



FOR IMMEDIATE RELEASE

## Veeva Systems Files Suit to Fight Unfair Business Practices That Limit Employee Rights

*Legal action to set precedent in the overbroad use of non-compete, confidentiality, and non-disparagement agreements*

**PLEASANTON, CA — July 18, 2017** — **Veeva Systems** (NYSE: VEEV) today announced it filed a lawsuit in the superior court of California to stop companies' widespread misuse of non-compete, confidentiality, and non-disparagement agreements that restrict employees' basic rights. Clauses in these agreements can materially impact an employee's ability to pursue new job opportunities. Veeva is taking legal action to address the increasing limitations companies are placing on employees. The case can set an important precedent in the enforcement of employment clauses that are illegal in states such as California.

The widespread use of non-competes impacts an estimated 30 million American workers, which reduces employees' mobility and presents a potentially significant threat to innovation and economic growth, according to a national study co-authored by J.J. Prescott, University of Michigan law professor.<sup>1</sup>

"Employees, employers, and economies can all suffer as a result of non-competes," said Prescott. "The negative effects on wages, mobility, and job satisfaction can be substantial. In many, if not all, circumstances there are better ways to protect trade secrets than non-competes, which often just limit fair competition."

Veeva filed suit against three companies, Medidata, QuintilesIMS, and Sparta, for using illegal provisions in their employment agreements, including post-termination non-competes and overly broad confidentiality and non-disparagement clauses. All of these provisions make it harder, if not impossible, for employees to change jobs and provide services to California-based employers. The suit asserts that such agreements restrict fair competition and violate California law.

"Under the law in most states, companies essentially have the power to dictate where employees can work and keep them locked in jobs," said Peter Gassner, Veeva founder and CEO. "We are taking action because people should have the fundamental right to use their skills and experience to advance their careers as they choose without the threat of being sued."

In addition to limiting mobility, research shows that employees in jurisdictions that enforce non-competes take lower paying jobs and make less overall. Areas without non-competes see stronger growth, greater numbers of new business start-ups, and patents filed.<sup>2</sup>

"Non-competes are meant to strike fear in employees and discourage competition," said Alan Hyde, Rutgers University law professor who has extensively studied the impact of non-competes. "It's clear that the free flow of ideas and employees from company to company can be a factor for new businesses and innovation. This case could help limit practices that are clearly bad for employees and bad for the economy."

"I'm thrilled to see broad action being taken to curb these unfair agreements. All workers should have the liberty to move between jobs and be free to compete," said Orly Lobel, a professor of employment and labor law at the University of San Diego and the author of *Talent Wants to Be Free*.

"Confidentiality and non-disparagement clauses can be as big a constraint as non-competes. Our research shows that these anti-competitive practices can hurt employee performance, reduce

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<sup>1</sup> Starr, Evan P, Bishara, Norman and Prescott, J.J., [Noncompetes in the U.S. Labor Force](#) (July 1, 2017).

<sup>2</sup> Hyde, Alan, [Should Noncompetes Be Enforced?](#) (Winter 2010-2011).

company innovation, and hinder the economy.”

Non-compete agreements have long been banned in California. A double standard exists where companies outside the state can hire freely from California companies while, at the same time, use non-competes to stop their employees from joining California companies.

A recent study co-authored by Mariko Sakakibara, professor of strategy at UCLA Anderson School of Management, evaluated groups of workers in states that enforce non-competes versus those that do not.<sup>3</sup> “Our research shows that non-competes lower a person’s earnings power, not just at a point in time, but the negative impacts are seen throughout their career,” said Sakakibara. “Actions to limit the enforcement of employment practices that suppress growth and wages can be beneficial for workers.”

Veeva has taken this legal action to protect employees from abusive employment clauses and enable them to freely pursue career opportunities at Veeva. The company competes for employees on the merits of its competitive wages and benefits, work environment, and innovative services and products. It does not require employees to sign non-compete agreements and it will not let a current or past non-compete prevent it from hiring a qualified candidate.

Learn more about Veeva’s work to prevent the widespread misuse of non-compete, confidentiality, and non-disparagement agreements by visiting [veeva.com/OpenOpportunity](https://veeva.com/OpenOpportunity).

### **Additional Information**

Learn more about Veeva’s work to protect employee rights: [veeva.com/OpenOpportunity](https://veeva.com/OpenOpportunity)

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### **About Veeva Systems**

Veeva Systems Inc. is a leader in cloud-based software for the global life sciences industry.

Committed to innovation, product excellence, and customer success, Veeva has more than 525 customers, ranging from the world’s largest pharmaceutical companies to emerging biotechs. Veeva is headquartered in the San Francisco Bay Area, with offices in Europe, Asia, and Latin America. For more information, visit [veeva.com](https://veeva.com).

### **Forward-looking Statements**

This release contains forward-looking statements, including the potential future impact of the lawsuit described in this press release and general business conditions. Any forward-looking statements contained in this press release are based upon Veeva’s historical performance and its current plans, estimates, and expectations, and are not a representation that such plans, estimates, or expectations will be achieved. These forward-looking statements represent Veeva’s expectations as of the date of this press announcement. Subsequent events may cause these expectations to change, and Veeva disclaims any obligation to update the forward-looking statements in the future. These forward-looking statements are subject to known and unknown risks and uncertainties that may cause actual results to differ materially. Additional risks and uncertainties that could affect Veeva’s financial results are included under the captions, “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” in the company’s filing on Form 10-Q for the period ended April 30, 2017. This is available on the company’s website at [veeva.com](https://veeva.com) under the Investors section and on the SEC’s website at [sec.gov](https://sec.gov). Further information on potential risks that could affect actual results will be included in other filings Veeva makes with the SEC from time to time.

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### **Contact:**

Roger Villareal  
Veeva Systems

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<sup>3</sup> Balasubramanian, Natarajan, Chang, Jin Woo, Sakakibara, Mariko, Sivadasan, Jagadeesh, and Starr, Evan, [\*Locked In? Noncompete Enforceability and the Mobility and Earnings of High-Tech Workers\*](#) (January 25, 2017).

925-264-8885  
[roger.villareal@veeva.com](mailto:roger.villareal@veeva.com)