basis. TPE may also include a company's standalone selling price for a similar and largely interchangeable product or service but not the same product or service. ESP is defined as the price which we would transact a sale if the product or service were sold regularly on a standalone basis. We have determined that ESP represents the best estimate of the selling prices for each of the deliverables. The determination was based upon management approved pricing guidelines, which consider multiple factors including gross margin objectives, competitive and market conditions and ongoing pricing strategy. We do not currently expect a material impact in the near term from changes in ESP.

If an arrangement provided to a customer has a significant and incremental discount on future revenue, a proportionate amount of the discount should be allocated to each element based on the relative selling price of each element, regardless of the discount. We have determined that arrangements provided to our customers do not include significant and incremental discounts.

Accounts receivable

Accounts receivable are due in accordance with payment terms included in our negotiated contracts. Amounts due are stated net of an allowance for doubtful accounts. Accounts that are outstanding longer than the contractual payment terms are considered past due. We make ongoing assumptions and judgments relating to the collectability of our accounts receivable to determine our required allowances based on a number of factors such as the age of the receivable, credit history of the customer, historical experience and current economic conditions that may affect a customer's ability to pay. Past experience may not be indicative of future collections; as a result, allowances for doubtful accounts may deviate from our estimates as a percentage of accounts receivable and sales.

Satellite network and other equipment

Satellite network and other equipment are stated at cost, less accumulated depreciation and amortization. We use judgment to determine the useful life of our satellite network based on the estimated operational life of the satellites and periodic reviews of engineering data relating to the operation and performance of our satellite network.

Satellite network includes the costs of our constellation of satellites, and the ground and control facilities, which consists of gateway earth stations, gateway control centers and the network control center (the "Ground Component").

As of December 31, 2017 and 2016, assets under construction primarily consist of costs associated with acquiring, developing and testing software and hardware for internal and external use that have not yet been placed into service.

Accounting for Business Combinations

We account for acquired businesses using the acquisition method of accounting, which requires that assets acquired and liabilities assumed be recorded at their respective fair values on the date of acquisition. The fair value of the consideration paid is assigned to the underlying net assets of the acquired business based on their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded to goodwill. Intangible assets are amortized over the expected life of the asset. We make significant assumptions and estimates in determining the preliminary estimated purchase price and the preliminary allocation of the estimated purchase in the consolidated financial statements. These preliminary estimates and assumptions are subject to change as we finalize the valuations. The final valuations may change significantly from the preliminary estimates. Fair value determinations and useful life estimates are based on, among other factors, estimates of expected future cash flows from revenues of the intangible assets acquired, estimates of appropriate discount rates used to present value expected future cash flows, estimated useful lives of the intangible assets acquired and other factors. Although we believe the assumptions and estimates we have made have been reasonable and appropriate, they are based, in part, on historical experience, information obtained from the management of the acquired companies and future expectations. For these and other reasons, actual results may vary significantly from estimated results.

Contingent Consideration

We determine the acquisition date fair value of contingent consideration obligations based on a probability-weighted income approach derived from milestones estimates and a probability assessment with respect to the likelihood of achieving contingent obligations. The fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement as defined in Financial Statements Accounting Board ("FASB") Accounting Standards Codification ("ASC") Topic 820 "Fair Value Measurement." At each reporting date, the contingent consideration obligation will be revalued to estimated fair value and changes in fair value will be reflected as income or expense in our consolidated statement of operations. Changes in the fair value of the contingent consideration obligations may result from changes in probability assumptions with respect to the likelihood of achieving the various contingent payment obligations. Adverse changes in assumptions utilized in our contingent consideration fair value estimates could result in an increase in our contingent consideration obligation and a corresponding charge to operating income.

Goodwill

Goodwill is not amortized, but is tested for impairment on an annual basis and between annual tests whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is tested at the reporting unit level, which is defined as an operating segment, or one level below the operating segment. We operate in one operating segment, which is our only reporting unit.

We test for an indication of goodwill impairment on November 30 of each year or when indicators of impairment exist, by comparing the fair value of our reporting unit to the carrying value of the reporting unit. If there is an indication of impairment, we perform a "step two" test to measure the impairment. Impairments, if any, are recorded to the statement of operations in the period the impairment is recognized.

A significant amount of judgment is involved in determining if an indicator of impairment has occurred. Such indicators include a sustained and significant decline in our stock price and market capitalization, a decline in our expected future cash flows, a significant adverse change in legal factors or in the business climate and unanticipated competition. There was no goodwill impairment for the years ended December 31, 2017, 2016 and 2015.

Long-lived assets, including finite-lived intangible assets

Management reviews long-lived assets, including finite-lived intangible assets, whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. In connection with this review, we reevaluate the periods of depreciation and amortization. We recognize an impairment loss when the sum of the future undiscounted net cash flows expected to be realized from the asset is less than its carrying amount. If an asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value, which is determined using projected discounted future net cash flows, using the appropriate discount rate. Our satellite constellation and related assets, including satellites under construction, are evaluated as a single asset group whenever facts or circumstances indicate that the carrying value may not be recoverable. If indicators of impairment are identified, recoverability of long-lived assets is measured by comparing their carrying amount to the projected cash flows the assets are expected to generate. Considerable judgment by us is necessary to estimate the fair value of the assets and accordingly, actual results could vary significantly from such estimates. Our most significant estimates and judgments relating to the long-lived asset impairments include the allocation of cash flows to assets or asset groups and, if required, an estimate of fair value for those assets or asset groups, the timing and amount of projected future cash flows and the discount rate selected to measure the risks inherent in future cash flows.

There was no impairment charge recorded relating to intangible assets for the years ended December 31, 2017 and 2016.

If a satellite were to fail during launch or while in orbit, the resulting loss would be charged to expense in the period it is determined that the satellite is not recoverable. The amount of any such loss would be reduced to the extent of insurance proceeds estimated to be received. Impairment losses of $31.2 million, $10.7 million and $12.7 million related to the loss of OG2 satellites were recorded in the years ended December 31, 2017, 2016 and 2015, respectively. There were no insurance proceeds associated with these losses because of the deductible under our in-orbit insurance coverage.

Capitalized development costs

Judgments and estimates occur in the calculation of capitalized development costs. We evaluate and estimate when a preliminary project stage is completed and at the point when the project is substantially complete and ready for use. We base our estimates and evaluations on engineering data. We capitalize the costs of acquiring, developing and testing software to meet our internal needs. Capitalization of costs associated with software obtained or developed for internal use commences when both the preliminary project stage is completed and management has authorized further funding for the project, based on a determination that it is probable that the project will be completed and used to perform the function intended. Capitalized costs include only (1) external direct cost of materials and services consumed in developing or obtaining internal-use software, and (2) payroll and payroll-related costs for employees who are directly associated with, and devote time to, the internal-use software project. Capitalization of such costs ceases no later than the point at which the project is substantially complete and ready for its intended use. Internal use software costs are amortized once the software is placed in service using the straight-line method over periods ranging from three to seven years. We capitalize certain external software development costs upon the establishment of technological feasibility. Technological feasibility is considered to have occurred upon completion of either a detail program design or a working model. External software development costs will be amortized over the estimated life of the product once it is has been released for commercial sale.

Income taxes

We estimate our income taxes separately for each tax jurisdiction in which we conduct operations. This process involves estimating actual current tax expense and assessing temporary differences resulting from different treatment of items between book and tax which result in deferred tax assets and liabilities. We recognize a change in tax rates on deferred tax assets and liabilities in income in the period that includes the enactment date. In determining the net deferred tax assets and valuation allowances, we are required to make judgments and estimates in assessing the realizability of the deferred tax assets. In assessing the realizability of our deferred tax assets, we consider whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

We recognize the effect of tax law changes in the period of enactment. Changes in existing tax laws and rates, their related interpretations, and the uncertainty generated by the current economic environment may affect the amounts of our deferred tax liabilities or the valuations of our deferred tax assets over time. Our accounting for deferred tax consequences represents management's best estimate of future events that can be appropriately reflected in the accounting estimates. In accordance with SEC Staff Accounting Bulletin No. 118, *Income Tax Accounting Implications of the Tax Cuts and Jobs Act*, we report provisional amounts if we are able to determine a reasonable estimate but do not have the necessary information available, prepared, and analyzed in reasonable detail to complete the accounting for the U.S. Tax Cuts and Jobs Act of 2017 (the "2017 Tax Act"). We may revise our estimates as we finalize our accounting during a measurement period of up to one year from the enactment of the 2017 Tax Act.

We account for uncertainty in income tax positions using a two-step approach. The first step is to determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The second step is to measure the tax position at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. Accounting for uncertainties in income taxes positions involves significant judgments by management.

Warranty Costs

Warranty coverage is accrued upon product sales, which provide for costs to replace or fix defective products. Our analysis of the warranty liabilities associated with the warranty coverage are estimated based on historical costs of the acquired companies to replace or fix products for customers, and may require additional liability for warranty coverage for other specific claims that are expected to be incurred within the warranty period, for which it is estimated that customers may have a warranty claim. Accrual estimates may differ from actual results and adjustments to the estimated warranty liability would be required.

Separately priced extended warranty coverage is recorded as warranty revenue over the term of the extended warranty coverage and the related warranty costs during the coverage period are recorded as incurred.

Warranty coverage that includes additional services such as repairs or maintenance of the product are treated as a separate deliverable and the related warranty and repairs or maintenance costs are recorded as incurred.

Loss contingencies

We accrue for costs relating to litigation, claims and other contingent matters when such liabilities become probable and reasonably estimable. Such estimates may be based on advice from third parties or on management's judgment, as appropriate. Actual amounts paid may differ from amounts estimated, and such differences will be charged to operations in the period in which the final determination of the liability is made. There is significant uncertainty relating to the outcome of any potential legal actions and other claims and the difficulty of predicting the likelihood and range of the potential liability involved, coupled with the material impact on our results of operations that could result from legal actions or other claims and assessments.

Share-based Compensation

Our share-based compensation plans consist of the 2016 Long-Term Incentives Plan (the "2016 LTIP") and the 2006 Long-Term Incentive Plan (the "2006 LTIP"), under which no further awards may be made. The 2016 LTIP, approved by our stockholders in April 2016, and the 2006 LTIP approved by our stockholders in April 2006, provide for the grants of non-qualified stock options, stock appreciation rights ("SARs"), common stock, restricted stock, restricted stock units ("RSUs"), performance units and performance shares to our employees and non-employee directors. We did not grant any stock options in 2017, 2016 and 2015.

We measure and recognize stock-based compensation expense for share-based payment awards to employees and directors based on estimated fair values on the date of grant. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service period. For awards with performance conditions, an evaluation is made at the grant date and future periods as to the likelihood of the performance criteria being met. Compensation expense is adjusted in future periods for subsequent changes in the performance condition until the vesting date. We estimate forfeitures at the time of grant and revise, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

For the years ended December 31, 2017, 2016 and 2015, we recognized $5.7 million, $5.0 million and $4.6 million of stock-based compensation expense, respectively. As of December 31, 2017, we had an aggregate of $7.9 million of unrecognized compensation costs for all share-based payment arrangements.

We expect that our planned use of share-based payment arrangements will continue to be a significant expense for us in future periods. We have not recognized, and do not expect to recognize in the near future, any significant tax benefit related to employee stock-based compensation expense as a result of the full valuation allowance on our net deferred tax assets and net operating loss carryforwards generated in the U.S.

The fair value of each time-based and performance-based SAR award is estimated on the date of grant using the Black-Scholes option pricing model with the assumptions described below for the periods indicated. Depending how long our common stock has been publicly traded at the grant date the expected volatility was based either on (i) an average of our historical volatility over the expected terms of the SAR awards and the comparable publicly traded companies historical volatility or (ii) our historical volatility over the expected terms of SAR awards. We use the "simplified" method to determine the expected terms of SARs due to a limited history of exercises. Estimated forfeitures were based on voluntary and involuntary termination behavior as well as analysis of actual forfeitures. The risk-free interest rate was based on the U.S. Treasury yield curve at the time of the grant over the expected term of the SAR grants. We did not grant time-based or performance-based SARs during the year ended December 31, 2016.

	Year ended December 31,		
	2017	**2016**	**2015**
Risk-free interest rate	2.10%	None	1.35% to 1.82%
Expected life (years)	6.0	None	6.0
Estimated volatility factor	59.85%	None	62.7% to 64.6%
Expected dividends	None	None	None

The grant date fair values of RSU awards granted in 2017 and 2015 were based upon the closing stock price of our common stock on the date of grant.

Recent accounting pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09 "Revenue from Contracts with Customers" ("ASU 2014-09"), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. In July 2015, the FASB deferred the effective date of ASU No. 2014-09 for all entities by one year. As a result, the new standard became effective on January 1, 2018. Early adoption prior to the original effective date is not permitted. The two permitted transition methods under the new standard are the full retrospective method, in which case the standard would be applied to each prior reporting period presented, or the modified retrospective method, in which case the cumulative effect of applying the standard would be recognized at the date of initial application. We have completed the review of our contract portfolio and have determined that the application of the new standard to these contracts will not have a material impact to our consolidated balance sheet, consolidated statements of operations or consolidated cash flows at initial implementation. We are evaluating the new disclosures required by ASU 2014-09 to determine what additional information will need to be disclosed.

In February 2016, the FASB issued ASU No. 2016-02 "Leases (Topic 842)" ("ASU 2016-02"), which is effective for the fiscal years beginning after December 15, 2018. ASU 2016-02 requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases, along with additional qualitative and quantitative disclosures. Early adoption is permitted. We are in the process of evaluating the effect that ASU 2016-02 will have on our consolidated financial statements and related disclosures, if any.

In August 2016, the FASB issued ASU No. 2016-15 "Statements of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments" ("ASU 2016-15") and is effective for the fiscal years beginning after December 15, 2017. ASU 2016-15 is intended to reduce diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. Early adoption is permitted. We intend to adopt this standard as of January 1, 2018. The adoption of this standard, which is required to be applied using the retrospective transition method, is not expected to have a material impact on our consolidated statement of cash flows.

In November 2016, the FASB issued ASU No. 2016-18 "Statement of Cash Flows (Topic 230): Restricted Cash" ("ASU 2016-18") and is effective for the fiscal years beginning after December 15, 2017. ASU 2016-18 requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Entities will also be required to reconcile such total to amounts on the balance sheet and disclose the nature of the restrictions. The guidance requires application using a retrospective transition method. We intend to adopt this standard as of January 1, 2018 and expect the retrospective application to impact our classification of certain restricted cash activity in our statement of cash flows in future interim filings. We are evaluating other potential effects, if any, that the adoption of this guidance will have on the our financial statements.

In January 2017, the FASB issued ASU No. 2017-04 "Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment" ("ASU 2017-04") and is effective for the fiscal year ending December 31, 2020. ASU 2017-04 removes Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. The adoption of this standard, which will be applied prospectively, is not expected to have a material impact on our consolidated financial statements.

Item 7A. *Quantitative and Qualitative Disclosures About Market Risk*

Effects of Inflation Risk

Overall, we believe that the impact of inflation risk on our business will not be significant.

Foreign Currency Risk

The majority of our revenues and expenses are transacted in U.S. dollars. Due to operations in Japan, Europe and Africa, we have foreign exchange exposures to non-U.S. dollar revenues. Due to operations in Canada, we have foreign exchange exposures to non-U.S. dollar expenses. For the years ended December 31, 2017 and 2016, revenues denominated in foreign currencies were approximately 12.0% and 10.9% of total revenues, respectively. For the year ended December 31, 2017, our revenues would have decreased by approximately 1.4% if the U.S. dollar would have strengthened by 10%.

We have assets and liabilities denominated in foreign currencies. At December 31, 2017, a hypothetical change in the fair value of these assets and liabilities from an increase (decrease) of 10% of the U.S. dollar would be an increase (decrease) of approximately $0.4 million.

Concentration of Credit Risk

For the year ended December 31, 2017, JB Hunt comprised 10.8% of our consolidated total revenues. There were no other customers with revenues greater than 10% of our consolidated total revenues for the years ended December 31, 2016 and 2015.

Item 8. *Financial Statements and Supplementary Data*

The consolidated financial statements of ORBCOMM Inc. and its subsidiaries, including the notes thereto and the report thereon, are presented beginning at page F-1 of this Annual Report on Form 10-K.

Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.*

None.

Item 9A. *Controls and Procedures*

(a) Disclosure Controls and Procedures

In connection with preparation of this Annual Report on Form 10-K, we carried out an evaluation, under the supervision and with the participation of our management including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2017. The term "disclosure controls and procedures", as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of December 31, 2017, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective.

(b) Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). Management, including our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our internal control over financial reporting based on the based upon criteria established in Internal Control – Integrated Framework (2013) by the Committee of Sponsoring Organizations of the Treadway Commission. As a result of the acquisitions of Inthinc and Blue Tree, we are in the process of integrating certain business processes and systems of these acquired companies. Accordingly, certain changes have been made and will continue to be made to our internal control over financial reporting until such time as this integration is complete. In reliance on interpretive guidance issued by the SEC staff, management has chosen to exclude from its assessment of the effectiveness of our internal control over financial reporting as of December 31, 2017, the internal control over financial reporting for these acquisitions associated with assets of $33.9 million, representing 5.7% of consolidated assets, and revenues of $20.7 million, representing 8.1% of consolidated revenues, included in our consolidated financial statements as of and for the year ended December 31, 2017. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2017. The effectiveness of our internal control over financial reporting as of December 31, 2017 has been audited by Grant Thornton LLP, an independent registered public accounting firm, as stated in its attestation report which is included below.

(c) Changes in Internal Control over Financial Reporting

We reviewed our internal control over financial reporting at December 31, 2017. As a result of the acquisitions of Inthinc and Blue Tree, we have begun to integrate certain business processes and systems. Accordingly, certain changes have been made and will continue to be made to our internal controls over financial reporting until such time as this integration is complete.

There have been no other changes in our internal control over financial reporting identified in an evaluation thereof that occurred during the last fiscal quarter of 2017 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
ORBCOMM Inc.

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of ORBCOMM Inc. (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2017, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of and for the year ended December 31, 2017, and our report dated March 1, 2018 expressed an unqualified opinion on those financial statements.

Basis for opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting ("Management's Report"). Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Our audit of, and opinion on, the Company's internal control over financial reporting does not include the internal control over financial reporting of Inthinc, Inc. ("Inthinc") and Blue Tree Systems Limited ("Blue Tree"), wholly-owned subsidiaries, whose financial statements reflect total assets and revenues constituting 5.7% and 8.1%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2017. As indicated in Management's Report, Inthinc and BlueTree were acquired during 2017. Management's assertion on the effectiveness of the Company's internal control over financial reporting excluded internal control over financial reporting of Inthinc and BlueTree.

Definition and limitations of internal control over financial reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

New York, New York
March 1, 2018

Item 9B. ***Other information***

None.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***

Identification of Directors

Reference is made to the information regarding directors under the heading "Election of Directors (Proposal 1)" in the Proxy Statement for our 2018 Annual Meeting of stockholders to be held on April 18, 2018 (our "2018 Proxy Statement"), which information is hereby incorporated by reference.

Identification of Executive Officers

Reference is made to the information regarding executive officers under the heading "Executive Officers of the Registrant" in Part I, Item 1 of this Annual Report on Form 10-K.

Identification of Audit Committee and Audit Committee Financial Expert

Reference is made to the information regarding directors under the heading "Board of Directors and Committees — Audit Committee" in our 2018 Proxy Statement, which information hereby is incorporated by reference.

Material Changes to Procedures for Recommending Directors

Reference is made to the information regarding directors under the heading "Board of Directors and Committees — Nominating and Corporate Governance Committee" in our 2018 Proxy Statement, which information is hereby incorporated by reference.

Compliance with Section 16(a) of the Exchange Act

Reference is made to the information under the heading "Section 16(a) Beneficial Ownership Reporting Compliance" in our 2018 Proxy Statement, which information is hereby incorporated by reference.

Code of Ethics

We have adopted a code of ethics, or Code of Business Conduct, to comply with the rules of the SEC and NASDAQ. Our Code of Business Conduct applies to our directors, officers and employees, including our principal executive officer and senior financial officers. A copy of our Code of Business Conduct is maintained on our website at www.orbcomm.com.

Item 11. ***Executive Compensation***

Reference is made to the information under the headings "Board of Directors and Committees — Compensation Committee Interlocks and Insider Participation", "Compensation Discussion and Analysis", "Compensation Committee Report" and "Compensation of Executive Officers" in our 2018 Proxy Statement, which information is hereby incorporated by reference.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

Beneficial Ownership

Reference is made to the information under the heading "Security Ownership of Certain Beneficial Owners and Management" in our 2018 Proxy Statement, which information is hereby incorporated by reference.

Equity Compensation Plan Information

Reference is made to the information under the heading "Equity Compensation Plan Information" in our 2018 Proxy Statement, which information is hereby incorporated by reference.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

Reference is made to the information under the heading “Certain Relationships and Transactions with Related Persons” in our 2018 Proxy Statement, which information is hereby incorporated by reference.

Item 14. ***Principal Accountant Fees and Services***

Reference is made to the information under the heading “Proposal to Ratify the Appointment of Independent Registered Public Accounting Firm (Proposal 2) — Principal Accountant Fees” in our 2018 Proxy Statement, which information is hereby incorporated by reference.

PART IV

Item 15. ***Exhibits and Financial Statements Schedules***

(a)(1) Financial Statements

See Index to Consolidated Financial Statements appearing on page F-1.

(a)(2) Financial Statement Schedules

Schedule II- See Index to Consolidated Financial Statements appearing on page F-1

Financial statement schedules not filed herein have been omitted as they are not applicable or the required information or equivalent information has been included in the financial statements or the notes thereto.

(a)(3) Exhibits

Exhibit No.	Description
3.1	Restated Certificate of Incorporation of the Company, filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2006, is incorporated herein by reference.
3.2	Amended Bylaws of the Company, filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2006, is incorporated herein by reference.
3.3	Certificate of Designation of Series A Convertible Preferred Stock of ORBCOMM, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 20, 2011, is incorporated herein by reference.
4.1	Indenture, dated as of April 10, 2017, by and between the Company and U.S. Bank National Association, as trustee and collateral agent, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 12, 2017, is incorporated herein by reference.
4.2	Security Agreement, dated as of April 10, 2017, by and among the Company, the subsidiaries party thereto and U.S. Bank National Association, as collateral agent, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on April 12, 2017, is incorporated herein by reference.
†10.1	ORBCOMM Generation 2 Procurement Agreement, dated May 5, 2008, by and between the Company and Sierra Nevada Corporation, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2008, is incorporated herein by reference.
10.1.1	Launch Vehicle changes task order agreement, dated August 31, 2010, by and between the Company and Sierra Nevada Corporation, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, is incorporated herein by reference.
10.1.2	Engineering change requests and enhancements task order agreement, dated August 31, 2010, by and between the Company and Sierra Nevada Corporation, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, is incorporated herein by reference.
†10.1.3	First Amendment to ORBCOMM Generation 2 Procurement Agreement, dated as of August 23, 2011, by and between the Company and Sierra Nevada Corporation, filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, is incorporated herein by reference.
†10.1.4	Second Amendment to ORBCOMM Generation 2 Procurement Agreement, dated March 20, 2014, by and between the Company and Sierra Nevada Corporation, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, is incorporated herein by reference.
*10.2	Non-Employee Director Deferred Compensation Plan, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, is incorporated herein by reference.
10.3	Form of Indemnification Agreement between the Company and the executive officers and directors of the Company, filed as Exhibit 10.13 to the Company's Registration Statement on Form S-1 (Registration No. 333-134088), is incorporated herein by reference.

Exhibit No.	Description
10.4	Schedule identifying agreements substantially identical to the form of Indemnification Agreement, filed as Exhibit 10.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015, is incorporated herein by reference.
*10.5	2016 Long-Term Incentive Plan, filed as Exhibit 99.1 to the Company's Current Report on Form 8-K filed on April 26, 2016, is incorporated herein by reference.
*10.5.1	Form of Restricted Stock Unit Award Agreement (including Restricted Stock Unit Award Agreement Terms and Conditions) under the Company's 2016 Long-Term Incentives Plan, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, is incorporated herein by reference.
*10.5.2	Form of Performance Unit Award Agreement under the Company's 2016 Long-Term Incentives Plan, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, is incorporated herein by reference.
*10.6	2006 Long-Term Incentives Plan, as amended, filed as Exhibit 99 to the Company's Current Report on Form 8-K filed on May 3, 2011, is incorporated herein by reference.
*10.6.1	Form of Restricted Stock Unit Award Agreement under the 2006 Long-Term Incentives Plan, filed as Exhibit 10.24 to the Company's Registration Statement on Form S-1 (Registration No. 333-134088), is incorporated herein by reference.
*10.6.2	Form of Stock Appreciation Rights Award Agreement under the 2006 Long-Term Incentives Plan, filed as Exhibit 10.25 to the Company's Registration Statement on Form S-1 (Registration No. 333-134088), is incorporated herein by reference.
*10.6.3	Form of Performance Unit Award under the 2006 Long-Term Incentives Plan, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 29, 2012, is incorporated herein by reference.
*10.7	Summary of Non-Employee Director Compensation, filed as Exhibit 10.7 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015, is incorporated herein by reference.
10.8	Employment Agreement between Marc J. Eisenberg and the Company, filed as Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010, is incorporated herein by reference.
*10.9	Employment Agreement between John J. Stolte, Jr. and the Company, filed as Exhibit 10.12 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010, is incorporated herein by reference.
*10.10	Employment Agreement between Robert G. Costantini and the Company, filed as Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010, is incorporated herein by reference.
*10.11	Employment Agreement between Christian G. Le Brun and the Company, filed as Exhibit 10.14 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010, is incorporated herein by reference.
†10.12	Euroscan Share Purchase Agreement dated as of March 11, 2014 by and among MWL Management B.V., R.Q. Management B.V., WBB GmbH, ING Corporate Investment Participaties B.V., ORBCOMM Netherlands B.V., Euroscan and the Company, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, is incorporated herein by reference.
10.13	Agreement and Plan of Arrangement dated as of November 1, 2014 among the Company, Soar Acquisition, Inc., SkyWave Mobile Communications Inc. and Randy Taylor Professional Corporation, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 6, 2014, is incorporated herein by reference.
10.14	Asset Purchase Agreement dated as of October 5, 2015 among Ridgely Holdings, LLC, a wholly owned subsidiary of the Company, WAM Technologies, LLC ("WAM") and the individual owners of WAM, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015, is incorporated herein by reference.
10.15	Asset Purchase Agreement, dated June 9, 2017, among the Company, the sellers party thereto and inthinc Investors, L.P., in its capacity as stockholder representative, filed as Exhibit 99.2 to the Company's Current Report on Form 8-K filed on June 12, 2017, is incorporated herein by reference.
10.16	Senior Secured Revolving Credit Agreement, dated as of December 18, 2017, among the Company, the guarantors party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 22, 2017, is incorporated herein by reference.

Exhibit No.	Description
10.17	Security Agreement, dated as of December 18, 2017, among the Company, the subsidiaries party thereto and JPMorgan Chase Bank, N.A., as collateral agent, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on December 22, 2017, is incorporated herein by reference.
10.18	First Lien Intercreditor Agreement, dated as of December 18, 2017, among the Company, the other grantors party thereto, and U.S. Bank National Association, as the notes collateral agent and trustee for the indenture secured parties, filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on December 22, 2017, is incorporated herein by reference.
21	Subsidiaries of the Company.
23.1	Consent of Grant Thornton LLP, an independent registered public accounting firm.
24	Power of Attorney authorizing certain persons to sign this Annual Report on behalf of certain directors and executive officers of the Company.
31.1	Certification of the Chief Executive Officer and President required by Rule 13a-14(a).
31.2	Certification of the Executive Vice President and Chief Financial Officer required by Rule 13a-14(a).
32	Certification of the Chief Executive Officer and President and Executive Vice President and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Management contract or compensatory plan or arrangement.

† Portions of this exhibit have been omitted pursuant to a request for confidential treatment. The omitted portions have been separately filed with the SEC.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ORBCOMM Inc. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the Township of Rochelle Park, State of New Jersey, on March 1, 2018.

ORBCOMM Inc.

By: /s/ Marc J. Eisenberg
Marc J. Eisenberg
Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed on March 1, 2018 by the following persons in the capacities indicated:

Signature	Title
/s/ Marc J. Eisenberg Marc J. Eisenberg	Chief Executive Officer and President and Director (principal executive officer)
/s/ Jerome B. Eisenberg* Jerome B. Eisenberg	Chairman of the Board
/s/ Marco Fuchs* Marco Fuchs	Director
/s/ Didier Delepine* Didier Delepine	Director
/s/ Timothy Kelleher* Timothy Kelleher	Director
/s/ John Major* John Major	Director
/s/ Gary H. Ritondaro* Gary H. Ritondaro	Director
/s/ Robert G. Costantini Robert G. Costantini	Executive Vice President and Chief Financial Officer (principal financial officer)
/s/ Constantine Milcos Constantine Milcos	Senior Vice President and Chief Accounting Officer (principal accounting officer)

*By: /s/ Christian G. LeBrun
Christian G. LeBrun, Attorney-in-Fact**

** By authority of the power of attorney filed as Exhibit 24 hereto.

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Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
ORBCOMM Inc.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of ORBCOMM Inc. (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive (loss) income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2017, and the related notes and schedule (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in the 2013 *Internal Control— Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated March 1, 2018 expressed an unqualified opinion.

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2015.

New York, New York
March 1, 2018

ORBCOMM Inc.

Consolidated Balance Sheets
(in thousands, except par value and share data)

	December 31, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 34,830	$ 25,023
Accounts receivable, net of allowances for doubtful accounts of $400 and $1,057, respectively	46,900	31,937
Inventories	42,437	23,217
Prepaid expenses and other current assets	18,692	8,031
Total current assets	142,859	88,208
Satellite network and other equipment, net	174,178	215,841
Goodwill	166,678	114,033
Intangible assets, net	99,339	82,545
Other assets	12,036	5,447
Deferred income taxes	104	80
Total assets	$ 595,194	$ 506,154
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 29,298	$ 12,481
Accrued liabilities	33,016	30,431
Current portion of deferred revenue	6,263	7,414
Total current liabilities	68,577	50,326
Note payable — related party	1,366	1,195
Notes payable, net of unamortized deferred issuance costs	245,131	147,458
Deferred revenue, net of current portion	2,459	2,978
Deferred tax liabilities	17,646	18,645
Other liabilities	13,619	3,684
Total liabilities	348,798	224,286
Commitments and contingencies		
Equity:		
ORBCOMM Inc. stockholders' equity		
Series A Convertible Preferred Stock, par value $0.001; 1,000,000 shares authorized; 37,544 and 36,466 shares issued and outstanding	376	364
Common stock, par value $0.001; 250,000,000 shares authorized; 74,436,579 and 71,111,863 shares issued at December 31, 2017 and December 31, 2016	74	71
Additional paid-in capital	411,298	386,920
Accumulated other comprehensive income (loss)	256	(1,089)
Accumulated deficit	(166,245)	(104,949)
Less treasury stock, at cost; 29,990 shares at December 31, 2017 and December 31, 2016	(96)	(96)
Total ORBCOMM Inc. stockholders' equity	245,663	281,221
Noncontrolling interests	733	647
Total equity	246,396	281,868
Total liabilities and equity	$ 595,194	$ 506,154

The accompanying notes to the consolidated financial statements are an integral part of these statements.

ORBCOMM Inc.

Consolidated Statements of Operations
(in thousands, except per share data)

	Year Ended December 31, 2017	2016	2015
Revenues:			
Service revenues	$ 134,938	$ 112,881	$ 99,973
Product sales	119,282	73,863	78,320
Total revenues	254,220	186,744	178,293
Cost of revenues, exclusive of depreciation and amortization shown below:			
Cost of services	50,548	37,913	34,109
Cost of product sales	99,640	55,037	56,413
Operating expenses:			
Selling, general and administrative	55,753	46,915	44,395
Product development	8,941	6,252	6,469
Impairment charges - satellite network	31,224	10,680	12,748
Depreciation and amortization	45,681	42,803	26,571
Acquisition-related and integration costs	3,315	1,630	4,803
Loss from operations	(40,882)	(14,486)	(7,215)
Other (expense) income:			
Interest income	959	378	344
Other (expense) income	(160)	484	339
Interest expense	(17,653)	(9,085)	(5,242)
Loss on debt extinguishment	(3,868)	—	—
Total other expense	(20,722)	(8,223)	(4,559)
Loss before income taxes	(61,604)	(22,709)	(11,774)
Income taxes	(409)	517	1,225
Net loss	(61,195)	(23,226)	(12,999)
Less: Net income attributable to the noncontrolling interests	89	285	252
Net loss attributable to ORBCOMM Inc.	$ (61,284)	$ (23,511)	$ (13,251)
Net loss attributable to ORBCOMM Inc. common stockholders	$ (61,296)	$ (23,525)	$ (13,287)
Per share information-basic:			
Net loss attributable to ORBCOMM Inc. common stockholders	$ (0.84)	$ (0.33)	$ (0.19)
Per share information-diluted:			
Net loss attributable to ORBCOMM Inc. common stockholders	$ (0.84)	$ (0.33)	$ (0.19)
Weighted average common shares outstanding:			
Basic	72,882	70,907	70,419
Diluted	72,882	70,907	70,419

The accompanying notes to the consolidated financial statements are an integral part of these statements.

ORBCOMM Inc.

Consolidated Statements of Comprehensive (Loss) Income
(in thousands)

	Years ended December 31,		
	2017	**2016**	**2015**
Net loss	$ (61,195)	$ (23,226)	$ (12,999)
Other comprehensive income (loss) — Foreign currency translation adjustments	1,342	84	(529)
Other comprehensive income (loss)	1,342	84	(529)
Comprehensive loss	(59,853)	(23,142)	(13,528)
Less comprehensive (income) attributable to noncontrolling interests	(86)	(284)	(314)
Comprehensive loss attributable to ORBCOMM Inc.	$ (59,939)	$ (23,426)	$ (13,842)

The accompanying notes to the consolidated financial statements are an integral part of these statements.

ORBCOMM Inc.

Consolidated Statements of Cash Flows
(in thousands)

	Years ended December 31,		
	2017	2016	2015
Cash flows from operating activities:			
Net loss	$ (61,195)	$ (23,226)	$ (12,999)
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Change in allowance for doubtful accounts	85	310	676
Depreciation and amortization	45,681	42,803	26,571
Impairment loss – satellite network	31,224	10,680	12,748
Change in the fair values of acquisitions-related contingent consideration	(1,002)	(360)	(1,606)
Amortization of the fair value adjustment related to StarTrak warranty liabilities	—	(57)	(12)
Amortization and write-off of deferred debt fees	3,106	835	464
Stock-based compensation	5,673	5,023	4,620
Foreign exchange loss (gain)	299	(106)	(413)
Deferred income taxes	(2,047)	256	825
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	(10,025)	(1,702)	8,045
Inventories	(16,922)	(1,950)	(7,953)
Prepaid expenses and other assets	(10,474)	(4,574)	(449)
Accounts payable and accrued liabilities	12,168	4,893	(2,995)
Deferred revenue	(1,653)	(3,332)	(1,126)
Other liabilities	41	(567)	(313)
Net cash (used in) provided by operating activities	(5,041)	28,926	26,083
Cash flows from investing activities:			
Acquisition of businesses, net of cash acquired	(67,911)	(3,452)	(141,575)
Capital expenditures	(27,360)	(28,424)	(70,017)
Cash held for acquisition	—	—	123,000
Change in restricted cash	—	1,000	—
Other	(650)	(198)	—
Net cash used in investing activities	(95,921)	(31,074)	(88,592)

ORBCOMM Inc.

Consolidated Statements of Cash Flows
(in thousands)

	Years ended December 31,		
	2017	2016	2015
Cash flows from financing activities:			
Proceeds from issuance of common stock	15,000	—	—
Proceeds received from issuance of long-term debt	250,000	—	10,000
Cash paid for debt issuance costs	(5,359)	—	(942)
Proceeds received from exercise of stock options	—	—	244
Proceeds received from employee stock purchase plan	1,001	345	—
Principal payment of long-term debt	(150,000)	—	(10,000)
Payment of deferred purchase consideration	(347)	(342)	(1,106)
Net cash provided by (used in) financing activities	110,295	3	(1,804)
Effect of exchange rate changes on cash and cash equivalents	474	91	(175)
Net increase (decrease) in cash and cash equivalents	9,807	(2,054)	(64,488)
Cash and cash equivalents:			
Beginning of year	25,023	27,077	91,565
End of year	$ 34,830	$ 25,023	$ 27,077
Supplemental disclosures of cash flow information:			
Cash paid for:			
Interest	$ 12,911	$ 8,787	$ 9,005
Income taxes	$ 805	$ (94)	$ 723
Supplemental cash flow disclosures (Note 17)			

The accompanying notes to the consolidated financial statements are an integral part of these statements.

ORBCOMM Inc.

Consolidated Statements of Changes in Equity
Years ended December 31, 2017, 2016 and 2015
(in thousands, except share data)

	Series A convertible Preferred stock		Common stock		Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Treasury stock		Noncontrolling interests	Total equity
	Shares	Amount	Shares	Amount				Shares	Amount		
Balances, December 31, 2014	90,973	$ 909	70,109,488	$ 70	$ 376,297	$ (583)	$ (68,137)	29,990	$ (96)	$ 49	$ 308,509
Vesting of restricted stock units	—	—	227,382	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	4,172	—	—	—	—	—	4,172
Common stock issued as payment for MPUs	—	—	54,801	—	358	—	—	—	—	—	358
Conversion of Series A convertible preferred stock to common stock	(58,879)	(588)	97,935	1	588	—	—	—	—	—	1
Exercise of SARs	—	—	74,036	—	—	—	—	—	—	—	—
Exercise of stock options	—	—	50,000	—	244	—	—	—	—	—	244
Series A convertible preferred stock dividend	3,665	36	—	—	—	—	(36)	—	—	—	—
Net loss	—	—	—	—	—	—	(13,251)	—	—	252	(12,999)
Foreign currency translation adjustments	—	—	—	—	—	(591)	—	—	—	62	(529)
Balances, December 31, 2015	35,759	$ 357	70,613,642	$ 71	$ 381,659	$ (1,174)	$ (81,424)	29,990	$ (96)	$ 363	$ 299,756
Vesting of restricted stock units	—	—	262,474	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	4,469	—	—	—	—	—	4,469
Payment of contingent consideration	—	—	35,464	—	352	—	—	—	—	—	352
Issuance of common stock under employees stock puchase plan	—	—	48,208	—	433	—	—	—	—	—	433
Conversion of Series A convertible preferred stock to common stock	(708)	(7)	1,178	—	7	—	—	—	—	—	—
Exercise of SARs	—	—	150,897	—	—	—	—	—	—	—	—
Series A convertible preferred stock dividend	1,415	14	—	—	—	—	(14)	—	—	—	—
Net loss	—	—	—	—	—	—	(23,511)	—	—	285	(23,226)
Foreign currency translation adjustments	—	—	—	—	—	85	—	—	—	(1)	84
Balances, December 31, 2016	36,466	$ 364	71,111,863	$ 71	$ 386,920	$ (1,089)	$ (104,949)	29,990	$ (96)	$ 647	$ 281,868
Vesting of restricted stock units	—	—	584,261	1	—	—	—	—	—	—	1
Stock-based compensation	—	—	—	—	5,086	—	—	—	—	—	5,086
Payment of contingent consideration	—	—	40,372	—	347	—	—	—	—	—	347
Issuance of common stock under employees stock purchase plan	—	—	129,838	—	1,183	—	—	—	—	—	1,183
Proceeds received from issuance of common stock in connection with a private offering	—	—	1,552,795	2	14,998	—	—	—	—	—	15,000
Issuance of common stock in connection with acquisitions	—	—	267,818	—	2,764	—	—	—	—	—	2,764
Exercise of SARs	—	—	749,632	—	—	—	—	—	—	—	—
Series A convertible preferred stock dividend	1,078	12	—	—	—	—	(12)	—	—	—	—
Net loss	—	—	—	—	—	—	(61,284)	—	—	89	(61,195)
Foreign currency translation adjustments	—	—	—	—	—	1,345	—	—	—	(3)	1,342
Balances, December 31, 2017	37,544	$ 376	74,436,579	$ 74	$ 411,298	$ 256	$ (166,245)	29,990	$ (96)	$ 733	$ 246,396

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Note 1. Organization and Business

ORBCOMM Inc. ("ORBCOMM" or the "Company"), a Delaware corporation, is a global provider of industrial Internet of Things ("IoT") solutions, including network connectivity, devices, device management and web reporting applications. The Company's industrial IoT products and services are designed to track, monitor, control and enhance security for a variety of assets, such as trailers, trucks, rail cars, sea containers, power generators, fluid tanks, marine vessels, diesel or electric powered generators ("gensets"), oil and gas wells, pipeline monitoring equipment, irrigation control systems and utility meters, in industries for transportation & supply chain, heavy equipment, fixed asset monitoring, maritime and government. Additionally, the Company provides satellite Automatic Identification Service ("AIS") data services to assist in vessel navigation and to improve maritime safety for government and commercial customers worldwide. Through two acquisitions in 2017, the Company added to its transportation product portfolio vehicle fleet management, as well as in-cab and fleet vehicle solutions. The Company provides these services using multiple network platforms, including a constellation of low-Earth orbit ("LEO") satellites and accompanying ground infrastructure, as well as terrestrial-based cellular communication services obtained through reseller agreements with major cellular (Tier One) wireless providers. The Company also offers customer solutions utilizing additional satellite network service options that the Company obtains through service agreements entered into with multiple mobile satellite providers. The Company's satellite-based customer solution offerings use small, low power, mobile satellite subscriber communicators for remote asset connectivity, and the Company's terrestrial-based solutions utilize cellular data modems with subscriber identity modules ("SIMs"). The Company also resells service using the two-way Inmarsat satellite network to provide higher bandwidth, low-latency satellite products and services, leveraging the Company's IsatDataPro ("IDP") technology. The Company's customer solutions provide access to data gathered over these systems via connections to other public or private networks, including the Internet. The Company provides what it believes is the most versatile, leading-edge industrial IoT solutions in our markets to enable its customers to run their business more efficiently.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). In the opinion of management, the financial statements as of December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016 and 2015 include all adjustments (including normal recurring accruals) necessary for a fair presentation of the consolidated financial position, results of operations, comprehensive income and cash flows for the periods presented. The accompanying consolidated financial statements include the accounts of the Company, its wholly-owned and majority-owned subsidiaries and investments in variable interest entities in which the Company is determined to be the primary beneficiary. All significant intercompany accounts and transactions have been eliminated in consolidation. The portions of majority-owned subsidiaries that the Company does not own are reflected as noncontrolling interests in the consolidated balance sheet. Noncontrolling interests in companies are accounted for by the cost method where the Company does not exercise significant influence over the investee. Investments in entities over which the Company has the ability to exercise significant influence but does not have a controlling interest are accounted for under the equity method of accounting. The Company considers several factors in determining whether it has the ability to exercise significant influence with respect to investments, including, but not limited to, direct and indirect ownership level in the voting securities, active participation on the board of directors, approval of operating and budgeting decisions and other participatory and protective rights. Under the equity method, the Company's proportionate share of the net income or loss of such investee is reflected in the Company's consolidated results of operations. Although the Company owns interests in companies that it accounts for pursuant to the equity method, the investments in those entities had no carrying value as of December 31, 2017 and 2016. The Company has no guarantees or other funding obligations to those entities, and the Company had no equity in the earnings or losses of those investees for the years ended December 31, 2017, 2016 and 2015.

Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses at the date of the consolidated financial statements and during the reporting periods, and to disclose contingent assets and liabilities at the date of the consolidated financial statements. Actual results could differ from those estimates. The most significant estimates relate to recognition of revenue, allowances over accounts receivable, reserves over inventory balances, the recognition and measurement of assets acquired and liabilities assumed in business combinations at fair value, assessment of indicators of goodwill impairment, measurement of contingent considerations at fair value, determination of useful lives for the Company's satellite network and other equipment and intangible assets, the assessment of expected cash flows used in evaluating long-lived assets, including intangible assets, for impairment, calculation of capitalized development costs, accounting for uncertainties in income tax positions, estimates associated with warranty costs and loss contingencies, estimates related to the recognition and subsequent valuation of contingent considerations and the value of securities underlying stock-based compensation.

Business combinations

The Company accounts for business combinations pursuant to Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 805 "Business Combinations" ("ASC 805"), which requires that assets acquired and liabilities assumed be recorded at their respective fair values on the date of acquisition. The fair value of the consideration paid is assigned to the underlying net assets of the acquired business based on their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is allocated to goodwill. The purchase price allocation process requires the Company to make significant assumptions and estimates in determining the purchase price and the fair value of assets acquired and liabilities assumed at the acquisition date. The Company's assumptions and estimates are subject to refinement and, as a result, during the measurement period, which may be up to one year from the acquisition date, the Company records adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon conclusion of the measurement period, any subsequent adjustments are recorded to the Company's consolidated statements of operations. The Company's consolidated financial statements and results of operations reflect an acquired business after the completion of the acquisition.

Contingent Consideration

The Company determines the acquisition date fair value of contingent consideration obligations based on a probability-weighted income approach derived from milestones estimates and a probability assessment with respect to the likelihood of achieving contingent obligations. The fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement as defined in FASB ASC Topic 820 "Fair Value Measurement." At each reporting date, the contingent consideration obligation will be revalued to estimated fair value and changes in fair value will be reflected as income or expense in the Company's consolidated statement of operations. Changes in the fair value of the contingent consideration obligations may result from changes in probability assumptions with respect to the likelihood of achieving the various contingent payment obligations. Adverse changes in assumptions utilized in the Company's contingent consideration fair value estimates could result in an increase in the Company's contingent consideration obligation and a corresponding charge to operating income.

Acquisition-related and integration costs

Acquisition-related and integration costs include professional services expenses and identifiable integration costs directly attributable to acquisitions. For the years ended December 31, 2017, 2016 and 2015, the Company incurred acquisition-related and integration costs of $3,315, $1,630 and $4,803, respectively. These costs were expensed as incurred and are reflected in acquisition-related and integration costs on the Company's consolidated statements of operations.

Revenue recognition

The Company derives service revenues mostly from monthly fees for industrial IoT connectivity services that consist of subscriber-based and recurring monthly usage fees for each subscriber communicator or SIM activated for use on its satellite network and the other satellite networks and cellular wireless networks that the Company resells to its resellers (Market Channel Partners ("MCPs") and Market Channel Affiliates ("MCAs")) and direct customers. Usage fees are generally based upon the data transmitted by a customer and the overall number of subscriber communicators and SIMs activated by each customer and whether the Company provides services through our value-added portal. The Company also generates AIS service revenues from subscription based services supplying AIS data to its customers and resellers. Service revenues are recognized on an accrual basis, as services are rendered, or on a cash basis, if collection from the customer is not reasonably assured at the time the service is provided.

The Company also earns service revenues from optional separately priced extended warranty service agreements extending beyond the initial warranty period, typically one year, a one-time royalty fee relating to the manufacture of subscriber communicators under a manufacturing agreement, installation services and fees from providing engineering, technical and management support services to customers.

Revenues from the activation of both subscriber communicators and SIMs are initially recorded as deferred revenues and are, thereafter, recognized ratably over the term of the agreement with the customer, generally three years, which is the estimated life of the subscriber communicator. Revenues from separately priced extended warranty service agreements extending beyond the initial warranty period of one year are initially recorded as deferred revenues and are, thereafter, recognized ratably into income over the term of the agreements, generally two to five years. Revenues generated from installation services are recognized when the services are completed. Revenues generated from royalties relating to the manufacture of subscriber communicators by third parties are recognized when the third party notifies the Company of the units it has manufactured and a unique serial number is assigned to each unit by the Company. Revenues generated from providing engineering, technical and management support services to customers are recognized when the service has been provided.

Product revenues are derived from sales of complete industrial IoT telematics devices, modems or cellular wireless SIMs (for the Company's terrestrial-communication services) to the Company's resellers (i.e., MCPs and MCAs) and direct customers. Product revenue is recognized when the products are shipped or when customers accept the products, depending on the specific contractual terms. Sales of subscriber communicators and SIMs are not subject to return and title and risk of loss pass to the customer generally at the time of shipment.

The Company generates revenue from leasing arrangements of subscriber communicators, using the estimated selling prices for each of the deliverables recognized. Product and installation revenues associated with these arrangements are recognized upon shipment or installation of the subscriber communicator, depending on the specific contractual terms. Service and warranty revenues are recognized on an accrual basis, as services are rendered, or on a cash basis, if collection from the customer is not reasonably assured at the time the service is provided.

Amounts received prior to the performance of services under customer contracts are recognized as deferred revenues and revenue recognition is deferred until such time that all revenue recognition criteria have been met. Shipping costs billed to customers are included in product sales revenues and the related costs are included as costs of product sales.

Revenue recognition for arrangements with multiple deliverables

The Company enters into agreements with customers that include multiple deliverables, which typically include subscriber communicators, monthly usage fees and optional extended warranty service agreements. The Company evaluates and separates each deliverable to determine whether it represents a separate unit of accounting if the following criteria are met:

- The delivered item(s) have value to the customer on a standalone basis.
- If the arrangement includes a general right of return relative to the delivered items(s) and delivery of the undelivered item(s) is probable and in the control of the vendor.

Deliverables which do not meet these criteria are combined into a single unit of accounting. The Company has determined that all of the deliverables qualify as separate units of accounting.

At the inception of an agreement, the Company allocates revenue to each element in a multiple element arrangement based upon their relative selling price. When applying the relative selling price method, the Company determines the selling price for each deliverable using vendor-specific objective evidence of selling price ("VSOE"), if it exists, or third party evidence of selling price ("TPE") if VSOE does not exist. If neither VSOE nor TPE exists for a deliverable, estimated selling price ("ESP") is used. The Company limits the amount of revenue recognized for delivered elements to an amount that is not contingent upon future delivery of additional products or services or the meeting of any specified performance conditions. Revenue allocated to each element is then recognized when the revenue recognition criteria are met for each element.

VSOE is the price charged when the same or similar product or service is sold separately (i.e., on a standalone basis). TPE is generally the price at which a competitor or third party sells the same or a similar and largely interchangeable deliverable on a standalone basis. TPE may also include a company's standalone selling price for a similar and largely interchangeable product or service but not the same product or service. ESP is defined as the price which the Company would transact a sale if the product or service were sold regularly on a standalone basis. The Company has determined that ESP represents the best estimate of the selling prices for each of the deliverables. The determination was based upon management approved pricing guidelines, which considers multiple factors including gross margin objectives, competitive and market conditions and ongoing pricing strategy. The Company does not currently expect a material impact in the near term from changes in ESP.

If an arrangement provided to a customer has a significant and incremental discount on future revenue, a proportionate amount of the discount should be allocated to each element based on the relative selling price of each element, regardless of the discount. The Company has determined that arrangements provided to its customers do not include significant and incremental discounts.

Costs of revenues

The Company operates its own LEO satellite network and accompanying ground equipment, including fifteen gateway earth stations, three AIS data reception earth stations, and three regional gateway control centers. The Company's proprietary satellite-based communications system is typically characterized by high initial capital expenditures and relatively low marginal costs for providing service. The Company resells network connectivity for two other satellite networks and seven terrestrial network partners. Reselling network connectivity typically involves a cost for each device connected to the network system and the amount paid to each provider will vary. Costs of services is comprised of expenses to operate the Company's network, such as payroll and related costs, including stock-based compensation, installation costs, and usage fees to third-party networks.

The Company mostly sells industrial IoT telematics devices and modems that the Company designs and builds with contract manufacturers. Costs of products includes the purchase price of subscriber communicators and SIMs sold, costs of warranty obligations, shipping charges, as well as operational costs of the Company's employees and inventory management to fulfill customer orders.

Foreign currency translation

The Company has foreign operations where the functional currency is the local currency. For these operations, assets and liabilities are translated using end-of-period exchange rates and revenues, expenses and cash flows are translated using average rates of exchange. Equity is translated at the rate of exchange at the date of the equity transaction. Translation adjustments are recognized in stockholders' equity as a component of accumulated other comprehensive income (loss). Foreign currency transaction gains and losses related to assets and liabilities that are denominated in a currency other than the functional currency are included in other income (expense) in the consolidated statements of operations. Foreign currency translation gains and losses related to operational expenses denominated in a currency other than the functional currency are included in selling general and administrative expenses ("SG&A") in the consolidated statements of operations. For the year ended December 31, 2017 and 2016, the company recorded a foreign currency translation loss of $374 and $4, respectively. For the years ended December 31, 2015, the Company recorded a foreign currency translation gain of $413.

Fair value of financial instruments

The Company has no financial assets or liabilities that are measured at fair value on a recurring basis. However, if certain triggering events occur the Company is required to evaluate the non-financial assets for impairment and any resulting asset impairment would require that a non-financial asset be recorded at the fair value. FASB ASC Topic 820 "Fair Value Measurement Disclosure", prioritizes inputs used in measuring fair value into a hierarchy of three levels: Level 1- unadjusted quoted prices for identical assets or liabilities traded in active markets, Level 2- inputs other than quoted prices included within Level 1 that are either directly or indirectly observable; and Level 3- unobservable inputs in which little or no market activity exists, therefore requiring an entity to develop its own assumptions that market participants would use in pricing.

The carrying value of the Company's financial instruments, including cash, restricted cash, accounts receivable and accounts payable approximated their fair value due to the short-term nature of these items. As of December 31, 2017, the carrying amount and the fair value of the Company's Senior Secured Notes (described in "Note 11 – Notes Payable") were $250,000 and $266,550, respectively. The fair values of the Senior Secured Notes are based on observable relevant market information. Fluctuations between the carrying amounts and the fair values of the Senior Secured Notes for the period presented are associated with changes in market interest rates. The Company may redeem all or part of the Senior Secured Notes at any time or from time to time at its option at specified redemption prices that would include "make-whole" premiums. Refer to "Note 11 – Notes Payable" for more information. The fair value of the $1,366 book value Note payable-related party is de minimus.

Cash and cash equivalents

The Company considers all liquid investments with original maturities of three months or less, at the time of purchase, to be cash equivalents. At December 31, 2017, the Company had a cash balance of $34,830.

Concentration of risk

The Company's customers are primarily commercial organizations. Accounts receivable are generally unsecured.

Accounts receivable are due in accordance with payment terms included in contracts negotiated with customers. Amounts due from customers are stated net of an allowance for doubtful accounts. The Company determines its allowance for doubtful accounts by considering a number of factors, including the length of time accounts are past-due, the customer's current ability to pay its obligations to the Company and the condition of the general economy and the industry as a whole. The Company writes-off accounts receivable when they are deemed uncollectible.

For the year ended December 31, 2017, JB Hunt Transport Services, Inc. ("JB Hunt Transport") comprised 10.8% of the Company's consolidated total revenues. There were no customers with revenues greater than 10% of the Company's consolidated total revenues for the year ended December 31, 2016 and 2015.

There were no customers with accounts receivable greater than 10% of the Company's consolidated accounts receivable as of December 31, 2017. One customer, Caterpillar, Inc., comprised 10.5% of the Company's consolidated accounts receivable as of December 31, 2016.

As of December 31, 2017, the Company did not maintain in-orbit insurance coverage for its ORBCOMM Generation 1 ("OG1") or ORBCOMM Generation 2 ("OG2") satellites to address the risk of potential systemic anomalies, failures or catastrophic events affecting its satellite constellation.

Inventories

Inventories are stated at the lower of cost or net realizable value, determined on a first-in, first-out basis. At December 31, 2017 and 2016, inventory consisted primarily of finished goods and purchased parts to be utilized by its contract manufacturer totaling $34,465 and $14,531, respectively, and $7,972 and $8,686, respectively, of raw materials, net of inventory obsolescence. The Company reviews inventory quantities on hand and evaluates the realizability of inventories and adjusts the carrying value as necessary based on forecasted product demand. A provision, recorded in cost of product on the Company's consolidated statement of operations, is made for potential losses on slow moving and obsolete inventories when identified.

Satellite network and other equipment

Satellite network and other equipment are stated at cost less accumulated depreciation and amortization. Major renewals and improvements are capitalized, while maintenance and repairs are charged to operations as incurred.

Depreciation and amortization are recognized using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of their useful life or their respective lease term. The following table provides the range of estimated useful lives used for each asset type:

	Useful life (years)
Satellite network	10
Capitalized software	3-7
Computer hardware	3
Other	2-7

Satellite network includes costs of the constellation of satellites, and the ground and control facilities, consisting of gateway earth stations, gateway control centers and the network control center (the "Ground Component").

As of December 31, 2017 and 2016 assets under construction primarily consist of costs associated with acquiring, developing and testing software and hardware for internal and external use that have not yet been placed into service.

The Company capitalized interest on its Initial Term Loan Facility, as defined below, during the construction period of its satellites and began depreciating these costs upon the satellites being placed into service. Capitalized interest was added to the cost of the satellites prior to being placed in service. The Company capitalized interest and deferred issuance costs associated with these facilities through March 1, 2016, the date the final 11 OG2 satellites were placed in service. For the years ended December 31, 2016 and 2015, interest capitalized was $744 and $4,688 respectively.

Property and equipment and other long-lived assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company measures recoverability by comparing the carrying amount to the projected cash flows the assets are expected to generate. An impairment loss is recognized to the extent that carrying value exceeds fair value.

The Company's satellite constellation and related assets, including satellites under construction, are evaluated as a single asset group whenever facts or circumstances indicate that the carrying value may not be recoverable. If indicators of impairment are identified, recoverability of long-lived assets is measured by comparing their carrying amount to the projected cash flows the assets are expected to generate.

Determining whether an impairment has occurred typically requires the use of significant estimates and assumptions, including the allocation of cash flows to assets or asset groups and, if required, an estimate of fair value for those assets or asset groups.

If a satellite were to fail during launch or while in orbit, the resulting loss would be charged to expense in the period it is determined that the satellite is not recoverable. The amount of any such loss would be reduced to the extent of insurance proceeds estimated to be received. During the years ended December 31, 2017, 2016 and 2015, an impairment loss of $31,224, $10,680 and $12,748 was recorded, respectively, to write off the net book value relating to the Company's in-orbit OG2 satellites. In addition, an impairment loss of $466 to write off the net book value related to one of the Company's leased AIS satellites was recorded in the year ended December 31, 2016. See "Note 6 – Satellite Network and Other Equipment" for additional details relating to the impairment of these satellites.

Capitalized development costs for internal use

The Company capitalizes the costs of acquiring, developing and testing software to meet the Company's internal needs. Capitalization of costs associated with software obtained or developed for internal use commences when both the preliminary project stage is completed and management has authorized further funding for the project, based on a determination that it is probable that the project will be completed and used to perform the function intended. Capitalized costs include only (1) external direct cost of materials and services consumed in developing or obtaining internal-use software, and (2) payroll and payroll-related costs for employees who are directly associated with and devote time to the internal-use software project. Capitalization of such costs ceases no later than the point at which the project is substantially complete and ready for its intended use. Internal use software costs are amortized once the software is placed in service using the straight-line method over periods ranging from three to seven years.

Capitalized development costs for external use

The Company capitalizes certain software development costs upon the establishment of technological feasibility. Technological feasibility is considered to have occurred upon completion of either a detail program design or a working model. Software development costs will be amortized over the estimated life of the product once it is has been released for commercial sale.

Capitalized patent defense costs

The Company capitalizes costs incurred in connection with the defense of a patent the Company owns when the defense against the alleged infringer is deemed probable of success, and the costs will increase the value of the patent.

Goodwill

Goodwill represents the excess of the purchase price over the underlying net tangible and intangible assets of the Company's acquisitions. Goodwill is not amortized, but is tested for impairment on an annual basis and between annual tests whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is tested at the reporting unit level, which is defined as an operating segment or one level below the operating segment. The Company operates in one reportable segment which is its only reporting unit.

The Company tests for an indication of goodwill impairment annually on November 30 or when an indicator of impairment exists, by comparing the fair value of the reporting unit to the carrying value of the reporting unit. If there is an indication of impairment, the Company performs a "step two" test to measure the impairment. There was no impairment of goodwill for the years ended December 31, 2017, 2016 and 2015.

Intangible assets

Intangible assets that are not considered to have an indefinite life are amortized over their useful lives. Intangible assets include patents and technology, customer lists and trademarks. Intangible assets are amortized using the straight line method over the estimated useful lives of the assets.

Impairment of long-lived assets

The Company reviews its long-lived assets and amortizable intangible assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In connection with this review, the Company also re-evaluates the periods of depreciation and amortization for these assets. The Company recognizes an impairment loss when the sum of the future undiscounted net cash flows expected to be realized from the asset is less than its carrying amount. If an asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value, which is determined using the projected discounted future net cash flows, using the appropriate discount rate.

During the year ended December 31, 2015, an impairment charge of $564 was recorded relating to certain intangible assets acquired as part of the SENS Acquisition. See "Note 7 – Goodwill and Intangible Assets" for additional information regarding this impairment charge.

Warranty costs

The Company accrues for warranty coverage on product sales estimated at the time of sale based on historical costs to repair or replace products for customers compared to historical product revenues. The warranty accrual is included in accrued liabilities on the consolidated balance sheet.

Separately priced extended warranty coverage is recorded as warranty revenue over the term of the extended warranty coverage and the related warranty costs during the coverage period are recorded as incurred.

Warranty coverage that includes additional services such as repairs and maintenance of the product are treated as a separate deliverable and the related warranty and repairs/maintenance costs are recorded as incurred.

Income taxes

The Company estimates its income taxes separately for each tax jurisdiction in which it conducts operations. This process involves estimating actual current tax expense and assessing temporary differences resulting from different treatment of items between book and tax which result in deferred tax assets and liabilities. The Company recognizes a change in tax rates on deferred tax assets and liabilities in income in the period that includes the enactment date. Valuation allowances are established when realization of deferred tax assets is not considered more likely than not.

The Company recognizes the effect of tax law changes in the period of enactment. Changes in existing tax laws and rates, their related interpretations, and the uncertainty generated by the current economic environment may affect the amounts of the Company's deferred tax liabilities or the valuations of the Company's deferred tax assets over time. The Company's accounting for deferred tax consequences represents management's best estimate of future events that can be appropriately reflected in the accounting estimates. In accordance with SEC Staff Accounting Bulletin No. 118, *Income Tax Accounting Implications of the Tax Cuts and Jobs Act*, the Company reported provisional amounts if the Company was able to determine a reasonable estimate but do not have the necessary information available, prepared, and analyzed in reasonable detail to complete the accounting for the U.S. Tax Cuts and Jobs Act of 2017 (the "2017 Tax Act"). The Company may revise its estimates as the Company finalizes its accounting during a measurement period of up to one year from the enactment of the 2017 Tax Act.

In determining whether the realization of deferred tax assets is considered to be more likely than not, the Company assesses the realizability of the deferred taxes asset on a jurisdiction by jurisdiction basis. This assessment is dependent upon past operating results and projected profitability. The weight given to the positive and negative evidence is commensurate with the extent to which the evidence is objectively verified.

The Company accounts for uncertainty in income tax positions using a two-step approach. The first step is to determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The second step is to measure the tax position at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense.

Loss contingencies

The Company accrues for costs relating to litigation, claims and other contingent matters when such liabilities become probable and reasonably estimable. Such estimates may be based on advice from third parties or on management's judgment, as appropriate.

Actual amounts paid may differ from amounts estimated, and such differences will be charged to operations in the period in which the final determination of the liability is made.

Pre-acquisition contingencies

The Company has evaluated pre-acquisition contingencies that existed as of the acquisition dates of the businesses acquired. If any pre-acquisition contingencies acquired as part of the acquisition become probable and estimable, the Company will record such amounts at fair market value in the measurement period or the Company's results of operations after the measurement period, as applicable.

Stock-based compensation

The Company measures and recognizes stock-based compensation expense for equity-based payment awards made to employees and directors based on estimated fair values on the date of grant. For equity-based payment awards, the Company recognizes compensation expense over the service period, net of estimated forfeitures using the straight-line method. For awards with non-market performance conditions, an evaluation is made at the grant date and future periods as to the likelihood of the performance criteria being met. Compensation expense is adjusted for changes in the likelihood of achieving the performance condition until the vesting date. For liability-based awards with market performance conditions, compensation expense is revalued at the end of each quarter based on the awards fair value using the graded vesting attribution method over the vesting period.

Recent accounting pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09 "Revenue from Contracts with Customers" ("ASU 2014-09"), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. In July 2015, the FASB deferred the effective date of ASU No. 2014-09 for all entities by one year. As a result, the new standard became effective for the Company on January 1, 2018. Early adoption prior to the original effective date is not permitted. The two permitted transition methods under the new standard are the full retrospective method, in which case the standard would be applied to each prior reporting period presented, or the modified retrospective method, in which case the cumulative effect of applying the standard would be recognized at the date of initial application. The Company has completed its review of its contract portfolio and has determined that the application of the new standard to these contracts will not have a material impact to its consolidated balance sheet, consolidated statements of operations or consolidated cash flows at initial implementation. The Company is evaluating the new disclosures required by ASU 2014-09 to determine what additional information will need to be disclosed.

In February 2016, the FASB issued ASU No. 2016-02 "Leases (Topic 842)" ("ASU 2016-02"), which is effective for the fiscal years beginning after December 15, 2018. ASU 2016-02 requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases, along with additional qualitative and quantitative disclosures. Early adoption is permitted. The Company is in the process of evaluating the effect that ASU 2016-02 will have on its consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU No. 2016-15 "Statements of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments" ("ASU 2016-15") and is effective for the fiscal years beginning after December 15, 2017. ASU 2016-15 is intended to reduce diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. Early adoption is permitted. The Company adopted this standard on January 1, 2018. The adoption of this standard, which is required to be applied using the retrospective transition method, is not expected to have a material impact on the Company's consolidated statement of cash flows.

In November 2016, the FASB issued ASU No. 2016-18 "Statement of Cash Flows (Topic 230): Restricted Cash" ("ASU 2016-18") and is effective for the fiscal years beginning after December 15, 2017. ASU 2016-18 requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Entities will also be required to reconcile such total to amounts on the balance sheet and disclose the nature of the restrictions. The guidance requires application using a retrospective transition method. The Company adopted this standard on January 1, 2018 and expects the retrospective application to impact its classification of certain restricted cash activity in its statement of cash flows in future interim filings. The Company is evaluating other potential effects, if any, that the adoption of this guidance will have on the Company's financial statements.

In January 2017, the FASB issued ASU No. 2017-04 "Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment" ("ASU 2017-04") and is effective for the fiscal year ending December 31, 2020. ASU 2017-04 removes Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. The adoption of this standard, which will be applied prospectively, is not expected to have a material impact on the Company's consolidated financial statements.

Note 3. Acquisitions

2017 Business Development

Blue Tree Systems Limited

On October 2, 2017, pursuant to a Share Purchase Agreement entered into by ORBCOMM Technology Ireland Limited, a wholly owned subsidiary of the Company, and Blue Tree Systems Investment Limited, Investec Ventures Ireland Limited and certain individual sellers (collectively, the "Sellers"), the Company completed the acquisition of 100% of the outstanding shares of Blue Tree Systems Limited, for an aggregate consideration of (i) $34,331 in cash, subject to a working capital adjustment; (ii) issuance of 191,022 shares of the Company's common stock, valued at $10.47 per share, which reflected the Company's common stock closing price one business day prior to the closing date; and (iii) additional consideration up to $5,750 based on Blue Tree Systems Limited achieving certain operational objections (the "Blue Tree Acquisition").

Preliminary Estimated Purchase Price Allocation

The Blue Tree Acquisition has been accounted for using the acquisition method of accounting. This method requires that assets acquired and liabilities assumed in a business combination be recognized at their fair values as of the acquisition date (the "Acquisition Method"). The excess of the preliminary purchase price over the preliminary net assets was recorded as goodwill. The preliminary allocation of the purchase price was based upon a preliminary valuation and the estimates and assumptions are subject to change during the one year measurement period. The total consideration for the Blue Tree Systems Limited Acquisition was $37,107, of which $776 represents acquisition date contingent consideration at fair value, in a debt free, cash free transaction. The preliminary estimated purchase price allocation for the acquisition is as follows:

	Amount
Cash	$ 656
Accounts receivable	2,145
Inventories	1,192
Prepaid expenses and other current assets	992
Property, plant and equipment	72
Intangible assets	12,020
Total identifiable assets acquired	17,077
Accounts payable	4,124
Accrued expenses	778
Deferred tax liability	1,503
Total liabilities assumed	6,405
Net identifiable assets acquired	10,672
Goodwill	26,435
Total preliminary purchase price	$ 37,107

Intangible Assets

The estimated fair value of the technology and trademark intangible assets was determined using the "relief from royalty method" under the income approach, which is a valuation technique that provides an estimate of the fair value of an asset based on the costs savings that are available through ownership of the asset by the avoidance of paying royalties to license the use of the assets from another owner (the "Technology and Trademark Valuation Technique"). The estimated fair value of the customer lists was determined using the "excess earnings method" under the income approach, which represents the total income to be generated by the asset (the "Customer List Valuation Technique"). Some of the more significant assumptions inherent in the development of those asset valuations include the projected revenue associated with the asset, the appropriate discount rate to select in order to measure the risk inherent in each future cash flow stream, the assessment of each asset's life cycle, as well as other factors. The discount rate used to arrive at the present value at the acquisition date of the customer lists and technology was 26.5%. The remaining useful lives of the technology and trademarks were based on historical product development cycles, the projected rate of technology migration and a market participant's use of these intangible assets and the pattern of projected economic benefit of these intangible asset. The remaining useful lives of customer lists were based on the customer attrition and the projected economic benefit of these customers.

	Estimated Useful life (years)	Amount
Customer lists	10	$ 9,200
Technology	10	2,700
Tradename	1	120
		$ 12,020

Goodwill

The Blue Tree Acquisition solidified the Company's transportation offering of fleet management and driver safety solutions to enterprises and industrial companies around the world, who operate large commercial vehicle fleets. These factors contributed to a preliminary estimated purchase price resulting in the recognition of goodwill. The goodwill attributable to the Blue Tree Acquisition is not deductible for tax purposes.

Indemnification Asset

In connection with the Share Purchase Agreement, the Company entered into an Escrow Agreement with the Sellers and an escrow agent (the "Escrow Agreement"). Under the terms of this Escrow Agreement, $3,675 was placed in an escrow account through April 2019 (the "Escrow Amount") to fund any indemnification obligations to the Company under the Share Purchase Agreement. Under the terms of the Escrow Agreement, as of any release date for any portion of the Escrow Amount, the value of any then submitted and unresolved indemnification claims shall be retained in the Escrow Amount until such time as the applicable claims are resolved.

Contingent Consideration

Additional consideration is conditionally due to the Sellers upon achievement of certain financial milestones through December 2018. The fair value measurement of the contingent consideration obligation is determined using Level 3 unobservable inputs supported by little or no market activity based on the Company's own assumptions. The estimated fair value of the contingent consideration was determined based on the Company's preliminary estimates using the probability-weighted discounted cash flow approach. As of December 31, 2017, the Company recorded $766 in non-current liabilities on the consolidated balance sheet in connection with the contingent consideration.

inthinc Technology Solutions Inc.

On June 9, 2017, pursuant to the asset purchase agreement (the "Asset Purchase Agreement") entered into by the Company and, inthinc, Inc., inthinc Technology Solutions, Inc., tiwi, Inc., inthinc Telematics, Inc., DriveAware, Inc., inthinc Chile, SP, and inthinc Investors, L.P. (collectively, "inthinc"), the Company completed the acquisition of inthinc for an aggregate consideration of (i) $34,236 in cash, subject to net working capital adjustments, on a debt free, cash free basis; (ii) issuance of 76,796 shares of the Company's common stock, valued at $9.95 per share, which reflected a 20 trading day average price of the Company's stock ending June 8, 2017; and (iii) additional contingent consideration of up to $25,000 subject to certain operational milestones, payable in stock or a combination of cash and stock at the Company's election (the "inthinc Acquisition").

Preliminary Estimated Purchase Price Allocation

The inthinc Acquisition has been accounted for using the Acquisition Method. The excess of the preliminary purchase price over the preliminary net assets was recorded as goodwill. The preliminary allocation of the purchase price was based upon a preliminary valuation and the estimates and assumptions are subject to change during the one year measurement period. During the year ended December 31, 2017, the Company recorded a measurement period adjustment related to the intangible asset valuation and other working capital accounts, which resulted in an increase in goodwill of $2,846. The total consideration for the inthinc Acquisition was $44,835, of which $9,835 represents acquisition date contingent consideration at fair value, in a debt free, cash free transaction. The preliminary estimated purchase price allocation for the acquisition is as follows:

	Amount
Accounts receivable	$ 2,345
Inventories	906
Prepaid expenses and other current assets	112
Property, plant and equipment	258
Lease receivable	5,067
Intangible assets	16,000
Total identifiable assets acquired	24,688
Accounts payable	4,613
Accrued expenses	124
Other current and non-current liabilities	1,326
Total liabilities assumed	6,063
Net identifiable assets acquired	18,625
Goodwill	26,210
Total preliminary purchase price	$ 44,835

Intangible Assets

The estimated fair value of the technology intangible assets was determined using the "relief from royalty method" under the income approach, which is a valuation technique that provides an estimate of the fair value of an asset based on the costs savings that are available through ownership of the asset by the avoidance of paying royalties to license the use of the assets from another owner. The estimated fair value of the customer lists was determined using Customer List Valuation Technique. Some of the more significant assumptions inherent in the development of those asset valuations include the projected revenue associated with the asset, the appropriate discount rate to select in order to measure the risk inherent in each future cash flow stream, the assessment of each asset's life cycle, as well as other factors. The discount rate used to arrive at the present value at the acquisition date of the customer lists and technology was 12%. The remaining useful lives of the technology were based on historical product development cycles, the projected rate of technology migration and a market participant's use of these intangible assets and the pattern of projected economic benefit of this intangible asset. The remaining useful lives of customer lists were based on the customer attrition and the projected economic benefit of these customers.

	Estimated Useful life (years)	Amount
Customer lists	15	$ 12,400
Technology	10	3,600
		$ 16,000

Goodwill

The inthinc Acquisition allows the Company to offer fleet management and driver safety solutions to enterprises and industrial companies around the world, who operate large commercial vehicle fleets. These factors contributed to a preliminary estimated purchase price resulting in the recognition of goodwill. The goodwill attributable to the inthinc Acquisition is deductible for tax purposes.

Indemnification Asset

In connection with the Asset Purchase Agreement, the Company entered into an Escrow Agreement with inthinc and an escrow agent (the "Escrow Agreement"). Under the terms of this Escrow Agreement, $500 was placed in an escrow account through September 9, 2019 (the "Escrow Amount") to fund any indemnification obligations to the Company under the Asset Purchase

Agreement. Under the terms of the Escrow Agreement, as of any release date for any portion of the Escrow Amount, the value of any then submitted and unresolved indemnification claims shall be retained in the Escrow Amount until such time as the applicable claims are resolved.

Acquired Customer Product Liability

As a result of the inthinc Acquisition, the Company acquired customer product obligations on inthinc's product sales. The Company's analysis of the customer product liabilities are estimated based on the historical costs of inthinc to replace or fix products for customers, as well as installations costs associated with these obligations. As the Company continues to gather additional information, these accrual estimates may differ from actual results and adjustments to the estimated customer product liability would be required. The Company continues to evaluate customer product liabilities relating to the inthinc Acquisition throughout the measurement period. If the Company determines that adjustments to these amounts are required during the remainder of the measurement period, such amounts will be recorded as an adjustment to goodwill. On June 9, 2017, the Company had estimated additional product liabilities obligations of $1,032 relating to customer product obligations it was investigating associated with the inthinc Acquisition.

Contingent Consideration

Additional consideration is conditionally due to the inthinc sellers upon achievement of certain financial milestones through June 2019. The fair value measurement of the contingent consideration obligation is determined using Level 3 unobservable inputs supported by little or no market activity based on the Company's own assumptions. The estimated fair value of the contingent consideration was determined based on the Company's preliminary estimates using the probability-weighted discounted cash flow approach. As of December 31, 2017, the Company recorded $9,313 in other non-current liabilities on the consolidated balance sheet in connection with the contingent consideration. The first financial milestone for this additional consideration is not expected to be met, and therefore, the Company recorded a reduction of the contingent liability of $795 in selling, general and administrative ("SG&A") expenses in the consolidated statement of operations for the year ended December 31, 2017. For the year ended December 31, 2017, charges of $274 were recorded in SG&A expenses for accretion associated with the contingent consideration.

2016 Business Development

Skygistics Ltd.

On May 26, 2016, pursuant to an Asset Purchase Agreement entered into on April 11, 2016 among a wholly owned subsidiary of the Company, Skygistics Propriety Limited and Satconnect Propriety Limited (the "Skygistics Sellers"), the Company completed the acquisition of substantially all of the assets of Skygistics (PTY) Ltd. ("Skygistics"), for a purchase price of $3,835 and additional contingent consideration of up to $954, subject to certain operational milestones (the "Skygistics Acquisition").

Purchase Price Allocation

The Skygistics Acquisition has been accounted for using the Acquisition Method. The excess of the purchase price over the net assets was recorded as goodwill. The total consideration for the Skygistics Acquisition was $4,349, of which $514 represents acquisition date contingent consideration at fair value, in a debt free, cash free transaction. The purchase price allocation for the Skygistics Acquisition is as follows:

		Amount
Cash and cash equivalents	$	383
Accounts receivable		939
Inventories		292
Other current assets		112
Property, plant and equipment		418
Deferred tax assets		105
Intangible assets		1,545
Total identifiable assets acquired		3,794
Accounts payable and accrued expenses		410
Deferred tax liabilities		433
Other liabilities		11
Total liabilities assumed		854
Net identifiable assets acquired		2,940
Goodwill		1,409
Total preliminary purchase price	$	4,349

Intangible Assets

The estimated fair value of the customer lists was determined using the Customer List Valuation Technique. The discount rate used to arrive at the present value at the acquisition date of the customer lists was 19%. The remaining useful lives of customer lists were based on the customer attrition and the projected economic benefit of these customers. The Company recorded a customer list intangible asset in the amount of $1,545 and assigned an estimated useful life of 13 years to the customer list.

Goodwill

The Skygistics Acquisition provides a broad range of satellite and cellular connectivity options as well as telematics solutions centered on the management of remote and mobile assets to more than 250 telematics and enterprise customers. These factors contributed to a preliminary estimated purchase price resulting in recognition of goodwill. The goodwill attributable to the Skygistics Acquisition is not deductible for tax purposes.

Indemnification Asset

In connection with the Asset Purchase Agreement, the Company entered into an escrow agreement with the Skygistics Sellers and an escrow agent. Under the terms of the escrow agreement, $757 was placed in an escrow account through August 2017 to fund any indemnification obligations owed to the Company under the Asset Purchase Agreement. In November 2016, half of the escrow amount was released from the escrow fund to the Skygistics Sellers and in August 2017 the remainder was released to the Skygistics Sellers, in accordance with the terms of the escrow agreement.

Contingent Consideration

Additional consideration is conditionally due to the Skygistics Sellers upon achievement of certain financial milestones through April 2017. The fair value measurement of the contingent consideration obligation is determined using Level 3 unobservable inputs supported by little or no market activity based on the Company's own assumptions. The estimated fair value of the contingent consideration was determined based on the Company's preliminary estimates using the probability-weighted discounted cash flow approach. The financial milestone for this additional consideration has not been met, and therefore, the Company recorded a reduction of the contingent liability of $519 in SG&A expenses in the consolidated statement of operations in the year ended December 31, 2017.

2015 Business Development

WAM Technologies, LLC

On October 6, 2015, pursuant to an Asset Purchase Agreement entered into by a wholly owned subsidiary of the Company, WAM Technologies, LLC ("WAM") and the individual owners of WAM (the "Sellers"), the Company completed the acquisition of substantially all of the assets of WAM for a consideration of $8,689, inclusive of a working capital settlement of $189, of which $1,100 was deposited in escrow in connection with certain indemnification obligations (the "WAM Acquisition").

Purchase Price Allocation

The transaction has been accounted for using the Acquisition Method. The excess of the purchase price over the net assets was recorded as goodwill. The total consideration for the WAM Acquisition was $8,689 in a debt-free cash-free transaction. The final purchase price allocation for the acquisition is as follows:

		Amount
Accounts receivable	$	563
Property, plant and equipment		122
Intangible assets		4,810
Total identifiable assets acquired		5,495
Accounts payable and accrued expenses		204
Deferred revenues		7,326
Total liabilities assumed		7,530
Net identifiable assets acquired		(2,035)
Goodwill		10,724
Total purchase price	$	8,689

Intangible Assets

The estimated fair value of the technology and trademark intangible assets was determined using the Technology and Trademark Valuation Technique. The estimated fair value of the customer lists was determined using the Customer List Valuation Technique. The discount rate used to arrive at the present value at the acquisition date of the customer lists, technology and trademarks was 26%. The remaining useful lives of the technology and trademarks were based on historical product development cycles, the projected rate of technology migration and a market participant's use of these intangible assets and the pattern of projected economic benefit of these intangible assets. The remaining useful lives of customer lists were based on the customer attrition and the projected economic benefit of these customers.

	Estimated Useful life (years)		Amount
Customer lists - one customer	10	$	3,720
Customer lists - all other customers	11		600
Technology	10		450
Trademarks	1		40
		$	4,810

Goodwill

The WAM Acquisition expands and strengthens the Company's cold chain monitoring solutions, which include trailers, rail cars, gensets and sea containers. With the addition of WAM's installed base, the Company is expected to become a leader in monitoring cargo shipments. These factors contributed to a preliminary estimated purchase price resulting in recognition of goodwill. The goodwill attributable to the acquisition is deductible for tax purposes.

Indemnification Asset

In connection with the Asset Purchase Agreement, the Company entered into an escrow agreement with the Seller and an escrow agent. Under the terms of the agreement, $1,100 was placed in an escrow account through December 2017 to fund any indemnification obligations to the Company under the Asset Purchase Agreement. In December 2017, the escrow amount was released from the escrow fund to the Sellers, in accordance with the escrow agreement.

InSync Software, Inc.

On January 16, 2015, pursuant to a Share Purchase Agreement entered into by the Company, IDENTEC Group AG ("IDENTEC" or the "Seller") and InSync Software, Inc. ("InSync"), the Company completed the acquisition of 100% of the outstanding shares of InSync from IDENTEC for an aggregate consideration of (i) $10,850 in cash, comprised of various components and inclusive of net working capital adjustments of $250, of which $1,320 was deposited in escrow in connection with certain indemnification obligations; and (ii) additional contingent consideration of up to $5,000 (the "InSync Acquisition").

Purchase Price Allocation

The transaction has been accounted for using the Acquisition Method. The excess of the purchase price over the net assets was recorded as goodwill. The total consideration for the InSync Acquisition was $11,642, of which $542 represents acquisition date contingent consideration at fair value, in a debt-free cash-free transaction. The purchase price allocation for the acquisition is as follows:

	Amount
Cash	$ 288
Accounts receivable	1,141
Other current assets	204
Deferred tax assets	2,342
Property, plant and equipment	51
Intangible assets	5,788
Other noncurrent assets	55
Total identifiable assets acquired	9,869
Accounts payable and accrued expenses	1,080
Deferred revenues	296
Deferred tax liabilities	2,342
Total liabilities assumed	3,718
Net identifiable assets acquired	6,151
Goodwill	5,491
Total purchase price	$ 11,642

Contingent Consideration

Additional consideration was conditionally due to the Seller upon achievement of certain financial milestones through January 2016. The fair value measurement of the contingent consideration obligation is determined using Level 3 unobservable inputs supported by little or no market activity based on the Company's own assumptions. The estimated fair value of the contingent consideration was determined based on the Company's preliminary estimates using the probability-weighted discounted cash flow approach. The financial milestones for this additional consideration were not met and therefore the Company recorded a reduction of the contingent liability of $542 in SG&A expense in the consolidated statement of operations for the year ended December 31, 2015.

Intangible Assets

The estimated fair value of the technology and trademark intangible assets was determined using the Technology and Trademark Valuation Technique. The estimated fair value of the customer lists was determined using the Customer List Valuation Technique. The discount rate used to arrive at the present value at the acquisition date of the customer lists, technology and trademarks was 15%. The remaining useful lives of the technology and trademarks were based on historical product development cycles, the projected rate of technology migration and a market participant's use of these intangible assets and the pattern of projected economic benefit of these intangible assets. The remaining useful lives of customer lists were based on the customer attrition and the projected economic benefit of these customers.

	Estimated Useful life (years)	Amount
Customer lists	14	$ 5,056
Technology	10	632
Trademarks	4	100
		$ 5,788

Goodwill

The InSync Acquisition supports the Company's strategy to provide the most complete set of applications and capabilities in the industrial IoT industry, while broadening the Company's market access to a wide range of industries. With the addition of InSync's versatile, turn-key software applications, the Company enables its customers to rapidly build and deploy industrial IoT enterprise solutions in core markets including transportation & distribution, cold chain, warehousing, supply chain, yard management, and manufacturing. These factors contributed to a purchase price resulting in recognition of goodwill. The goodwill recorded as part of the acquisition is partially related to the establishment of a deferred tax liability for the intangible assets which has no tax basis and, therefore, will not result in a future tax deduction. The goodwill attributable to the acquisition is not deductible for tax purposes.

Indemnification Asset

In connection with the Share Purchase Agreement, the Company entered into an escrow agreement with the Seller and an escrow agent. Under the terms of the agreement, $1,320 was placed in an escrow account through April 16, 2016 to fund any indemnification obligations to the Company under the Share Purchase Agreement. In April 2016, the escrow amount has been released to the Seller, in accordance with the escrow agreement.

SkyWave Mobile Communications Inc.

On January 1, 2015, pursuant to an Arrangement Agreement dated November 1, 2014, among the Company, the Company's acquisition subsidiary, SkyWave Mobile Communications Inc. ("SkyWave") and the representatives of certain SkyWave shareholders, the Company completed the acquisition of 100% of the outstanding shares of SkyWave for total consideration of $130,203 consisting of (i) $122,373 cash consideration, inclusive of a working capital settlement of $300, of which $10,600 was deposited in escrow in connection with certain indemnification obligations; and (ii) $7,500 in the form of a promissory note settled by the transfer of assets to Inmarsat Global Limited ("Inmarsat") pursuant to an agreement with Inmarsat (the "SkyWave Acquisition"). The $7,500 note was not considered part of the purchase price for accounting purposes.

Purchase Price Allocation

The transaction has been accounted for using the Acquisition Method. The excess of the purchase price over the net assets was recorded as goodwill. The total consideration for the SkyWave Acquisition was $122,373 in a debt-free cash-free transaction. The purchase price allocation for the acquisition, net of the assets transferred to Inmarsat, is as follows:

	Amount
Cash	$ 110
Accounts receivable	13,898
Inventory	1,335
Other current assets	2,180
Property, plant and equipment	4,769
Intangible assets	67,214
Other noncurrent assets	6,108
Total identifiable assets acquired	95,614
Accounts payable and accrued expenses	9,987
Deferred revenues	1,070
Other liabilities	1,168
Deferred tax liabilities	17,527
Total liabilities assumed	29,752
Net identifiable assets acquired	65,862
Goodwill	56,511
Total purchase price	$ 122,373

Intangible Assets

The estimated fair value of the technology and trademark intangible assets was determined using Technology and Trademark Valuation Technique. The estimated fair value of the customer lists was determined using the Customer List Valuation Technique. The discount rate used to arrive at the present value at the acquisition date of the customer lists, technology and trademarks was 23%. The remaining useful lives of the technology and trademarks were based on historical product development cycles, the projected rate of technology migration and a market participant's use of these intangible assets and the pattern of projected economic benefit of these intangible assets. The remaining useful lives of customer lists were based on the customer attrition and the projected economic benefit of these customers.

	Estimated Useful life (years)	Amount
Customer lists	10	$ 59,371
IDP Technology	10	5,463
M2M and DGS Technology	5	1,318
Trademarks	5	1,062
		$ 67,214

Goodwill

The SkyWave Acquisition furthers the Company's strategy to provide the most complete set of options and capabilities in the industry. SkyWave's distribution channels in South America, Asia and the Middle East, along with Inmarsat's support, provide the Company with a broader global distribution and provides the Company access to new geographies in Eastern Europe and Asia while adding diverse vertical markets such as security and marine. The addition of SkyWave's higher bandwidth, low-latency satellite products and services that leverage the IDP technology, which is now jointly owned by the Company and Inmarsat, also further expands the breadth of the Company's solutions portfolio. These factors contributed to a purchase price resulting in the recognition of goodwill. The goodwill recorded as part of the acquisition is partially related to the establishment of a deferred tax liability for the intangible assets which has no tax basis and, therefore, will not result in a future tax deduction. The goodwill attributable to the acquisition is not deductible for tax purposes. In September 2015, the Company reached a conclusion to make the election under Section 338(g) of the Internal Revenue Code ("IRC") to treat the acquisition as a deemed asset sale. The election has been made prospectively and did not have an impact on the opening balance sheet.

Indemnification Asset

In connection with the Arrangement Agreement, the Company and its acquisition subsidiary entered into an escrow agreement with the representatives of certain SkyWave shareholders and an escrow agent. Under the terms of this escrow agreement, (i) $9,750 was placed in an indemnity escrow account to fund any indemnification obligations to the Company under the Arrangement Agreement; (ii) $850 was placed in a pre-closing tax escrow account through the date on which all applicable statutes of limitations (as the same may be extended or waived) for each pre-closing tax period ending on or after June 30, 2009 have expired to fund any indemnification obligations to the Company against any pre-close tax liabilities due; and (iii) $503 was placed in a working capital escrow account to fund any working capital obligations as described under the Arrangement Agreement. During the year ended December 31, 2015, the Company and the representative of the SkyWave shareholders agreed to a working capital settlement of $300, as well as tax liability settlements totaling $330, reducing the purchase price to $122,373.

Note 4. Stock-based Compensation

On April 20, 2016, the stockholders of the Company approved the ORBCOMM Inc. 2016 Long-Term Incentives Plan (the "2016 LTIP"). The 2016 LTIP replaces the Company's 2006 Long-Term Incentive Plan (the "2006 LTIP"). The number of shares authorized for delivery under the 2016 LTIP is 6,949,400 shares, including 1,949,400 shares that remained available under the 2006 LTIP as of February 17, 2016, plus any shares previously subject to awards under the 2006 LTIP that are cancelled, forfeited or lapse unexercised since that date. As of December 31, 2017, there were 4,484,945 shares available for grant under the 2016 LTIP.

For the years ended December 31, 2017, 2016 and 2015, the Company recognized stock-based compensation expense of $5,673, $5,023, and $4,620, respectively. For the years ended December 31, 2017, 2016 and 2015, the Company capitalized stock-based compensation of $453, $316, and $195, respectively. The Company has not recognized and currently does not expect to recognize in the foreseeable future, any tax benefit related to stock-based compensation as a result of the full valuation allowance on its net deferred tax assets and its net operating loss carryforwards generated in the U.S.

The following table summarizes the components of stock-based compensation expense in the condensed consolidated statements of operations for the years ended December 31, 2017, 2016 and 2015:

	Years ended December 31, 2017	2016	2015
Cost of services	$ 525	$ 559	$ 525
Cost of product sales	78	44	45
Selling, general and administrative	4,706	4,082	3,655
Product development	364	338	395
Total	$ 5,673	$ 5,023	$ 4,620

As of December 31, 2017, the Company had unrecognized compensation costs for all share-based payment arrangements totaling $7,901.

Time-Based Stock Appreciation Rights

A summary of the Company's time-based SARs for the year ended December 31, 2017 is as follows:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding at January 1, 2017	3,789,394	$ 5.23		
Granted	90,000	8.58		
Exercised	(1,315,000)	4.92		
Forfeited or expired	—	—		
Outstanding at December 31, 2017	2,564,394	$ 5.38	4.87	$ 11,429
Exercisable at December 31, 2017	2,478,661	$ 5.29	4.61	$ 11,431
Vested and expected to vest at December 31, 2017	2,564,394	$ 5.38	$ 4.87	$ 11,429

For the years ended December 31, 2017, 2016 and 2015, the Company recorded stock-based compensation expense of $589, $270 and $2,194 relating to these SARs, respectively. As of December 31, 2017, $333 of total unrecognized compensation cost relating to the SARs is expected to be recognized through December 2019.

The weighted-average grant date fair value of the SARs granted in 2017 and 2015 was $4.85 and $3.40 and per share, respectively. There were no time-based SARs granted during the years ended December 31, 2016.

For the year ended December 31, 2017, the intrinsic value of the SARs exercised was $8,106.

Performance-Based Stock Appreciation Rights

A summary of the Company's performance-based SARs for the year ended December 31, 2017 is as follows:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding at January 1, 2017	589,424	$ 6.06		
Granted	—	—		
Exercised	(40,340)	3.54		
Forfeited or expired	(44,611)	11.00		
Outstanding at December 31, 2017	504,473	$ 5.80	3.66	$ 1,849
Exercisable at December 31, 2017	504,473	$ 5.80	3.66	$ 1,849
Vested and expected to vest at December 31, 2017	504,473	$ 5.80	3.66	$ 1,849

For the years ended December 31, 2017, 2016 and 2015, the Company recorded stock-based compensation expense of $0, $2 and $21 relating to the performance-based SARs, respectively. As of December 31, 2017, there is no unrecognized compensation cost related to these SARs is expected to be recognized.

The weighted-average grant date fair value of the performance-based SARs granted during the year ended December 31, 2015 was $3.32 per share. There were no performance-based SARs granted during the years ended December 31, 2017 and 2016.

For the year ended December 31, 2017, the intrinsic value of the performance-based SARs exercised was $236.

The fair value of each time-based and performance-based SAR award is estimated on the date of grant using the Black-Scholes option pricing model with the assumptions described below. For the periods indicated the expected volatility was based on the Company's historical volatility over the expected terms of SAR awards. Estimated forfeitures were based on voluntary and involuntary termination behavior, as well as analysis of actual forfeitures. The risk-free interest rate was based on the U.S. Treasury yield curve at the time of the grant over the expected term of the SAR grants. The Company did not grant time-based or performance-based SARs during the year ended December 31, 2016.

	Year ended December 31,		
	2017	2016	2015
Risk-free interest rate	2.10%	None	1.35% to 1.82%
Expected life (years)	6.0	None	6.0
Estimated volatility factor	59.85%	None	62.7% to 64.6%
Expected dividends	None	None	None

Time-Based Restricted Stock Units

A summary of the Company's time-based RSUs for the year ended December 31, 2017 is as follows:

	Shares	Weighted-Average Grant Date Fair Value
Balance at January 1, 2017	691,952	$ 8.28
Granted	507,132	10.15
Vested	(370,748)	7.15
Forfeited or expired	(9,856)	9.18
Balance at December 31, 2017	818,480	$ 9.95

For the years ended December 31, 2017, 2016 and 2015, the Company recorded stock-based compensation expense of $3,084, $2,495 and $636 related to the RSUs, respectively. As of December 31, 2017, $5,163 of total unrecognized compensation cost related to the RSUs is expected to be recognized through December 2020.

Performance-based Restricted Stock Units

A summary of the Company's performance-based RSUs for the year ended December 31, 2017 is as follows:

	Shares	Weighted-Average Grant Date Fair Value
Balance at January 1, 2017	473,608	$ 7.80
Granted	229,685	9.98
Vested	(214,835)	6.78
Forfeited or expired	(43,724)	7.18
Balance at December 31, 2017	444,734	$ 9.48

For the years ended December 31, 2017, 2016 and 2015, the Company recorded stock-based compensation expense of $955, $1,387 and $1,124 related to the performance-based RSUs, respectively. As of December 31, 2017, $2,406 of total unrecognized compensation cost related to these RSUs is expected to be recognized through March 2019.

The fair value of the time-based and performance-based RSU awards are based upon the closing stock price of the Company's common stock on the date of grant.

Performance Units

The Company grants Market Performance Units ("MPUs") to its senior executives based on stock price performance over a three-year period measured on December 31 for each performance period. The MPUs will vest at the end of each performance period only if the Company satisfies the stock price performance targets and continued employment by the senior executives through the dates the Compensation Committee has determined that the targets have been achieved. The value of the MPUs that will be earned each year ranges up to 15% of each of the senior executives' base salaries in the year of the grant depending on the Company's stock price performance target for that year. The value of the MPUs can be paid in either cash or common stock or a combination at the Company's option. The MPUs are classified as a liability and are revalued at the end of each reporting period based on the awards fair value over a three-year period.

As of December 31, 2017, the compensation committee determined that the stock price performance targets was partially achieved for the fiscal year 2017, 2016 and 2015 performance targets.

As the MPUs contain both a performance and service condition, the MPUs have been treated as a series of three separate awards, or tranches, for purposes of recognizing stock-based compensation expense. The Company recognizes stock-based compensation expense on a tranche-by-tranche basis over the requisite service period for that specific tranche. The Company estimated the fair value of the MPUs using a Monte Carlo Simulation Model that used the following assumptions:

	Years Ended December 31,		
	2017	2016	2015
Risk-free interest rate	1.76% to 1.98%	0.85% to 1.47%	0.65% to 1.31%
Estimated volatility factor	27.0% to 31.0%	33.0% to 36.0%	34.0% to 38.0%
Expected dividends	None	None	None

For the years ended December 31, 2017, 2016 and 2015, the Company recorded stock-based compensation of $862, $781 and $643 relating to these MPUs, respectively.

As of December 31, 2017, the Company recorded $895 and $301 in accrued expenses and other non-current liabilities, respectively, in its consolidated balance sheet. As of December 31, 2016, the Company recorded $715 and $260 in accrued expenses and other non-current liabilities, respectively, in its consolidated balance sheet.

In January 2015, the Company issued 54,801 shares of its common stock as a form of payment in connection with MPUs for achieving the fiscal year 2013 and 2014 stock performance target.

Employee Stock Purchase Plan

The Company's Board of Directors adopted the ORBCOMM Inc. Employee Stock Purchase Plan ("ESPP") on February 16, 2016 and the Company's shareholders approved the ESPP on April 20, 2016. Under the terms of the ESPP, 5,000,000 shares of the Company's common stock are available for issuance, and eligible employees may have up to 10% of their gross pay deducted from their payroll up to a maximum of $25 per year to purchase shares of ORBCOMM common stock at a discount of up to 15% of its fair market value, subject to certain conditions and limitations. For the years ended December 31, 2017 and 2016, the Company recorded stock-based compensation expense of $183 and $88 relating to the ESPP. Purchases of ORBCOMM stock under the ESPP were 75,888 shares and 53,950 shares at a price of $6.97 and $8.81 in 2017.

Note 5. Net Income (Loss) Attributable to ORBCOMM Inc. Common Stockholders

The Company accounts for earnings per share ("EPS") in accordance with ASC Topic 260, "Earnings Per Share" ("ASC 260") and related guidance, which requires two calculations of EPS to be disclosed: basic and diluted. The numerator in calculating basic and diluted EPS is an amount equal to the net (loss) income attributable to ORBCOMM Inc. common stockholders for the periods presented. The denominator in calculating basic EPS is the weighted average shares outstanding for the respective periods. The denominator in calculating diluted EPS is the weighted average shares outstanding, plus the dilutive effect of stock option grants, unvested SAR and RSU grants and shares of Series A convertible preferred stock for the respective periods. The following sets forth the basic calculations of EPS for the years ended December 31, 2017, 2016 and 2015:

	Years ended December 31,		
	2017	2016	2015
Net loss attributable to ORBCOMM Inc. common stockholders	$ (61,296)	$ (23,525)	$ (13,287)
Weighted average number of common shares outstanding:			
Basic number of common shares outstanding	72,882	70,907	70,419
Dilutive effect of grants of stock options, unvested SAR's and RSU's and shares of Series A convertible preferred stock	—	—	—
Diluted number of common shares outstanding	72,882	70,907	70,419
Earnings per share:			
Basic	$ (0.84)	$ (0.33)	$ (0.19)
Diluted	$ (0.84)	$ (0.33)	$ (0.19)

The computation of net loss attributable to ORBCOMM Inc. common stockholders for the years ended December 31, 2017, 2016 and 2015 is as follows:

	Years Ended December 31,		
	2017	2016	2015
Net loss attributable to ORBCOMM Inc.	$ (61,284)	$ (23,511)	$ (13,251)
Preferred stock dividends on Series A convertible preferred stock	(12)	(14)	(36)
Net loss attributable to ORBCOMM Inc. common stockholders	$ (61,296)	$ (23,525)	$ (13,287)

Note 6. Satellite Network and Other Equipment

Satellite network and other equipment consisted of the following:

	December 31,	
	2017	2016
Land	$ 381	$ 381
Satellite network	193,292	231,782
Capitalized software	45,062	30,758
Computer hardware	5,189	4,707
Other	5,276	7,522
Assets under construction	16,539	11,284
	265,739	286,434
Less: accumulated depreciation and amortization	(91,561)	(70,593)
	$ 174,178	$ 215,841

During the years ended December 31, 2017, 2016 and 2015, the Company capitalized internal costs attributable to the design, development and enhancements of the Company's products and services and internal-use software in the amount of $12,776, $9,786 and $7,056 respectively.

Depreciation and amortization expense for the years ended December 31, 2017, 2016 and 2015 was $33,889, $30,465 and $15,371, respectively. This includes amortization of internal-use software of $6,186, $3,545 and $1,733 for the years ended December 31, 2017, 2016 and 2015, respectively.

For the years ended December 31, 2017, 2016 and 2015, 61%, 69% and 68% of depreciation and amortization expense, respectively, relate to cost of services and 8%, 10% and 11%, respectively, relate to cost of product sales, as these assets support the Company's revenue generating activities.

As of December 31, 2017 and 2016, assets under construction primarily consist of costs associated with acquiring, developing and testing software and hardware for internal and external use that have not yet been placed into service.

One OG2 satellite that was launched in December 2015 experienced a solar array anomaly in July 2016 that resulted in the satellite entering a safe mode and being taken out of commercial service. This satellite had previously been intermittently providing AIS service and regularly communicating with the ground infrastructure. In April 2017, communication was lost with this OG2 satellite. The Company's satellite engineering team developed and uploaded new software designed to prevent a similar solar array anomaly from occurring on other OG2 satellites.

In June 2017, there was a loss of communication with the prototype OG2 satellite that was launched in December 2015, and in July 2017 there was a loss of communication with an OG2 satellite that was launched in July 2014. The Company recorded a non-cash impairment charge of $31,224 in the quarter ended September 30, 2017 to write-off the net book value of the three OG2 satellites. In addition, the Company decreased satellite network and other equipment by $39,576 and associated accumulated depreciation by $8,352 to remove the assets as of September 30, 2017.

In December 2016, the Company lost communication with one of its OG1 Plane D satellites. In the year ended December 31, 2016, the Company removed $137 from satellite network and accumulated depreciation, respectively, representing the fully depreciated value of the satellite.

In August 2016 the Company lost communication with one of its OG2 satellites, launched on July 14, 2014. The Company recorded a non-cash impairment charge of $10,680 on the consolidated statement of operations in the quarter ended September 30, 2016 to write-off the net book value of the satellite. In addition, the Company decreased satellite network and other equipment, net and associated accumulated depreciation by $13,474 and $2,794, respectively.

During the quarter ended March 31, 2016, the Company recorded an impairment loss on one of its leased AIS satellites. Upon abandonment of the satellite, the Company no longer expects future cash flows to be generated from this asset. The impairment loss of $466 was determined based on the net carrying value of the asset at the time of the impairment and was recorded in depreciation and amortization in the consolidated statement of operations for the quarter ended March 31, 2016. In addition, the Company decreased satellite network and other equipment, net and the associated accumulated depreciation on the consolidated balance sheet by $2,374 and $1,908, respectively.

In June 2015, the Company lost communication with one of its in-orbit OG2 satellites. The Company recorded a non-cash impairment charge of $12,748 on the consolidated statement of operations in the quarter ended June 30, 2015 to write off the net book value of the satellite. In addition, the Company decreased satellite network and other equipment and the associated accumulated depreciation on the consolidated balance sheet by $13,788 and $1,040, respectively.

In January 2015, the Company lost communication with one of its OG1 Plane D satellites. In the quarter ended March 31, 2015, the Company removed $137 from satellite network and accumulated depreciation, respectively, representing the fully depreciated value of the satellite. In September 2015, the satellite reestablished communication with the Company's ground stations. There was no impact on the consolidated balance sheet for the reestablishment of communications with this satellite.

Note 7. Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price of an acquired business over the estimated fair values of the underlying net tangible and intangible assets. Goodwill consisted of the following:

	2017	2016
Balance at January 1,	$ 114,033	$ 112,425
Additions through acquisitions	52,645	1,409
Measurement period adjustments	—	199
Balance at December 31,	$ 166,678	$ 114,033

During the year ended December 31, 2017, the following key items impacted goodwill:

- The Company recognized goodwill of $26,435 in connection with the Blue Tree Acquisition
- The Company recognized goodwill of $26,210 in connection with the inthinc Acquisition

During the year ended December 31, 2016, the following key items impacted goodwill:

- The Company recognized goodwill of $1,409 in connection with the Skygistics Acquisition

Goodwill is allocated to the Company's one reportable segment which is its only reporting unit.

The Company's intangible assets consisted of the following:

		December 31, 2017			December 31, 2016		
	Useful life (years)	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Customer lists	5 - 15	$ 113,357	$ (29,451)	$ 83,906	$ 91,757	$ (20,026)	$ 71,731
Patents and technology	5 - 10	23,424	(8,080)	15,344	16,556	(5,990)	10,566
Trade names and trademarks	1-2	3,003	(2,914)	89	2,885	(2,637)	248
		$ 139,784	$ (40,445)	$ 99,339	$ 111,198	$ (28,653)	$ 82,545

At December 31, 2017, the weighted-average amortization period for the intangible assets is 10.9 years. At December 31, 2017, the weighted-average amortization periods for customer lists, patents and technology and trademarks are 11.5, 9.3 and 1.2 years, respectively.

During the year ended December 31, 2015, the Company noted anticipated revenue from its acquired SENS business to be lower than originally forecasted. As a result, the Company recorded an impairment charge of $564 as part of depreciation and amortization in the consolidated statement of operations for the year ended December 31, 2015 and adjusted the carrying amount of the SENS trademark, technology and customer list intangible assets to a fair value of $0, $30 and $280, respectively.

Amortization expense for the years ended December 31, 2017, 2016 and 2015 was $11,792, $12,338 and $10,636, respectively.

Estimated amortization expense for intangible assets is as follows:

Years ending December 31,	
2018	12,807
2019	12,681
2020	12,398
2021	11,936
2022	11,481
2023	11,231
Thereafter	26,805
	$ 99,339

Note 8. Accrued Liabilities

The Company's accrued liabilities consisted of the following:

	December 31, 2017	December 31, 2016
Accrued compensation and benefits	$ 8,637	$ 7,456
Warranty	4,153	1,842
Acquired customer product liabilities	858	—
Corporate income tax payable	1,415	453
Contingent consideration amount	—	1,174
Accrued satellite network and other equipment	595	497
Accrued inventory purchases	1,598	4,292
OG2 satellite milestone payable	—	4,609
Accrued interest expense	4,944	1,031
Accrued professional fees	303	—
Accrued airtime charges	1,670	994
Other accrued expenses	8,843	8,083
	$ 33,016	$ 30,431

For the years ended December 31, 2017 and 2016, changes in accrued warranty obligations consisted of the following:

	December 31,	
	2017	2016
Balance at January 1,	$ 1,842	$ 2,321
Warranty liabilities assumed from acquisitions	152	—
Amortization of fair value adjustment of warranty liabilities acquired through acquisitions	—	(57)
Reduction of warranty liabilities assumed in connection with acquisitions	(119)	(384)
Warranty expense	2,654	493
Warranty charges	(376)	(531)
Balance at December 31,	$ 4,153	$ 1,842

Note 9. Deferred Revenue

Deferred revenues consisted of the following:

	December 31, 2017	December 31, 2016
Service activation fees	$ 5,509	$ 7,594
Prepaid services	2,754	2,777
Extended warranty revenues	459	21
	8,722	10,392
Less current portion	(6,263)	(7,414)
Long-term portion	$ 2,459	$ 2,978

Note 10. Note Payable — Related Party

In connection with the acquisition of a majority interest in Satcom in 2005, the Company recorded an indebtedness to OHB Technology A.G. (formerly known as OHB Teledata A.G.), a stockholder of the Company. At December 31, 2017 and 2016, the principal balance of the note payable was €1,138 and it had a carrying value of $1,366 and $1,195, respectively. The carrying value was based on the note's estimated fair value at the time of acquisition. The difference between the carrying value and principal balance was being amortized to interest expense over the estimated life of the note of six years which ended in September 30, 2011. This note does not bear interest and has no fixed repayment term. Repayment will be made from the distribution profits, as defined in the note agreement, of ORBCOMM Europe LLC, a wholly owned subsidiary of the Company. The note has been classified as long-term and the Company does not expect any repayments to be required prior to December 31, 2018.

Note 11. Note Payable

Senior Secured Notes

On April 10, 2017, the Company issued $250,000 aggregate principal amount of 8.0% senior secured notes due 2024 (the "Senior Secured Notes"). The Senior Secured Notes were issued pursuant to an indenture, dated as of April 10, 2017, among the Company, certain of its domestic subsidiaries party thereto (the "Guarantors") and U.S. Bank National Association, as trustee and collateral agent (the "Indenture"). The Senior Secured Notes are unconditionally guaranteed on a senior secured basis by the Guarantors, and are secured on a first priority basis by (i) pledges of capital stock of certain of the Company's directly and indirectly owned subsidiaries; and (ii) substantially all of the other property and assets of the Company and the Guarantors, to the extent a first priority security interest is able to be granted or perfected therein, and subject, in all cases, to certain specified exceptions, and an intercreditor agreement with the collateral agent for our revolving credit facility described below. Interest payments are due on the Senior Secured Notes semi-annually in arrears on April 1 and October 1 beginning October 1, 2017.

The Company has the option to redeem some or all of the Senior Secured Notes at any time on or after April 1, 2020, at redemption prices set forth in the Indenture plus accrued and unpaid interest, if any, to the date of redemption. The Company also has the option to redeem some or all of the Senior Secured Notes at any time before April 1, 2020 at a redemption price of 100% of the principal amount of the Senior Secured Notes to be redeemed, plus a "make-whole" premium and accrued and unpaid interest, if any, to the date of redemption. In addition, at any time before April 1, 2020, the Company may redeem up to 35% of the aggregate principal amount of the Senior Secured Notes to be redeemed, plus accrued and unpaid interest, if any, to the date of redemption, with the proceeds from certain equity issuances.

The Indenture contains covenants that, among other things, limit the Company's and its restricted subsidiaries' ability to: (i) incur or guarantee additional indebtedness; (ii) pay dividends, make other distributions or repurchase or redeem capital stock; (iii) prepay, redeem or repurchase certain indebtedness; (iv) make loans and investments; (v) sell, transfer or otherwise dispose of assets; (vi) incur or permit to exist certain liens; (vii) enter into certain types of transactions with affiliates; (viii) enter into agreements restricting the Company's subsidiaries' ability to pay dividends; and (ix) consolidate, amalgamate, merge or sell all or substantially all of their assets; subject, in all cases, to certain specified exceptions. Such limitations have various exceptions and baskets as set forth in the Indenture, including the incurrence by the Company and its restricted subsidiaries of indebtedness under potential new credit facilities in the aggregate principal amount at any one time outstanding not to exceed $50,000.

In connection with the issuance of the Senior Secured Notes, the Company incurred debt issuance costs of approximately $5,431. For the year ended December 31, 2017, amortization of the debt issuance costs was $563. The Company recorded charges of $14,444 to interest expense on its statement of operations for the year ended December 31, 2017, respectively, related to interest expense and amortization of debt issuance costs associated with the Senior Secured Notes.

Termination of Secured Credit Facilities

On April 10, 2017, a portion of the proceeds of the issuance of the Senior Secured Notes was used to repay in full the Company's outstanding obligations under the Company's $150,000 outstanding credit facilities incurred pursuant to the Secured Credit Facilities Credit Agreement, as defined below, and to terminate the agreement, resulting in an early payment fee of $1,500 and an additional expense associated with the remaining unamortized debt issuance cost and fees of $2,368.

Revolving Credit Facility

On December 18, 2017, the Company and certain of its subsidiaries entered into a senior secured revolving credit agreement (the "Revolving Credit Agreement") with JPMorgan Chase Bank, N.A. ("JPMorgan Chase"), as administrative agent and collateral agent. The Revolving Credit Agreement provides for a revolving credit facility (the "Revolving Credit Facility") in an aggregate principal amount of up to $25,000 for working capital and general corporate purposes and matures on December 18, 2022. The Revolving Credit Facility will bear interest at an alternative base rate or an adjusted LIBOR, plus an applicable margin of 1.50% in the case of alternative base rate loans and 2.50% in the case of adjusted LIBOR loans. The Revolving Credit Facility will be secured by a first priority security interest in substantially all of the Company's and its subsidiaries' assets under a Security Agreement among the Company, its subsidiaries and JPMorgan Chase, subject to an intercreditor agreement with the indenture trustee for the Senior Secured Notes. The Revolving Credit Facility has no scheduled principal amortization until the maturity date. Subject to the terms set forth in the Revolving Credit Agreement the Company may borrow, repay and reborrow the Revolving Credit Facility at any time prior to the maturity date.

The Credit Agreement contains customary representations and warranties, conditions to funding, covenants and events of default. The Revolving Credit Agreement contains covenants that, among other things, limits us and our restricted subsidiaries' ability to: (i) incur or guarantee additional indebtedness; (ii) pay dividends, make other distributions or repurchase or redeem capital stock; (iii) prepay, redeem or repurchase certain indebtedness; (iv) make loans and investments; (v) sell, transfer or otherwise dispose of assets; (vi) incur or permit to exist certain liens; (vii) enter into certain types of transactions with affiliates; (viii) enter into agreements restricting the our subsidiaries' ability to pay dividends; and (ix) consolidate, amalgamate, merge or sell all or substantially all of their assets; subject, in all cases, to certain specified exceptions. Such limitations have various baskets as set forth in the Revolving Credit Agreement.

At December 31, 2017 no amounts were outstanding under the Revolving Credit Facility. As of December 31, 2017, the Company was in compliance with all financial covenants

Secured Credit Facilities

On September 30, 2014, the Company entered into a credit agreement (the "Secured Credit Facilities Credit Agreement") with Macquarie CAF LLC ("Macquarie" or the "Lender") in order to refinance the Company's $45,000 9.5% per annum Senior Notes ("Senior Notes"). Pursuant to the Secured Credit Facilities Credit Agreement, the Lender provided secured credit facilities (the "Secured Credit Facilities") in an aggregate amount of $160,000 comprised of (i) a term loan facility in an aggregate principal amount of up to $70,000 (the "Initial Term Loan Facility"); (ii) a $10,000 revolving credit facility (the "Prior Revolving Credit Facility"); (iii) a term loan facility in an aggregate principal amount of up to $10,000 (the "Term B2 Facility"), the proceeds of which were drawn and used on January 16, 2015 to partially finance the InSync Acquisition; and (iv) a term loan facility in an aggregate principal amount of up to $70,000 (the "Term B3 Facility"), the proceeds of which were drawn on December 30, 2014 and used on January 1, 2015 to partially finance the SkyWave Acquisition. Proceeds of the Initial Term Loan Facility and Prior Revolving Credit Facility were funded on October 10, 2014 and were used to repay in full the Company's Senior Notes and pay certain related fees, expenses and accrued interest, as well as for general corporate purposes.

The Secured Credit Facilities would have matured five years after the initial fund date of the Initial Term Loan Facility (the "Maturity Date"), and subject to mandatory prepayments in certain circumstances. The Secured Credit Facilities had interest, at the Company's election, of a per annum rate equal to either (a) a base rate plus 3.75% or (b) LIBOR plus 4.75%, with a LIBOR floor of 1.00%.

In connection with entering into the Secured Credit Facilities Credit Agreement, and the subsequent funding of the Initial Term Loan Facility, Revolving Credit Facility, Term B2 Facility and the Term B3 Facility, the Company incurred debt issuance costs of approximately $4,481. For the years ended December 31, 2017, 2016 and 2015, amortization of the debt issuance costs of $229, $836, and $463, respectively, were recorded in interest expense on the consolidated statement of operations. For the year ended December 31, 2016, the Company capitalized $744 of the interest expense and amortization of the debt issuance costs associated with the Initial Term Loan Facility and Revolving Credit Facility to construction of the OG2 satellites. For the year ended December 31, 2015, the Company capitalized all of the interest expense and amortization of the debt issuance costs associated with the Initial Term Loan Facility and Revolving Credit Facility to construction of the OG2 satellites. The Company recorded charges of $2,642 and $9,085 to interest expense on its consolidated statement of operations for the year ended December 31, 2017 and 2016, respectively, related to interest expense and amortization of debt issuance costs associated with the Term B2 and Term B3 Facilities and the Initial Term Loan Facility and Revolving Credit Facility after the OG2 satellites were placed in service on March 1, 2016.

Note 12. Stockholders' Equity

Preferred stock

The Company currently has 50,000,000 shares of preferred stock authorized.

Series A convertible preferred stock

The Company currently has 1,000,000 shares of Series A convertible preferred stock authorized. As part of the purchase price for the acquisition of StarTrak in 2011, the Company issued 183,550 shares of Series A convertible preferred stock, of which 37,544 shares remain outstanding as of December 31, 2017.

Key terms of the Series A convertible preferred stock are as follows:

Dividends

Holders of the Series A convertible preferred stock are entitled to receive a cumulative 4% dividend annually (calculated on the basis of the redemption price of $10.00 per share) payable quarterly in additional shares of the Series A convertible preferred stock. During the years ended December 31, 2017 and 2016, the Company issued dividends in the amount of 1,078 and 1,415 shares to the holders of the Series A Convertible preferred stock, respectively. There was no dividends in arrears as of December 31, 2017.

Conversion

Shares of the Series A convertible preferred stock are convertible into 1.66611 shares of common stock: (i) at the option of the holder at any time or (ii) at the option of the Company beginning six months from the issuance date and if the average closing market price for the Company's common stock for the preceding twenty consecutive trading days equals or exceeds $11.20 per share.

Voting

Each share of the Series A convertible preferred stock is entitled to one vote for each share of common stock into which the preferred stock is convertible.

Liquidation

In the event of any liquidation, sale or merger of the Company the holders of the Series A convertible preferred stock are entitled to receive prior to and in preference over the common stock, an amount equal to $10.00 per share plus unpaid dividends.

Redemption

The Series A convertible preferred stock may be redeemed by the Company for an amount equal to the issuance price of $10.00 per share plus all unpaid dividends at any time after two years from the issuance date.

Common Stock

At December 31, 2017, the Company has reserved 16,687,004 shares of common stock for future issuances related to employee stock compensation plans.

On June 15, 2017, the Company completed a private placement of 1,552,795 shares of the Company's common stock at a purchase price of $9.66 per share, for an aggregate purchase price of $15,000. The per share price of $9.66 was calculated as 95% of the volume-weighted average trading price of the common stock for the 30 trading days ending on June 14, 2017.

On April 20, 2016, the stockholders of the Company approved the 2016 LTIP, which replaced the 2006 LTIP. The number of shares authorized for delivery under the 2016 LTIP is 6,949,400 shares, including 1,949,400 shares that remained available under the 2006 LTIP as of February 17, 2016. In addition, the stockholders of the Company approved the ESPP, under which 5,000,000 shares of the Company's common stock are available for issuance. Prior to the approval of the 2016 LTIP and ESPP, the Company had reserved 7,451,870 shares of common stock for future issuances related to employee stock compensation plans.

Note 13. Segment Information

The Company operates in one reportable segment, industrial IoT Services. Other than satellites in orbit, goodwill and intangible assets, long-lived assets outside of the United States are not significant. The Company's foreign exchange exposure is limited as approximately 82% of the Company's consolidated revenue is collected in US dollars. The following table summarizes revenues on a percentage basis by geographic regions, based on the country in which the customer is located.

	Years ended December 31,		
	2017	2016	2015
United States	78%	62%	64%
South America	7%	11%	13%
Japan	2%	2%	2%
Europe	9%	18%	19%
Other	4%	7%	2%
	100%	100%	100%

Note 14. Income Taxes

The following is a summary of the Company's provision for income taxes for the years ended December 31, 2017, 2016 and 2015:

	December 31,		
	2017	2016	2015
Current			
Federal	$ 26	$ —	$ —
State	106	(64)	155
International	1,757	387	243
Total	1,889	323	398
Deferred:			
Federal	(6,231)	(10,943)	(6,256)
State	(2,340)	(1,115)	(455)
International	(185)	(98)	251
Valuation allowance	6,458	12,350	7,287
Total	(2,298)	194	827
Income taxes	$ (409)	$ 517	$ 1,225

United States and foreign income (loss) before income taxes for the years ended December 31, 2017, 2016 and 2015 is as follows:

	Years ended December 31,		
	2017	2016	2015
United States	$ (69,333)	$ (28,855)	$ (17,877)
Foreign	7,729	6,146	6,103
Total	$ (61,604)	$ (22,709)	$ (11,774)

The components of net deferred tax assets (liabilities) are as follows:

	December 31, 2017	December 31, 2016
Deferred tax assets:		
Acquisition related costs	$ 502	$ 603
Deferred revenues	1,927	2,521
Allowance for doubtful accounts	887	1,186
Inventory	1,350	1,420
Deferred compensation	2,665	5,346
Bonus accruals	655	942
Vacation accrual	203	246
Deferred rent	625	1,051
Warranty accrual	970	570
Accrued expenses	454	476
Satellite network and other property	10,852	7,314
Foreign tax credit	1,618	3,011
Alternative minimum tax credit	325	325
Tax loss carryforwards and credits	20,628	11,128
Other	4	7
Total deferred tax assets	43,665	36,146
Deferred tax liabilities:		
Intangible Assets	(18,431)	(19,309)
Goodwill	(2,429)	(2,852)
Total deferred tax liabilities	(20,860)	(22,161)
Net deferred tax assets before valuation allowance	22,805	13,985
Less valuation allowance	(40,347)	(32,550)
Net deferred tax asset (liabilities)	(17,542)	(18,565)
Deferred tax assets, non-current	104	80
Deferred tax liabilities, non-current	(17,646)	(18,645)
Net deferred tax assets (liabilities)	$ (17,542)	$ (18,565)

Income taxes differs from the amount computed by applying the statutory U.S. Federal income tax rate because of the effect of the following items:

	Years Ended December 31, 2017	2016	2015
Income tax expense at U.S. statutory rate of 34%	$ (20,946)	$ (7,720)	$ (4,003)
State income taxes, net of federal benefit	(2,261)	(1,186)	(353)
Effect of foreign subsidiaries	(283)	(291)	(687)
Tax credits	(686)	(633)	(669)
Other permanent items	(2,374)	(1,183)	(451)
Change in uncertain tax positions	—	124	—
True-up from prior years	—	(831)	—
Change in domestic tax rate	19,353	—	—
Other	330	(113)	101
Change in valuation allowance	6,458	12,350	7,287
Income tax	$ (409)	$ 517	$ 1,225

On December 22, 2017, new federal tax reform legislation was enacted in the United States, resulting in significant changes from previous tax law. The 2017 Tax Act reduces the federal corporate income tax rate to 21% from 35% effective January 1, 2018. The 2017 Tax Act also changes the taxation of foreign earnings, and companies generally will not be subject to United States federal income taxes upon the receipt of dividends from foreign subsidiaries and will not be permitted foreign tax credits related to such dividends. Additionally, upon enactment, there is a one-time deemed repatriation tax on undistributed foreign earnings and profits (the "transition tax").

The key impacts of the Tax Act on the Company's financial stat ements were the re-measurement of deferred tax balances to the new corporate tax rate and the calculation of any impacts of the transition tax. The re-measurement of the deferred tax balances to the new corporate rate is complete and those amounts are not provisional.

Although the Company has taxable earnings and profits from its foreign subsidiaries, the Company does not expect any cash tax payments for the transition tax. The amount of taxable foreign earnings and profits was significantly less than the Company's expected tax losses for 2017 therefore the Company will fully utilize these losses to offset the income inclusion regarding the transition tax. The adjustments to deferred tax assets related to the transition tax are provisional amounts estimated based on information available as of December 31, 2017. The Company has not obtained, prepared and analyzed the information necessary to finalize its computations and accounting for its accumulated foreign earnings. These amounts are subject to change as the Company obtains information necessary to complete the calculations. The Company will recognize any changes to the provisional amounts as we refine our estimates.

As part of the Company's accounting for the acquisitions, a portion of the purchase price was allocated to goodwill. The acquired goodwill is deductible for tax purposes and amortized over fifteen years for income tax purposes. Under GAAP, the acquired goodwill is not amortized in the Company's financial statements, as such a deferred income tax expense and a deferred tax liability arise as a result of the tax deductibility for this amount for tax purposes but not for financial statement purposes. The resulting deferred tax liability, which is expected to continue to increase over time will remain on the Company's balance sheet indefinitely unless there is an impairment of the asset. As a result of the Tax Act and the changes it made to net operating loss carry forward rules, the Company is now able to use the above deferred tax liability as a source of future taxable income in evaluating the need for a valuation allowance. This change resulted in a deferred tax benefit of $1,693.

As of December 31, 2017 and 2016, the Company maintained a valuation allowance against all of its net deferred tax assets, excluding goodwill, attributable to operations in the United States as the realization was not considered more likely than not.

The net change in the total valuation allowance for the years ended December 31, 2017, 2016 and 2015 was $6,458 , $12,350 and $7,287, respectively.

On January 1, 2017, the company adopted ASU 2016-09. Prior to adopting the ASU, the Company recognized tax benefits associated with the exercise of SARs and stock options and vesting of RSUs directly to stockholders' equity only when the tax benefit reduces income tax payable on the basis that a cash tax savings has occurred. As a result of adopting this ASU the Company recognized the benefit of net operating loss carryovers that were created as a result of previous windfall tax deductions. The gross amount of windfall deductions that were previously not recognized was approximately $6,529. Due to a full valuation allowance, the recognition of the benefit for the windfall deductions did not have any impact to the consolidated balance sheet or consolidated statement of operations.

As of December 31, 2017 and 2016, the Company had potentially utilizable federal net operating loss tax carryforwards of $76,062 and $34,380, respectively. As of December 31, 2017 and 2016, the Company had potentially utilizable state net operating loss tax carryforwards of $159,554 and $61,554, respectively. The net operating loss carryforwards expire at various times through 2037. At December 31, 2017 and December 31, 2016, the Company had potentially utilizable foreign net operating loss carryforwards of $14,832 and $6,947, respectively. The foreign net operating loss carryforwards expire on various dates through 2037.

The utilization of the Company's net operating losses may be subject to a substantial limitation due to the "change of ownership provisions" under Section 382 of the Internal Revenue Code and similar state provisions. Such limitation may result in the expiration of the net operating loss carryforwards before their utilization.

As of December 31, 2017, the Company has not provided deferred income taxes on the undistributed earnings of its foreign subsidiaries. The amount of such earnings was $26,069. These earnings have been permanently reinvested and the Company does not plan to initiate action that would precipitate the payment of income taxes thereon. It is not practicable to estimate the amount of additional tax that might be payable on these undistributed earnings.

The following table is a reconciliation of the beginning and ending amount of unrecognized tax benefits:

	2017	2016	2015
Balance at January 1,	$ 856	$ 775	$ 775
Additions for tax positions related to prior years	—	—	—
Additions for tax positions	—	81	—
Reductions for tax positions of prior years	—	—	—
Settlements	—	—	—
Balance at December 31,	$ 856	$ 856	$ 775

The company accrued interest and penalties related to uncertain tax positions of $43 for the year ended December 31, 2016. No interest and penalties related to unrecognized tax benefits were accrued during the years ended December 31, 2017 and 2015. Interest and penalties are not reflected in the table above and are included in income tax expense.

As of December 31, 2017, $775 of the unrecognized tax benefits have been recorded as a reduction to the Company's federal and state net operating loss tax carryforwards in deferred tax assets. Due to the existence of the Company's valuation allowance, these unrecognized tax benefits, if recognized, would not impact the Company's effective income tax rate. The remaining balance of $81, if recognized, would affect the effective tax rate. The Company is subject to U.S. federal and state examinations by tax authorities from 2014 and 2013, respectively. The Company is also subject to examinations in its material non-U.S. jurisdictions for 2012 and later years. The Company does not expect any significant changes to its unrecognized tax positions during the next twelve months.

Note 15. Commitments and Contingencies

Legal Proceedings

ORBCOMM v. CalAmp Corp.

On April 7, 2016, the Company filed a complaint against defendant CalAmp Corp. in the Eastern District of Virginia alleging infringement of five patents, seeking compensatory damages, treble damages, and an injunction.

On May 27, 2016, CalAmp Corp. filed a motion to dismiss the Company's claims on the basis, inter alia, that the Company's patents are directed at ineligible subject matter and are therefore invalid under 35 U.S.C. § 101. On July 22, 2016, the court denied CalAmp's motion; however, CalAmp filed a motion for reconsideration of its motion to dismiss. On October 19, 2016, the court denied CalAmp's motion for reconsideration with respect to four of the five patents in suits and granted CalAmp's motion to invalidate one of the Company's patents in suit as directed to an unpatentable abstract idea.

On July 18, 2016, CalAmp Corp. filed its answer to the Company's complaint and counterclaim for (1) declaratory judgment of unenforceability of the Company's patents in-suit; (2) inequitable conduct related to the U.S. Patent and Trademark Office action to correct the one of the patents in-suit; and (3) an award of legal fees to CalAmp Corp.

On January 25, 2017, the court ruled on the disputed claim construction issues with respect to the remaining patent in-suit, in which it ruled that the claim term "wireless network" is limited to wireless pager networks. While this claim construction resulted in a stipulation of non-infringement, the Company believes this claim construction to be incorrect and, prior to the global settlement described below, was in the process of filing an appeal which would have requested that this claim construction ruling be reviewed on a de novo basis.

Each of the Company and CalAmp have filed motions for summary judgment with respect to CalAmp's counterclaim for inequitable conduct related to the U.S. Patent and Trademark Office action to correct the one remaining patent-in-suit. CalAmp's motion requested summary judgment finding inequitable conduct rendering the patent unenforceable and providing a basis to seek an award of its legal fees. The Company's motion requested summary judgment to dismiss such counterclaim.

In April 2017, the parties settled the litigation pursuant to the CalAmp Settlement Agreement, as defined below.

CalAmp Wireless Networks Corporation v. ORBCOMM Inc.

On October 26, 2016, a patent infringement lawsuit was filed against the Company by CalAmp Wireless Networks Corporation ("CalAmp Wireless") in the U.S. District Court for the Eastern District of Virginia. CalAmp Wireless alleged that certain of the Company's modems, devices and geofencing systems for tracking and monitoring vehicles, machinery, and other assets infringes on two patents asserted by CalAmp Wireless. CalAmp Wireless did not make a specific damages claim, but sought compensatory damages, treble damages, and equitable relief.

On February 9, 2017, the court invalidated the majority of the claims in one of the two patents in-suit brought by CalAmp Wireless.

On April 24, 2017, the Company and CalAmp Wireless entered into a Confidential Settlement, General Release, and License Agreement (the "CalAmp Settlement Agreement"). The CalAmp Settlement Agreement resolves both pending litigation matters between the parties, described above, and provides that each of the Company and CalAmp Wireless grant the other royalty free licenses and covenants not to sue for the patents-in-suit described above, as well as general releases. Neither party made a settlement payment to the other party. Each of the Company and CalAmp will bear its own costs and fees associated with the prior litigation.

In addition to the foregoing matters, the Company is involved in various litigation claims or matters involving ordinary and routine claims incidental to its business. While the outcome of any such claims or litigation cannot be predicted with certainty, management currently believes that the outcome of these proceedings, either individually or in the aggregate, will not have a material adverse effect on the Company's business, results of operations or financial condition.

Airtime credits

In 2001, in connection with the organization of ORBCOMM Europe and the reorganization of the ORBCOMM business in Europe, the Company agreed to grant certain country representatives in Europe approximately $3,736 in airtime credits. The Company has not recorded the airtime credits as a liability for the following reasons: (i) the Company has no obligation to pay the unused airtime credits if they are not utilized; and (ii) the airtime credits are earned by the country representatives only when the Company generates revenue from the country representatives. The airtime credits have no expiration date. Accordingly, the Company is recording airtime credits as services are rendered and these airtime credits are recorded net of revenues from the country representatives. For the years ended December 31, 2017, 2016 and 2015 airtime credits used totaled approximately $31, $28, and $29, respectively. As of December 31, 2017 and 2016 unused credits granted by the Company were approximately $1,978 and $2,009, respectively.

Operating leases

The Company leases office, storage and other facilities under agreements classified as operating leases which expire through 2024. Future minimum lease payments, by year and in the aggregate, under non-cancelable operating leases with initial or remaining terms of one year or more as of December 31, 2017 are as follows:

Years ending December 31,		
2018	$	4,040
2019		4,023
2020		3,551
2021		2,933
2022		2,092
Thereafter		3,375
	$	20,014

Rent expense for the years ended December 31, 2017, 2016 and 2015 was approximately $3,401, $3,047 and $2,692, respectively, and is recognized on a straight line basis over the lease term.

Agreements with carrier data providers

The Company has contractual minimum payments under the terms of its agreements with certain carrier data providers. Future minimum payments, based on the number of subscribers as of December 31, 2017, for the years ended December 31, 2018, 2019, 2020 and 2021 are $7,761, $7,351, $5,327 and $5,327 respectively.

Agreement with vendor parts supplier

The Company has contractual minimum payments under the terms of its agreements with a vendor parts supplier. Future minimum payments for the years ended December 31, 2018 and 2019 are $1,950 and $1,058, respectively.

Note 16. Employee Incentive Plans

The Company maintains a 401(k) plan. All employees who have been employed for three months or longer are eligible to participate in the plan. Employees may contribute up to 15% of eligible compensation to the plan, subject to certain limitations. The Company has the option of matching up to 50% of the amount contributed by each employee up to 6% of employee's compensation. In addition, the plan contains a discretionary contribution component pursuant to which the Company may make an additional annual contribution. Contributions vest over a five-year period from the employee's date of employment. For the years ended December 31, 2017, 2016 and 2015, the Company made $766, $514 and $488 in contributions, respectively.

Note 17. Supplemental Disclosure of Noncash Investing and Financing Activities

	Years ended December 31,		
	2017	2016	2015
Investing activities:			
Acquisition-related contingent consideration	$ 10,611	$ 514	$ 542
Common stock issued in connection with the acquisition of businesses	2,764	—	—
Capital expenditures incurred not yet paid	755	835	3,874
Capital expenditure milestone payable incurred not yet paid	—	4,609	—
Stock-based compensation included in capital expenditures	453	314	195
Capitalized interest expense included in accrued liabilities	—	—	894
Financing activities:			
Common stock issued as form of payment for MPUs	—	—	358
Common stock issued as payment for contingent consideration	347	352	—
Series A convertible preferred stock dividend paid in kind	12	14	36

Note 18. Quarterly Financial Data (Unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2017				
Revenues	$ 51,921	$ 56,957	$ 69,366	$ 75,976
Loss from operations	(375)	(1,900)	(34,221)	(4,386)
Net loss attributable to ORBCOMM Inc.	(3,343)	(10,740)	(39,682)	(7,519)
Net loss per common share-basic:				
Net loss attributable to ORBCOMM Inc.	(0.05)	(0.15)	(0.54)	(0.10)
Net loss per common share-diluted				
Net loss attributable to ORBCOMM Inc.	(0.05)	(0.15)	(0.54)	(0.10)
Weighted-average shares outstanding (in thousands):				
Basic	71,424	71,978	73,762	74,325
Diluted	71,424	71,978	73,762	74,325
2016				
Revenues	$ 43,560	$ 50,064	$ 46,288	$ 46,832
Loss from operations	(114)	(1,615)	(12,053)	(704)
Net loss attributable to ORBCOMM Inc.	(2,096)	(4,169)	(14,041)	(3,205)
Net loss per common share-basic:				
Net loss attributable to ORBCOMM Inc.	(0.03)	(0.06)	(0.20)	(0.05)
Net loss per common share-diluted				
Net loss attributable to ORBCOMM Inc.	(0.03)	(0.06)	(0.20)	(0.05)
Weighted-average shares outstanding (in thousands):				
Basic	70,700	70,900	70,997	71,032
Diluted	70,700	70,900	70,997	71,032

Schedule II — Valuation and Qualifying Accounts

Description	Col. B Balance at Beginning of the Period	Col. C Charged to Costs and Expenses	Col. C Charged to Other Accounts	Col. D Deductions	Col. E Balance at End of the Period
	(Amounts in thousands)				
Year ended December 31, 2017					
Allowance for doubtful receivables	$ 1,057	85	742 (1)	—	$ 400
Deferred tax asset valuation allowance	$ 32,550	6,458	— (2)	1,339 (3)	$ 40,347
Year ended December 31, 2016					
Allowance for doubtful receivables	$ 1,233	310	486 (1)	—	$ 1,057
Deferred tax asset valuation allowance	$ 20,200	12,350	— (2)	— (3)	$ 32,550
Year ended December 31, 2015					
Allowance for doubtful receivables	$ 706	669	142 (1)	—	$ 1,233
Deferred tax asset valuation allowance	$ 12,913	7,287	— (2)	— (3)	$ 20,200

(1) Amounts relate to write-offs net of recoveries.

(2) Amounts relate to differences in foreign exchange rates.

(3) Amounts relate to deferred tax assets acquired in acquisitions.

Exhibit 21

Subsidiaries of ORBCOMM Inc.

Subsidiary	Jurisdiction of Organization	% Owned
ORBCOMM LLC	Delaware	100%
ORBCOMM License Corp.	Delaware	100%
ORBCOMM International Holdings LLC	Delaware	100%
ORBCOMM International Holdings 1 LLC	Delaware	100%
ORBCOMM International Holdings 2 LLC	Delaware	100%
ORBCOMM International Holdings 3 LLC	Delaware	100%
ORBCOMM Africa LLC	Delaware	100%
ORBCOMM AIS LLC	Delaware	100%
ORBCOMM Central America Holdings LLC	Delaware	100%
ORBCOMM China LLC	Delaware	100%
ORBCOMM CIS LLC	Delaware	100%
ORBCOMM Europe LLC	Delaware	50%
ORBCOMM India LLC	Delaware	100%
ORBCOMM Networks, LLC	Delaware	100%
ORBCOMM SENS, LLC	Delaware	100%
ORBCOMM South Africa Gateway Company LLC	Delaware	100%
Ameriscan, Inc.	Delaware	100%
Blue Tree Systems Inc.	Delaware	100%
GlobalTrak, LLC	Delaware	100%
InSync Software, Inc.	Delaware	100%
inthinc LLC	Delaware	100%
MobileNet, LLC	Delaware	100%
SKGTIC Holdings, LLC	Delaware	100%
SkyWave Mobile Communications Corp.	Delaware	100%
SkyWave Mobile Holdings, Corp.	Delaware	100%
SkyWave Mobile LLC	Delaware	100%
StarTrak Information Technologies, LLC	Delaware	100%
StarTrak Logistics Management Solutions, LLC	Delaware	100%
Veriot LLC	Delaware	100%
WAM Solutions, LLC	Delaware	100%
Wilmington Bridge Capital LLC	Delaware	100%
ORBCOMM Albania	Albania	50%
ORBCOMM de Argentina, S.A.	Argentina	100%
ORBCOMM Australia Gateway Company Pty. Limited	Australia	100%
European Datacomm Holding NV	Belgium	1.82%
ORBCOMM Belize Ltd.	Belize	100%
Syndhurst (Proprietary) Limited	Botswana	100%
ORBCOMM COMUNICACOES VIA SATELITE LTDA.	Brazil	100%
ORBCOMM Do Brasil Telecomunicacones Ltda	Brazil	100%
ORBCOMM Canada Inc.	Canada	100%
SkyWave Mobile Communications Inc.	Canada	100%
ORBCOMM Chile SpA	Chile	100%
Leosatellite Services de Colombia, S.A.	Colombia	100%
Leo Satellite Services de Costa Rica S.A.	Costa Rica	100%
ORBCOMM Adriatic d.o.o	Croatia	50%
ORBCOMM de Republica Dominicana, SRL	Dominican Republic	100%
Leosatellite Services de Ecuador, S.A.	Ecuador	100%
ORBCOMM de El Salvador, S.A.	El Salvador	100%
Satcom International Group Plc	England and Wales	100%
Blue Tree Systems SARL	France	100%
Blue Tree Systems GmbH	Germany	100%
ORBCOMM Europe GmbH	Germany	100%
ORBCOMM Guatemala, S.A.	Guatemala	100%
ORBCOMM de Honduras, S.A.	Honduras	100%
SkyWave Mobile Communications (HK) Limited	Hong Kong	100%
ORBCOMM Technologies India Pvt. Ltd.	India	100%
Blue Tree Systems Ltd.	Ireland	100%
OE License Company Ltd.	Ireland	50%
ORBCOMM Technology Ireland Limited	Ireland	100%
ORBCOMM Japan Ltd.	Japan	100%
SAI ORBCOMM Latvia	Latvia	50%
ORBCOMM Macedonia DOOEL Skopje	Macedonia	50%
Reward Technologies SDN. BHD.	Malaysia	100%
MITE Global Communications, S.A. de C.V.	Mexico	35%
ORBC DE MEXICO, S.A. DE C.V	Mexico	100%
ORBCOMM Maghreb	Morocco	23%
ORBCOMM Europe, B.V.	Netherlands	100%
ORBCOMM Europe Holdings, B.V.	Netherlands	100%
ORBCOMM Netherlands B.V.	Netherlands	100%
ORBCOMM Curacao Gateway N.V.	Netherlands Antilles	100%
ORBCOMM New Zealand Limited	New Zealand	100%
ORBCOMM de Nicaragua, S.A.	Nicaragua	100%
ORBCOMM Gulf LLC	Oman	100%
ORBCOMM Panama Incorporated, S.A.	Panama	100%
ORBCOMM Paraguay, S.A.	Paraguay	100%
ORBCOMM Peru, S.A.	Peru	100%
ORBCOMM-GONETS CIS	Russia	50%
ORBCOMM M2M Services Pte. Ltd.	Singapore	100%
ORBCOMM Africa (Proprietary) Limited	South Africa	100%
ORBCOMM South Africa (Proprietary) Limited	South Africa	100%

LEOSAT TELEKOMUNIKASYON HIZMETLER VE UYDU TEKNOLOJILERI SANAYI VE TICARET ANONIM SIRKETI	Turkey	99.9%
ORBCOMM UA Limited Liability Company	Ukraine	100%
Bonimix S.A.	Uruguay	100%

Listed above are certain consolidated directly or indirectly owned ORBCOMM Inc. subsidiaries included in the consolidated financial statements of ORBCOMM Inc. Unlisted subsidiaries, considered in the aggregate, do not constitute a significant subsidiary.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We have issued our reports dated March 1, 2018, with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of ORBCOMM Inc. on Form 10-K for the year ended December 31, 2017. We consent to the incorporation by reference of said reports in the Registration Statements of ORBCOMM Inc. on Form S-3 (File No. 333-203186) and Forms S-8 (File No. 333-211172, File No. 333-211168, File No. 333-174916 and File No. 333-139583).

/s/ Grant Thornton LLP
New York, New York
March 1, 2018

Exhibit 24

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Marc J. Eisenberg, Robert G. Costantini and Christian G. Le Brun, and each of them singly, true and lawful attorneys-in-fact and agents, with full power to them (including the full power of substitution and resubstitution), to sign for him and in his name, place and stead, in the capacity or capacities set forth below, (1) the Annual Report on Form 10-K for the fiscal year ended December 31, 2017 to be filed by ORBCOMM Inc. (the "Company") with the Securities and Exchange Commission (the "Commission") pursuant to Section 13 of the Securities Exchange Act of 1934, as amended, and (2) any amendments to the foregoing Annual Report, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Commission, granting unto said attorneys-in-fact and agents and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Signature	Title	Date
/s/ Marc J. Eisenberg Marc J. Eisenberg	Chief Executive Officer and President and Director (principal executive officer)	February 14, 2018
/s/ Jerome B. Eisenberg Jerome B. Eisenberg	Chairman of the Board	February 12, 2018
/s/ Didier Delepine Didier Delepine	Director	February 14, 2018
/s/ Marco Fuchs Marco Fuchs	Director	February 14, 2018
/s/ John Major John Major	Director	February 12, 2018
/s/ Gary H. Ritondaro Gary H. Ritondaro	Director	February 14, 2018
/s/ Timothy Kelleher Timothy Kelleher	Director	February 14, 2018
/s/ Constantine Milcos Constantine Milcos	Senior Vice President and Chief Accounting Officer (principal accounting officer)	February 12, 2018
/s/ Robert G. Costantini Robert G. Costantini	Executive Vice President and Chief Financial Officer (principal financial officer)	February 12, 2018

EXHIBIT 31.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Marc J. Eisenberg, certify that:

1. I have reviewed this annual report on Form 10-K of ORBCOMM 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 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 controls 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 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.

/s/ Marc J. Eisenberg

Marc J. Eisenberg
President and Chief Executive Officer
(Principal Executive Officer)
Date: March 1, 2018

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert G. Costantini, certify that:

1. I have reviewed this annual report on Form 10-K of ORBCOMM 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 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 controls 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 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.

/s/ Robert G. Costantini

Robert G. Costantini
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)
Date: March 1, 2018

EXHIBIT 32

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of ORBCOMM Inc. for the year ended December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof, Marc J. Eisenberg, as President and Chief Executive Officer and Robert G. Costantini, as Executive Vice President and Chief Financial Officer, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Annual Report on Form 10-K fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of ORBCOMM Inc.

/s/ Marc J. Eisenberg

Marc J. Eisenberg
President and Chief Executive Officer
(Principal Executive Officer)

Date: March 1, 2018

/s/ Robert G. Costantini

Robert G. Costantini
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: March 1, 2018