CIBER INC
Form 10-K
February 19, 2014
Table of Contents

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

FORM 10-K

þ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2013

OR

o 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: 001-13103

Ciber, Inc.
(Exact name of registrant as specified in its charter)

Delaware	38-2046833
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
6363 South Fiddler's Green Circle, Suite 1400, Greenwood Village, Colorado	80111
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (303) 220-0100

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

Title of class	Name of exchange on which registered
Common Stock, $0.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. o Yes x No
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. o Yes x 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. x Yes   o No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). x Yes   o No
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of 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. x
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer x
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Table of Contents

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

The aggregate market value of the outstanding voting stock held by non-affiliates of the registrant as of June 28, 2013, was $227,916,747 based on the closing price of the registrant's Common Stock of $3.34 per share reported on the New York Stock Exchange on such date.

As of February 14, 2014, there were 76,586,950 shares of the registrant's Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the Registrant's 2013 Annual Meeting of Shareholders to be held on May 7, 2014, are incorporated by reference into Part III of this Report.

Table of Contents

Ciber, Inc.
Form 10-K

Table of Contents

Table of Contents

Part I

Disclosure Regarding Forward-Looking Statements

This annual report on Form 10-K contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that are not historical facts and may include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives, and expectations with respect to future operations, products, and services, and statements regarding future performance of one or more aspects of our business. We intend forward-looking statements to be identified by words such as "anticipate," "believe," "expect," "estimate," "intend," "may," "opportunity," "plan," "potential," "project," "should," and similar expressions.

Forward-looking statements appear in a number of places in this Form 10-K, and include statements about such matters as:

- business strategies and other plans and objectives for future operations, including plans for customer growth and retention, market, service and product development and expansion and restructuring of operations;
- our outlook on our future financial condition or results of operations;
- our belief that we have sufficient liquidity available to finance our working capital needs through at least the end of 2014;
- the amount and nature of future capital expenditures and the availability of liquidity and capital resources to fund capital expenditures;
- anticipated changes in the market for information technology (“IT”) services and spending on IT services by our customers; and
- anticipated changes in the methods we use, and costs we experience, in marketing, selling and delivering our services.

Although we believe that the expectations reflected in such forward-looking statements are reasonable at the time they are made, you are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond our control. Risks and uncertainties could cause actual results and developments to differ materially from those expressed in, or implied or projected by, forward-looking information and statements provided here or in other disclosures and presentations. Those risks and uncertainties include, but are not limited to, the risks discussed or identified below in a section titled "Risk Factors." As we may update those Risk Factors from time to time, please consult our public filings at www.sec.gov or www.ciber.com. Any forward-looking statement made by us in this report is based only on information currently available to us and speaks only as of the date on which it is made. We do not undertake any obligation to update or revise any forward-looking information or statements.

Item 1. Business

In this Annual Report on Form 10-K, references to "we," "our," "us," "the Company," or "Ciber" refer to Ciber, Inc. and its subsidiaries. All references to years, unless otherwise noted, refer to our fiscal year, which ends on December 31.

Overview

Ciber is a leading global information technology ("IT") company founded in 1974 with 40 years of proven IT experience and a wide range of technology expertise. With operations in 15 countries across four continents, Ciber has the infrastructure and expertise to deliver IT services to almost any organization. At Ciber, we take a client-focused, personalized service approach that includes the building of long-term relationships, creation of custom-tailored IT solutions, and the implementation of business strategies to reflect anticipated trends. Driven by results, we are committed to delivering quality solutions precisely configured to our clients' needs and achieving high client satisfaction. The consistent goal is sustainable business value delivered on time and on budget.

Table of Contents

The key initiatives of our strategic plan include: (i) focusing on high-value, tightly-defined core offerings with a well-developed portfolio of reusable solution sets; (ii) developing a world-class sales organization; and (iii) performing under heightened operational regimes.

Expertise and Capabilities:

- Ciber Services: We go to market around three groups of services that we provide to our clients, which we refer to as the three core pillars of our business: (i) Application Development and Maintenance services, or ADM, (ii) Independent Software Vendor relationships, or ISVs, and (iii) our Ciber Managed Services, which we refer to as CMS.

- Key Partnerships: Gold and platinum level partnerships with key technology partners such as Oracle, SAP, Infor (Lawson), Salesforce.com, IBM, and Microsoft enable our consultants to offer unique expertise to our clients. Our clients also benefit from our infrastructure outsourcing partnerships that allow us to provide the full life cycle of IT services.

- Vertical Markets: Ciber has experience in a wide variety of industries and has developed deep domain expertise and customized, in-depth technology solutions and best practices for Global 2000 blue-chip companies in industries such as manufacturing, healthcare and life sciences, communications, energy and utilities, financial services, and the public sector.

- Integrated Global Delivery: With seven global delivery centers in the U.S., India, Germany, Poland, and the Netherlands, Ciber's robust globally integrated delivery network is equipped to provide solutions onsite, offsite, onshore, near-shore or in a blended combination that optimizes efficiency, investment and speed to value.

IT Industry Background

We participate in a large and growing marketplace. Analysts anticipate consistent 4% to 5% annual growth through 2017, when the IT services market is expected to reach $1.1 trillion, expanding $195 billion from the $922 billion market in 2013. CIOs are increasingly reconsidering data center build-out and instead planning faster-than-expected moves to cloud computing. This is turn creates an opportunity as clients turn more toward managed services providers and system integrators like Ciber that can help with cloud strategy and implementation services. (Gartner, IT Spending Worldwide, December 27, 2013)

We operate our business by geography. During the second quarter of 2013, we closed down our Russian operations. In 2012 we sold our Federal division and the infrastructure portion of our information technology outsourcing practice. As a result, these businesses are now reported as discontinued operations within our financial statements and accordingly, our financial statements have been reclassified for all periods presented in this Annual Report on Form 10-K to conform to the current presentation. Additionally, discussions throughout this Annual Report on Form 10-K exclude the discontinued operations, unless otherwise noted.

Our reportable operating segments as of December 31, 2013, consisted of International and North America.

International

In 2013, our International segment represented approximately 52% of our total revenue. Revenues from International were $456.4 million, $434.2 million, and $460.2 million for the years ended December 31, 2013, 2012, and 2011, respectively. Our Ciber International division is organized by country and primarily consists of countries in Western

Europe and the Nordic region. The four largest territories are the Netherlands, Germany, the United Kingdom, and Norway. Our International division offers a range of services covering the full IT solution lifecycle to both commercial enterprises and public sector organizations.

North America

In 2013, our North America segment represented approximately 48% of our total revenue. Revenues from North America were $423.3 million, $432.8 million, and $429.3 million for the years ended December 31, 2013, 2012, and 2011,

Table of Contents

respectively. Our North America division is organized into practices, which roll up into the three core pillars, each with dedicated sales and delivery capabilities. In addition, our North America segment has account managers dedicated to our largest customers. This structure allows us to maximize our expertise to cross-sell and to leverage delivery expertise.

Services

Our International and North America segments operate to harmonize our service offerings across both segments and provide consistent quality services to our global clients:

1. Application Development and Maintenance

Ciber's Application Development and Maintenance services provide analysis, design, development, testing, implementation, and maintenance of our client's business applications. We offer flexible, capable, objective, technical and business services, ranging from traditional mainframe or client/server application development and maintenance to legacy modernization, portal development, service-oriented architecture, mobility solutions, and ERP support.

With more than 700 project managers (PMs) and business analysts (BAs), Ciber provides superior talent, capabilities, dedication and consulting acumen. Ciber's expert project manager and business analyst professionals deliver first-class solutions and continue to be client focused and results driven. Utilizing a Project Management Office (PMO) centralizes management and control of projects to ensure that they successfully achieve an organization's strategic business objectives. In addition to the PMO, Ciber also offers Project Portfolio Management (PPM) services where our experts identify and analyze all projects in all portfolios, prioritize them for effectiveness, manage and control them in such a way as to achieve IT goals and objectives, and evaluate them for best practices, reusable procedures, and return on investment.

2. ISV/Channel Partner Platforms

We have long-term relationships with leading IT software providers and systems developers, and are a leading ISV or Channel Partner for industry leaders. We provide expert project management, application and technical consulting, database administration, and infrastructure support for both a project-based or managed-services approach, allowing clients to take maximum advantage of advances in rapid technology. Our consulting solutions range from project strategy and planning, software assessment and selection, to implementation and integration, hosting and change management. Our solutions provide customers with higher productivity, lower costs, and accelerated return on investment.

SAP: Ciber is a committed SAP partner and has been since 1989. We help our customers meet their business needs with their technology investments and deliver the results they demand. As an SAP Gold Channel Partner and a Special Expertise Partner to SAP in various industries and applications, Ciber consultants have the skills and experience to guide our customers with all aspects of their SAP implementation both domestically and internationally.

Ciber is focused on the entire SAP application lifecycle, which includes core modules such as CRM and ERP, as well as product lifecycle management, supplier relationship management, business intelligence/analytics, and governance, risk and compliance requirements. We are an early adopter of SAP's new technologies such as mobility, in-memory computing (HANA), and HR applications (Success Factors), and have templated solutions for utilities and transit agencies and concentration on energy, public sector, manufacturing and retail industries.

Oracle: Ciber is an Oracle Platinum Partner with expertise in helping clients implement, upgrade, and maintain Oracle's E-Business Suite, PeopleSoft, Hyperion and Fusion product lines. Since 1990, we have helped more than

1,000 clients in more than 2,000 separate engagements leverage their Oracle Applications to improve business processes, reduce costs, and provide better support for management decision-making.

Infor: Since 1995, Ciber has been a premiere Global Alliance Certified Infor Lawson Consulting partner and service provider for a variety of industries including healthcare, education, government, retail, food service, and many others. Our solutions include: full implementation and project management services, managed services, human capital management and talent management solutions, M3, and application development and integration services, among others. We have completed more successful implementations, upgrades, and integrations than any other Infor Lawson partner and continue to expand globally.

3. Integrated Managed Services

Table of Contents

Managed services are at the core of Ciber's business. Today many companies selectively outsource some level of IT functionality because Managed Services is a proven way to reduce and control operating costs, improve company focus and gain access to world-class IT capabilities. We work with clients to optimize their IT environment so that they can focus on future business innovation.

Ciber has extensive knowledge in custom application development, maintenance and enhancement, application management, and infrastructure management. We have the knowledge and strategic expertise to help clients shift to the cloud, integrate cloud applications and manage multi-cloud environments.

Other Services

In addition to the services making up our three core service pillars, we also have extensive experience in other IT service markets, including:

CRM: A proven leader in CRM software, development and collaboration platforms, Ciber has worked with leading CRM, development and collaboration technologies for many years and can help businesses understand the issues around unifying customer data, integrating communication channels, and implementing CRM applications. The primary focus of Ciber's CRM expertise is centered around two platforms: Microsoft CRM and Salesforce.com.

Business Consulting: Our business consulting services include IT strategy, Cloud Services, Business Intelligence/Analytics, Mobility, and Supply Chain management.

Financial Information about Segments and Geographic Areas

Please refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 15 of the Notes to our Consolidated Financial Statements included under "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K for a discussion of financial information by segment and geographic areas.

Clients

Our global, yet local approach, as well as the utilization of our worldwide delivery centers, gives Ciber the ability to serve Fortune 500 companies, while successfully serving middle-market clients. Our clients consist of companies across most major industries, as well as governmental agencies in the U.S. and abroad. These organizations typically have significant IT budgets and frequently depend on outside consultants to help achieve their business and IT objectives. In 2013, our largest industries were manufacturing, the public sector, professional services, healthcare and life sciences, and communications, which is comparable to recent years.

Certain clients account for a significant portion of our revenue. While no specific client accounts for over 10% of our consolidated revenues, our 5 largest clients accounted for approximately 18% of our consolidated revenues in 2013.

While we have a large number of long-standing clients, client retention and turnover is highly dependent upon the type of solution we are providing. Engagements related to package software solutions most typically involve a large enterprise software implementation over a period of six to 18 months. Following the implementation and integration of the software, Ciber often manages the ongoing application for the client - a trend that is accelerating with cloud technology, as clients seek to concentrate on their core business and work with partners like Ciber to manage their ongoing IT systems. Typically, both our commercial and government clients may cancel their contracts or reduce their use of our services on short notice. If any significant client terminates its relationship with us or substantially decreases its use of our services, it could have a material adverse effect on our financial condition and results of operations.

Competition

The IT services industry is extremely competitive and characterized by continuous changes in customer requirements and improvements in technologies. Our competition varies significantly from geography to geography, as well as by the type of service provided. Our principal competitors include Accenture plc, Capgemini, Cognizant Technology Solutions Corp, Infosys Technologies Limited, Perficient, Inc., Sapient Corp, and The Hackett Group, Inc. We also compete with privately-held local and regional IT consulting firms, as well as the service divisions of various software developers.

Table of Contents

Our industry is being impacted by the growing use of lower-cost offshore delivery capabilities. To improve our ability to compete we continue to move additional work to our lower-cost, offshore global delivery centers and, specifically, to expand our presence in India and Poland and continue to integrate these countries into our services delivery.

Our Competitive Strengths

We believe that our corporate strengths, identified below, position us to respond to the long-term trends, changing demands and competition within our principal markets.

Long-term Client Relationships - We have been in business since 1974. We regularly achieve high client satisfaction and have great success renewing client relationships. In fact, a prominent client from our first year in business, Ford Motor Company, remains one of our top five clients today in terms of annual revenue. This relationship exemplifies the kind of long-term commitment that we have toward our clients and speaks to the quality and breadth of the services that we provide.

Global Presence - With the expansion of our global practices worldwide, Ciber is harnessing the thought leadership and intellectual property of our consultants and making it accessible to our clients everywhere. Ciber combines the best of global reach with local presence. We have seven integrated global delivery centers around the world operating with standardized methodologies. When combined with local account management and long-standing client relationships, we are able to provide our clients with flexible, agile service delivery that speeds their time to value of technology investments.

Recognized Thought leader - Influencers including technology analyst firms, industry associations, user groups, and partners have recognized Ciber as a thought leader in the industry. We often demonstrate our thought leadership through Ciber-authored white papers, speaking engagements, analyst reports, and blogs. Awards from both influencers and clients alike recognize the thought leadership and resulting client satisfaction.

Solution Delivery Methodology - Ciber has developed comprehensive delivery methodologies that, when coupled with our project management methodology, enables us to deliver custom and packaged solutions effectively, in accordance with industry best practices. Ciber's Solution Delivery Methodology ("CSDM") is a set of repeatable, measurable processes that guide solution delivery and allow us to evaluate our performance and manage all facets of the delivery lifecycle. CSDM leverages IT industry knowledge and practices to ensure that our projects meet client requirements and quality expectations.
Ciber has adhered to a Quality Management approach to business for many years. Ciber has achieved ISO 9001, ISO 27001 and 20000 certifications and successfully completed a Software Engineering Institute's Capability Maturity Model Integration (CMMI) appraisal at some locations to take advantage of industry best practices. We have since evolved and customized our processes to become more applicable to our outsourcing, management, and solution services. Ciber's quality objective is to provide superior Information Technology Services at competitive prices through teamwork, consistency, and a long-term commitment to our clients.

Employees

As of December 31, 2013, we had approximately 6,500 employees, including billable employees and support staff. We routinely supplement our employee consulting staff with the use of subcontractors, which totaled approximately 700 at December 31, 2013, most of which are from other services firms. Between Ciber employees and subcontractors, we had 5,700 billable consultants at December 31, 2013. None of our employees are subject to a collective bargaining arrangement and we believe our relations with our employees are good. We have employment agreements with our executive officers and certain other employees.

Seasonality

We experience a moderate amount of seasonality. Typically, our billable hours, which directly affect our revenue and profitability, decrease in the second half of the year, especially during the third quarter for our International segment and the fourth quarter for our North America segment, due to the large number of holidays and vacation time taken by our billable consultants. As a result, our operating income as a percentage of total revenue is generally the lowest in the third quarter of each calendar year for our International segment and the fourth quarter of each calendar year for our North America segment.

Available Information

On the Investor Relations section of our website (www.ciber.com), we make available free of charge our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to those reports, as soon

Table of Contents

as reasonably practicable after such reports are electronically filed with or furnished to the Securities and Exchange Commission (the "SEC") pursuant to Section 13(a) or 15(d) of the Exchange Act.

Item 1A. Risk Factors

We operate in a dynamic and rapidly changing economic and technological environment that involves numerous risks and uncertainties, many of which are driven by factors that we cannot control or predict. The following section describes some, but not all, of the factors that could have a material adverse effect on our business, financial condition, results of operations, and the market price of our common stock.

Our results of operations may be adversely affected if we are unable to execute on the key elements of our strategic plan or our strategic plan proves to be less successful than anticipated.

If we fail to properly analyze and classify the needs of our clients and refine our offerings, we may not be able to achieve our desired client retention and growth objectives and, as a consequence, our financial performance may be negatively impacted. If we are unable to instill the appropriate operational regimes and delivery methods to increase our overall efficiency and cost effectiveness, we may not be able to increase our profitability, improve our cash flow, and strengthen our balance sheet. If we are unable to successfully execute any or all of the initiatives of our strategic plan, our revenues, operating results, and profitability may be adversely affected. Even if we successfully implement our strategic plan, we cannot guarantee that our revenues, operating results, and profitability will improve to the levels we anticipate, or at all. With respect to our previously-announced restructuring initiatives (the most recent of which began in the third quarter of 2013) which we believe will eliminate certain costs, there can be no assurance that we will achieve the cost savings estimated or that we will not encounter the need to spend additional amounts to offset other factors that impact our business.

If we are not able to anticipate and keep pace with rapid changes in technology, our business may be negatively affected.

Our success depends on our ability to develop and implement technology services and solutions that anticipate and keep pace with rapid and continuing changes in technology, industry standards and client preferences. We may not be successful in anticipating or responding to these developments on a timely basis, and our services and solutions may not be successful in the marketplace. In addition, services, solutions and technologies developed by current or future competitors may make our service or solution offerings uncompetitive or obsolete. Any one of these circumstances could adversely affect our ability to obtain and successfully complete client engagements.

A data security or privacy breach could adversely affect our business.

The protection of client, employee, and company data is critical to our reputation and the success of our business. Our clients have a high expectation that we will adequately protect their confidential information. In addition, the regulatory environment surrounding information security and privacy is increasingly demanding with new and constantly changing requirements. Protection of client, employee, and Company data, along with compliance in the constantly changing regulatory environment may add expenses to our business operations. If any person, including any of our employees, negligently disregards or intentionally breaches our established controls with respect to such data or otherwise mismanages or misappropriates that data, we could be subject to monetary damages, fines and/or criminal prosecution. Unauthorized disclosure of sensitive or confidential client or employee data, whether through systems failure, employee negligence, fraud or misappropriation, could damage our reputation and cause us to lose clients. Similarly, unauthorized access to or through our information systems or those we develop for our clients, whether by our employees or third parties, could result in system disruptions, negative publicity, legal liability, monetary damages, and damage to our reputation.

We may experience declines in revenue and profitability if we do not accurately estimate the cost of engagements conducted on a fixed-price basis.

When making a proposal for or managing a fixed-price engagement, we rely on our estimates of costs and timing for delivering our services, which are sometimes based on limited data and could be inaccurate. These estimates reflect our best judgment regarding the costs and efficiencies of our methodologies and consultants as we plan to apply them to the engagement. If we do not accurately estimate our costs and the timing for completion of a fixed-price project, the contract for such a project could prove unprofitable or yield a profit margin that is lower than expected. Some fixed-price engagements are subject to long-term contracts that range from of three to five years. Estimating future year costs on such long-term engagements is extremely difficult and subject to additional risks. Often our cost estimates and the pricing we offer for outsourcing projects anticipate long-term cost savings resulting from transformational and other initiatives that we expect to implement and benefit from over the term of the outsourcing contract. There is a risk that we will fail to accurately estimate the costs of performing our services or the amount of cost savings that we will experience on long-term contracts, and that we will underprice our contracts as a result, causing an adverse effect on our profits.

Losses, if any, on fixed-price contracts are recognized when the loss is determined. Any increased or unexpected costs or unanticipated delays in connection with the performance of fixed-price contracts, including delays caused by factors outside of our control, could make these contracts less profitable or unprofitable and may affect the amount of revenue reported in any period.

Our business could be adversely affected if our clients are not satisfied with our services, and we could face damage to our professional reputation and/or legal liability.

As a professional services firm, we depend largely on our relationships with our clients and our reputation for high quality professional services and integrity to attract and retain clients. Additionally, many of our engagements involve projects that are critical to the operations of our clients' businesses and many involve the protection of confidential client information. If a client is not satisfied with the quality of work performed by us or a subcontractor, or with the type of services or solutions delivered, or if a data security breach occurs, we could incur additional costs to address the situation, the profitability of that work might be impaired, and the client's dissatisfaction with our services could damage our ability to obtain additional work from that client. Clients that are not satisfied may also seek to terminate contracts with us prematurely, potentially resulting in additional costs and loss of expected revenues. In addition, negative publicity related to our client relationships, regardless of its accuracy, may further damage our business by affecting our ability to compete for new contracts with current and prospective clients. If we do not meet our contractual obligations to a client, we could be subject to legal liability. Our contracts typically include provisions to limit our exposure to legal claims relating to our services and the applications we develop; however, these provisions may not protect us, or may not be enforceable under some circumstances or under the laws of some jurisdictions. In addition, we may enter into non-standard agreements because we perceive an important economic opportunity or because our personnel did not adequately adhere to our guidelines. As a result, we may find ourselves committed to providing services that we are unable to deliver or whose delivery will cause us financial loss. If we cannot or do not fulfill our obligations, we could face legal liability. Although we maintain professional liability insurance, the policy limits may not be adequate to provide protection against all potential liabilities. In addition, if we were to fail to properly deliver on a project, we may not be able to collect any related accounts receivable or could even be required to refund amounts paid by the client.

Termination of a contract by a significant client and/or cancellation with short notice could adversely affect our results of operations.

Our clients typically retain us on a non-exclusive, engagement-by-engagement basis. The length of individual projects and engagements can vary greatly. Clients may generally cancel a contract with short notice, subject in some instances to penalty provisions. Termination, reduction, or delay of any given engagement could result from factors unrelated to our work product or the progress of the project, such as factors related to business or financial conditions of the client, changes in client strategies or the domestic or global economy generally. A significant number of terminations, reductions, or delays in engagements in any given period of time could negatively and materially impact our revenues and profitability.

Our results of operations can be adversely affected by economic conditions and the impacts of economic conditions on our clients' operations and technology spending.

Our results of operations are affected by the level of business activity of our clients, which in turn is affected by the regional and global economic conditions in which they operate. The uncertainty of global economic conditions has affected, and may continue to affect, demand for our services. These circumstances have caused some of our clients to delay, cancel or scale back their IT projects or IT spending, to seek lower pricing or extended payment terms, to delay payments due to us and, as occurred with several clients, to enter into bankruptcy or liquidation. Reduced demand for IT services has also resulted in reductions in the growth of new business and led to increased price competition for our services and increased the likelihood of entering into contracts that produce lower profit margins. In the event our clients continue to be negatively affected by economic conditions, our revenues, results of operations and financial condition may be materially adversely affected.

If we do not continue to improve our operational, financial and other internal controls and systems to manage our growth and size or if we are unable to enter, operate and compete effectively in new geographic markets, our results of operation may suffer and the value of our business may be harmed.

Table of Contents

Our anticipated growth will continue to place significant demands on our management and other resources. Our growth will require us to continue to develop and improve our operational procedures, financial systems, and other internal controls at our operations and facilities around the world. In particular, our continued growth will increase the challenges involved in:

- recruiting, training and retaining technical, finance, marketing and management personnel with the knowledge, skills and experience that our business model requires;
- maintaining high levels of client satisfaction;
- developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems;
- preserving our culture, values and entrepreneurial environment; and
- effectively managing our personnel and operations and effectively communicating to our personnel worldwide our core values, strategies, and goals.

In addition, the increasing size and scope of our operations increase the possibility that a member of our personnel will engage in unlawful or fraudulent activity, breach our contractual obligations, or otherwise expose us to unacceptable business risks, despite our efforts to train our employees and maintain internal controls to prevent such instances. If we are not successful in developing and implementing the right processes and tools to manage our enterprise, our ability to compete successfully and achieve our business objectives could be impaired.

If we fail to compete effectively in the new markets we enter, or if the cost of entering those markets is substantially greater than we expect, our business, results of operations, and financial condition could be adversely affected.

Our brand and reputation are key assets and competitive advantages of our Company and our business may be affected by how we are perceived in the marketplace.

Our ability to attract and retain customers is affected by external perceptions of our brand and reputation. Reputational damage from negative perceptions or publicity could damage our reputation with customers and employees as well as prospective customers and employees. Although we monitor developments for areas of potential risk to our reputation and brand, we may not be successful in detecting, preventing, or negating all changes in or impacts upon our reputation. Negative perceptions or publicity could have a material adverse effect on our business and financial results.

Our future success depends on our ability to continue to retain and attract qualified sales, delivery and technical employees.

Our business involves the delivery of professional services and is highly labor intensive. Our future success depends upon our ability to continue to attract, train, effectively motivate and retain highly-skilled technical, managerial, sales and marketing personnel. Although we invest significant resources in recruiting and retaining employees, there is often considerable competition within the IT services industry for personnel with certain in-demand qualifications and we may be unable to compete for the most desirable employees.

From time to time, we have trouble locating sufficient numbers of highly-qualified candidates located in our desired geographic locations, with the required specific expertise or at the desired compensation levels. The inability to attract and retain qualified employees in sufficient numbers could have a serious negative effect on us, including our ability to obtain and successfully complete important client engagements and thus, maintain or increase our revenues. Such conditions could also force us to resort to the use of higher-priced subcontractors, which would adversely affect the profitability of the related engagement.

Our ability to attract and retain qualified personnel in India will become increasingly important as we implement our plans to expand our Global Solutions Center in India and increase the number of employees working there.

In addition, we believe that there are certain key employees within the organization, primarily in the senior management team, who are important for us to meet our objectives. Due to the competitive employment nature of our industry, there is a risk that we will not be able to retain these key employees. The loss of one or more key employees could adversely affect our continued growth. In addition, uncertainty created by turnover of key employees could result in reduced confidence in our financial performance, which could cause fluctuations in the price of our securities and result in further turnover of our employees.

We cannot guarantee that we are in compliance with all applicable laws and regulations.

Table of Contents

We are required to comply with numerous and constantly changing laws and regulations in jurisdictions around the world. If our compliance efforts prove insufficient or any of our employees fail to comply with, or intentionally disregard, any of our policies or applicable laws or regulations, a range of liabilities could result for the employee and for the Company, including, but not limited to, significant penalties and fines, sanctions or litigation, and the expenses associated with defending and resolving any of the foregoing, any of which could have a material impact on our business, financial condition, and operating results.

If we are unable to protect our intellectual property rights from unauthorized use or infringement by third parties, our business could be adversely affected.

Our success depends, in part, upon our ability to protect our proprietary methodologies and other intellectual property. Existing laws of the various countries in which we provide services or solutions offer only limited protection of our intellectual property rights. These laws are subject to change at any time and could further limit our ability to protect our intellectual property. In addition to intellectual property laws in each jurisdiction where we operate, we rely upon a combination of confidentiality policies, nondisclosure agreements, and other contractual arrangements to protect our intellectual property rights. In some jurisdictions where we operate, there is uncertainty concerning the scope of available intellectual property protection for software and business methods, which are fields in which we rely on intellectual property laws to protect our rights. Our efforts to protect intellectual property rights may not be adequate to prevent or deter infringement or other misappropriation of our intellectual property by competitors, former employees, or other third parties, and we might not be able to detect unauthorized use of, or take appropriate and timely steps to enforce, our intellectual property rights. Enforcing our rights might also require considerable time, money, and oversight, and we may not be successful in enforcing our rights.

Depending on the circumstances, we might need to grant a specific client greater rights in intellectual property developed in connection with a contract than we otherwise generally do. In certain situations, we might forego all rights to the use of intellectual property we create, which would limit our ability to reuse that intellectual property for other clients. Any limitation on our ability to provide a service or solution could cause us to lose revenue-generating opportunities and require us to incur additional expenses to develop new or modified solutions for future projects.

Our services or solutions could infringe upon the intellectual property rights of others, or we might lose our ability to utilize rights we claim in intellectual property or the intellectual property of others.

We cannot be sure that our services and solutions, or the third-party software and solutions of others that we offer to our clients, do not infringe on the intellectual property rights of third parties, and we could have infringement claims asserted against us or against our clients. These claims could harm our reputation, cost us money and prevent us from offering some services or solutions. In a number of our contracts, we agree to indemnify our clients for expenses or liabilities resulting from claimed infringements of the intellectual property rights of third parties. In some instances, the amount of these indemnities could be greater than the revenues we receive from the client. Any claims or litigation in this area, whether we ultimately win or lose, could be costly, injure our reputation, or require us to enter into royalty or licensing arrangements. We might not be able to enter into these royalty or licensing arrangements on acceptable terms. If a claim of infringement were successful against us or our clients, an injunction might be ordered against our clients or our own services or operations, causing further damages. We could lose our ability to utilize the intellectual property of others. Third-party suppliers of software, hardware or other intellectual property assets could be acquired or sued, which could disrupt use of their products or services by us and our clients. If our ability to provide services and solutions to our clients is impaired, our operating results could be adversely affected.

In addition, if we are unable to capture the intellectual capital developed by our employees and convert such intellectual capital into reusable and commercially marketable intellectual property, our costs of delivering our services may increase, our development efforts may be duplicated and we may lose the economic advantage of owning and licensing Ciber intellectual property.

If we are unable to collect our receivables, our results of operations and cash flows could be adversely affected.

Our business depends on our ability to successfully obtain payment from our clients for the amounts they owe us for work performed. We evaluate the financial condition of our clients and usually bill and collect on relatively short cycles. We maintain allowances against receivables, but actual losses on client balances could differ from those that we currently anticipate and as a result, we might need to adjust our allowances. There is no guarantee that we will accurately assess the creditworthiness of our clients. In addition, timely collection of client balances depends on our ability to complete our contractual commitments and bill and collect our contracted revenues. Recent global economic conditions and other factors

Table of Contents

resulted in financial difficulties for a number of our clients and, consequentially, we experienced a greater amount of bad debt expense.

If we are unable to meet our contractual requirements, we might experience delays in the collection of, and/or be unable to collect, our client balances and, if this occurs, our results of operations and cash flows could be adversely affected.

Our credit facility, an asset-based facility, limits our operational and financial flexibility.

We have an asset-based revolving line of credit of up to $60 million, with the amount available for borrowing at any time determined based on a valuation of our eligible accounts receivable. As of December 31, 2013, we had no borrowings outstanding under our revolving line of credit. Any borrowings we make under our credit facility are secured by liens on substantially all of our assets.

We are dependent on our asset-based revolving credit facility to meet working capital and operational requirements, and access to our asset-based facility is dependent on, among other things, the borrowing base valuation of our eligible accounts receivable and the absence of a default under the credit agreement. The amount available for borrowing under the credit facility could be significantly reduced if there is a reduction in our eligible accounts receivable. Any loss or material reduction of our ability to access funds under the credit facility could materially and negatively impact our liquidity.

Our ability to maintain an adequate borrowing base valuation and to make future principal and interest payments in respect of our debt depends on, among other things, our operating performance, competitive developments, and economic conditions, all of which are significantly affected by financial, business, competitive, economic, and other factors that may be outside of our control.

The credit agreement includes, among other provisions, specific limitations on our ability to take certain actions, which include, among others, our ability to incur indebtedness or liens, make investments, issue guarantees, enter into certain mergers, dispositions, acquisitions, liquidations or dissolutions, issue additional securities, pay dividends, make loans and advances, and enter into transactions with affiliates.

A default, if not waived or cured by amendment, could cause our debt to become immediately due and payable and terminate our ability to draw upon the funds under the credit agreement. We may not be able to repay our debt or borrow sufficient funds to refinance it, and even if new financing is available, it may not be on terms acceptable to us. This could materially adversely affect our results of operations and financial condition. Additionally, if we needed to obtain a waiver under, or an amendment to, the credit agreement in the future, or if we seek other financing, if available, our cost of borrowing could increase significantly.

Our revenues, operating results, and profitability may vary from quarter to quarter and may result in increased volatility in the price of our stock.

Our quarterly revenues, operating results, and profitability have varied significantly in the past and may continue to do so. Factors that have caused and may continue to cause variations in our revenues, operating results, and profitability include:

•the business decisions of our clients regarding the use of our services;

•the stage of completion of existing projects and/or their termination;

- client satisfaction with our services;
- our clients' financial ability to pay for our services;
- our ability to properly manage and execute client projects, especially those under fixed-price arrangements;
- our ability to properly price fixed-price contracts to provide for adequate profits;
- our ability to maintain our profit margins and manage costs, including those for personnel and support services;
- restructuring costs or charges related to changes in our business operations

Table of Contents

- acquisition and integration costs related to possible acquisitions of other businesses;

- costs related to the discontinued operations of our former Federal division, information technology outsourcing practice, and Russian operations, including possible additional future related costs we may incur;

- costs or charges associated with potential asset sales or dispositions;

- changes in, or the application of changes in, accounting principles or pronouncements under U.S. generally accepted accounting principles;

- changes in significant accounting estimates;

- changes in interest rates on our debts;

- currency exchange rate fluctuations;

- changes in estimates, accruals or payments of variable compensation to our employees; and

- global, regional and local economic and political conditions and related risks.

If we are not able to maintain the rates we charge for our services or an appropriate utilization rate for our consultants, we will not be able to sustain our profit margin and our profitability will suffer. A number of factors affect the rates we charge for our services, including:

- our clients' perception of our ability to add value through our services;

- changes in our pricing policies or those of our competitors;

- the introduction of new products or services by us or by our competitors;

- the use of globally-sourced, lower-cost service delivery capabilities by our competitors and our clients; and

- economic conditions.

Additionally, a number of factors affect our utilization rates, such as:

- seasonality, including number of workdays, holidays and vacations;

- our ability to transition consultants quickly from completed projects to new engagements;

- our ability to forecast demand for our services and thereby maintain an appropriately balanced and sized workforce; and

- our ability to manage employee turnover.

As a services business, our largest expense is salaries and payroll-related expenses. However, it is our skilled employees that generate our revenues. Balancing our workforce levels against the demands for our services is difficult. Delays or cutbacks in projects or delays in finding new projects increase the non-productive time of our consultants which decrease our utilization levels and our margins. We generally cannot reduce our labor costs as quickly as negative changes in revenue can occur. In addition, in a number of the countries in which we operate, the local labor laws make it very expensive to involuntarily terminate employees. As a result, some of operations may retain underutilized employees for longer periods.

Our international operations expose us to additional risks that could have adverse effects on our business and operating results.

Our operations outside of the US represented just over half of our revenues in 2013. Due to our international operations, we are subject to a number of financial and operational risks that may adversely affect our revenue and profitability, including:

• the costs and difficulties related to managing geographically diverse operations;

Table of Contents

• differences in, and uncertainties arising from, changes in foreign business culture and practices;

• our ability to obtain the necessary visas and work permits for foreign nationals;

• restrictions on the movement of cash and the repatriation of earnings;

• multiple and possibly overlapping or conflicting tax laws;

• the costs of complying with a wide variety of local laws;

• operating losses incurred in certain countries and the non-deductibility of those losses for tax purposes; and

• differences in, and uncertainties arising from, changes in legal, labor, political and economic conditions.

The revenues and expenses of our international operations generally are denominated in local currencies. Accordingly, we are subject to exchange rate fluctuations between such local currencies and the U.S. dollar. These exchange rate fluctuations subject us to currency translation risk with respect to the reported results of our international operations. There can be no assurance that we will be able to reduce the currency risks associated with our international operations. We manage our exposure to changes in foreign currency exchange rates through our normal operating and financing activities and, when deemed appropriate, with derivative financial instruments. There is no assurance that we will continue to use such financial instruments in the future or that any such use will be successful in managing or controlling foreign currency risks.

We have experienced and may continue to experience material impacts to revenues and earnings due to fluctuations in foreign currency rates, and in addition, these impacts may cause material fluctuations in our revenues and earnings from period to period. Significant strengthening or weakening of the U.S. dollar against currencies like the Great Britain Pound and the Euro may materially impact our revenue and profits. As we continue to expand our presence in India, we will have increased exposure to fluctuations between the Indian Rupee and the U.S. dollar. In addition, we have transactions with clients, as well as inter-company transactions between our subsidiaries, that cross currencies and expose us to foreign currency gains and losses. These types of events are difficult to predict and may recur.

The IT services industry, in the U.S. and internationally, is highly competitive, with increased focus on offshore capability and we may not be able to compete effectively in this evolving marketplace.

We operate in a highly competitive industry that includes a large number of diverse participants. We currently compete principally with other IT professional services firms and technology vendors, including a variety of large multinational providers and large offshore service providers that offer some or all of the services that we offer, as well as many niche solution or service providers that compete with us in a specific geographic market, industry segment or service area. Many of the companies that provide services in our industry have significantly greater financial, technical, offshore and marketing resources than we do. In addition, a client may choose to use its own resources rather than to engage an outside firm for the type of services that we provide. We may be unable to compete successfully with current or future competitors, and our revenue and profitability may be adversely affected. Additionally, some of our competitors, particularly those located in regions with lower costs of doing business, may be able to provide services and solutions to clients at lower costs or on more attractive terms. Increased competition has, and may continue to, put downward pressure on the prices we can charge for our services. In particular, one key element of our ability to improve our profitability in the face of these trends is our ability to implement and leverage a global workforce, deploying lower-cost resources to provide quality work at higher margins. If we are not able to integrate our global workforce in services delivery, we may not be able to maintain or improve our profitability.

Our operations are vulnerable to disruptions that may impact our results of operations and from which we may not recover.

As a services business, our operations around the world are highly dependent upon our employees, independent contractors, and service providers being able to effectively serve our clients. That ability may be impacted by many types of events that impact the people themselves or limit access to facilities or technology required to perform work. Examples of such events include severe weather, pandemics, natural disasters, infrastructure outages, terrorist attacks, governmental actions, political or economic instability, civil unrest, or the threat or perception that such events might occur. In such circumstances, our business continuity and disaster recovery plans may not be effective. In any such event, our results of operations could be adversely affected. In addition to the risk that we may not be able to serve our clients, we may be unable to protect our employees or facilities from harm. Where we have facilities with concentrations of employees (for instance, in several cities in

Table of Contents

the US, Europe, and India), our risk of disruption that materially impacts our results of operations may be higher. Insurance, if available for a given disruptive event, may be inadequate to compensate for the losses involved. If a disruption continues for an extended period of time, or if a short-term disruption renders a material portion of our operations ineffective for an extended period of time, our business may suffer material and potentially irreparable harm.

We might not be successful at identifying, acquiring, or integrating businesses or entering into joint ventures.

In the past we have made, and in the future it may be necessary to pursue, strategic and targeted acquisitions and joint ventures intended to enhance or add to our offerings of services and solutions, or to enable us to expand in certain geographic and other markets. Depending on the opportunities available, we may increase the amount of investment in such acquisitions or joint ventures. We may not successfully identify suitable acquisition candidates or joint venture opportunities. We also might not succeed in completing targeted transactions or achieve desired results of operations. Furthermore, we face risks in successfully integrating any businesses we might acquire or create through a joint venture. Ongoing business may be disrupted and our management's attention may be diverted by acquisition, transition, or integration activities. In addition, we might need to dedicate additional management and other resources, and our organizational structure could make it difficult for us to efficiently integrate acquired businesses into our ongoing operations and assimilate and retain employees of those businesses into our culture and operations. Business combination and investment transactions may result in significant costs and expenses and charges to earnings, including those related to severance pay, early retirement costs, employee benefit costs, goodwill and asset impairment charges, assumed litigation and other liabilities, and legal, accounting, and financial advisory fees. We may have difficulties as a result of entering into new markets where we have limited or no direct prior experience or where competitors may have stronger market positions.
We might fail to realize the expected benefits or strategic objectives of any acquisition or joint venture we undertake. We might not achieve our expected return on investment or may lose money. We may be adversely impacted by liabilities that we assume from a company we acquire or in which we invest, including from that company's known and unknown obligations, intellectual property or other assets, terminated employees, current or former clients, or other third parties, and may fail to identify or adequately assess the magnitude of certain liabilities, shortcomings or other circumstances prior to acquiring, investing in or partnering with a company, including potential exposure to regulatory sanctions or liabilities resulting from an acquisition target's previous activities, any of which could result in unexpected legal or regulatory exposure, unfavorable accounting treatment, unexpected increases in taxes or other adverse effects on our business. By their nature, joint ventures involve a lesser degree of control over the business operations of the joint venture itself, particularly when we have a minority position. This lesser degree of control may expose us to additional reputational, financial, legal, compliance or operational risks. Litigation, indemnification claims and other unforeseen claims and liabilities may arise from the acquisition or operation of acquired businesses. For example, we may face litigation or other claims as a result of certain terms and conditions of the acquisition agreement, such as earnout payments or closing net asset adjustments. If we are unable to complete the number and kind of acquisition and joint ventures for which we plan, or if we are inefficient or unsuccessful at integrating any acquired businesses into our operations, we may not be able to achieve our planned rates of growth or improve our market share, profitability, or competitive position in specific markets or services.
We could incur additional losses due to further impairment in the carrying value of our goodwill.

We have recorded a significant amount of goodwill on our consolidated balance sheet as a result of numerous acquisitions. At December 31, 2013, the carrying value of our goodwill was $281.7 million. The carrying value of goodwill represents the fair value of an acquired business in excess of identifiable assets and liabilities as of the acquisition date. We are required to test goodwill for impairment annually and do so during the second quarter of each year, as well as on an interim basis to the extent that factors or indicators become apparent that could reduce the fair value of any of our reporting units below its book value. These determinations are based in part on several factors, including our judgments regarding the cash flow potential of each of our business units and involve projections that are inherently subject to change based on future events. A significant downward revision in the fair value of one or more of our business units that causes the carrying value to exceed the fair value, as determined based on discounted future cash flows of the related business, could cause goodwill to be considered impaired, and could result in a non-cash impairment charge in our consolidated statement of operations.

We have recorded several goodwill impairment charges in the past. The forecasts utilized in the discounted cash flow analysis as part of our impairment test assume future revenue and profitability growth in each of our divisions during the next five years and beyond. If our operating divisions cannot obtain, or we determine at a later date that we no longer expect them to obtain the projected levels of profitability, future goodwill impairment tests may also result in an impairment charge. There can be no assurances that our operating divisions will be able to achieve our estimated levels of profitability. We cannot be certain that goodwill impairment will not be required during future periods.

Table of Contents

We depend on contracts with various public sector agencies for a significant portion of our revenue and, if the spending policies or budget priorities of these agencies change, we could lose revenue.

In 2013, approximately 14% of our total revenue was from public sector clients, including state, local, and foreign governments and agencies. Such programs can be modified or amended at any time by acts of the governments or agencies involved. Moreover, a number of state and local governments and agencies are suffering from significant budget shortfalls, which may result in curtailment of spending on consulting and technology services. Many contracts with public sector clients contain provisions and are subject to laws and regulations that provide government clients with rights and remedies not typically found in commercial contracts. Among other things, governments may cancel multi-year contracts if funds become unavailable during the term of the engagement. Cancellation or reduction in price or scope could limit our ability to recover incurred costs, reimbursable expenses and profits on work completed prior to the termination. If insufficient funding is appropriated to the government entity to cover termination costs, we may not be able to fully recover our investments.

Unfavorable government audits could require us to adjust previously reported operating results, to forego anticipated revenue and subject us to penalties and sanctions.

Although we sold our Federal division in 2012, we remain responsible for any audits related to certain engagements for the US federal government performed prior to the sale. The various agencies that our Federal division contracted with generally have the right to audit and review past work. As part of that process, the government agency could review our performance on the contract, our pricing practices, our cost structure, and our compliance with applicable laws, regulations, and standards. Any such audit could result in a substantial adjustment to our previously reported operating results. For example, any costs that were originally reimbursed could be subsequently disallowed, one consequence of which could be refunding cash collected in the past.

If a government audit uncovers improper or illegal activities by us, or we otherwise determine that these activities have occurred, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines and suspension or disqualification from continuing to do business, or bidding on new business, with governments in various jurisdictions.

We have adopted anti-takeover defenses that could make it difficult for another company to acquire control of Ciber or limit the price investors might be willing to pay for our stock, thus affecting the market price of our securities.

We have adopted a Rights Agreement, commonly known as a "poison pill," under which each shareholder of the Company holds one share purchase right, which we refer to as a "Right," for each share of Company common stock held. The Rights become exercisable upon the occurrence of certain events and may make the acquisition of our Company more difficult and expensive. In addition, our certificate of incorporation and bylaws each contain provisions that may make the acquisition of our Company more difficult without the approval of our board of directors, including a provision that gives our board of directors the ability to issue preferred stock and determine the rights and designations of the preferred stock at any time without shareholder approval. The rights of the holders of our common stock will be subject to, and may be adversely affected by, the rights of the holders of any preferred stock that may be issued in the future. The issuance of preferred stock by our board of directors pursuant to our certificate of incorporation could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from attempting to acquire, a majority of the outstanding voting stock of Ciber.

In addition, the staggered terms of our board of directors could have the effect of delaying or deferring a change in control because it is not possible for shareholders to replace all of the members of the board of directors in a single election. Our board of directors is divided into three classes, with each class serving for three years between elections. As a result, only approximately 1/3 of the board of directors may be replaced at any given regular, annual meeting of the shareholders.

The above factors and certain provisions of the Delaware General Corporation Law may have the effect of deterring hostile takeovers or otherwise delaying or preventing changes in the control or management of Ciber. These provisions could limit the price that investors might be willing to pay in the future for our securities and as a result, the price of our securities could decline. In addition, these provisions could prohibit, discourage or adversely affect transactions in which our shareholders might otherwise be offered a premium over the then-current market price for their Ciber securities.

Item 1B. Unresolved Staff Comments

Table of Contents

None.

Item 2. Properties

Our principal corporate office is located at 6363 South Fiddler's Green Circle, Suite 1400, Greenwood Village, Colorado 80111, where our corporate headquarters and other Colorado operations occupy office space under a lease that expires in December 2018. Generally, we provide our services at client locations and therefore, our office locations are primarily used for sales and other administrative functions. At December 31, 2013, we had lease obligations for approximately 542,000 square feet of office space in 58 locations.

Approximately 118,000 square feet of these lease obligations was either subleased or available for sublease as of December 31, 2013. We believe our facilities are adequate for our current level of operations. We do not own any real property.

Please see Note 14 of our consolidated financial statements for information on offices that were closed or consolidated as a result of our company restructuring plans.

Item 3. Legal Proceedings

We are subject to various claims and litigation that arise in the ordinary course of business. The litigation process is inherently uncertain. Therefore, the outcome of such matters is not predictable.

As previously reported, we are engaged in legal proceedings in Germany in connection with our acquisition of a controlling interest in Novasoft AG (now known as Ciber AG) in 2004. In August 2006, we completed a buy-out of the remaining minority shareholders of Novasoft. Certain of those former minority shareholders challenged the adequacy of the buy-out consideration by initiating a review by the district court in Mannheim, Germany. The court made a determination in 2013 which is now under appeal by the plaintiffs. Based on information known to us, we have established a reserve that we believe is reasonable. We are unable to predict the outcome of this matter.

As previously reported, a lawsuit titled CamSoft Data Systems, Inc. v. Southern Electronics, et al., was filed initially in October 2009 in Louisiana state court against numerous defendants, including Ciber. The lawsuit was subsequently removed to federal court in the Middle District of Louisiana and the complaint was amended to include additional defendants and causes of action including antitrust claims, civil RICO claims, unfair trade practices, trade secret, fraud, unjust enrichment, and conspiracy claims. The suit involves many of the same parties involved in related litigation in the state court in New Orleans, which was concluded in 2009 when Ciber settled the New Orleans suit with the plaintiffs, Active Solutions and Southern Electronics, who were CamSoft's former alleged joint venturers and are now co-defendants in the current lawsuit. Ciber is vigorously defending the allegations. The matter is ongoing in the appellate courts where Camsoft has filed a notice of appeal with the Federal Court of Appeals while Ciber and the other defendants have filed notices of appeal with the Fifth Circuit Court of Appeals and with the Federal Court of Appeals. Based on information known to us, we have established a reserve that we believe is reasonable. We are unable to predict the outcome of this litigation.

As previously reported, in October 2011, a putative securities class action lawsuit, Weston v. Ciber, Inc. et al., was filed in the United States District Court for the District of Colorado against Ciber and several of its current and former officers. In November 2013, we entered into a settlement among the lead plaintiff and the defendants that involved funds paid by our insurers being placed into a fund for the benefit of the class. The Court issued preliminary approval of the settlement, subject to final approval after the completion of certain events, including notice to the putative class. We have not made any admission of liability or wrongdoing by entering into this settlement. Notices to potential class members has begun.

As previously reported, in February 2012, a purported verified shareholder derivative lawsuit, Seni v. Peterschmidt. et al., was filed in the United States District Court for the District of Colorado against several of our current and former officers and our then-current board of directors. This complaint generally alleged that the various defendants breached their fiduciary duties of good faith, fair dealing, loyalty, due care, reasonable inquiry, oversight, and supervision by approving the issuance of allegedly false statements that misrepresented material information about the finances and operations of the Company. On March 22, 2013, the Court dismissed this complaint with leave to amend. On April 26, 2013, plaintiff filed an amended complaint that largely made the same claims as the original complaint. In February 2014, the Court issued an order dismissing the amended complaint. The Court permitted the plaintiff until February 26, 2014 to amend the complaint.

In February 2014, a purported verified shareholder derivative lawsuit, Denny v. Peterschmidt, et al., was filed in the District Court in Arapahoe County Colorado state court against several of our current and former officers and our then-current

Table of Contents

board of directors. This Complaint generally alleges that between December 15, 2010, and August 3, 2011, the defendants committed breaches of fiduciary duty that caused losses to Ciber's reputation and goodwill. The defendants are alleged to have breached their fiduciary duties by disseminating inaccurate and incomplete information about Ciber's financial results and business prospects, failing to maintain internal controls, and failing to properly oversee and manage the Company. Other claims include unjust enrichment and insider trading. Plaintiff Denny made a litigation demand on the Board in March 2012 to investigate the allegations and bring suit against the directors and executive officers of the Company. In response, the Board formed an Independent Committee to investigate the claims. In December 2012, after completing its investigation and finding that the claims were without merit, the Independent Committee formally refused the Plaintiff's demand. We believe the derivative lawsuit is without merit and we intend to vigorously defend against the claims. We are unable to predict the outcome of this litigation.

Item 4. Mine Safety Disclosures

Not applicable.

Table of Contents

Part II

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

Market Information, Holders and Dividends

Our common stock is listed on the New York Stock Exchange under the symbol "CBR." The table below sets forth, for the periods indicated, the low and high sales price per share of our common stock.

	Price Range	
	Low	High
Fiscal 2012		
First Quarter	3.30	4.76
Second Quarter	3.36	4.32
Third Quarter	3.28	4.45
Fourth Quarter	2.70	3.58
Fiscal 2013		
First Quarter	3.00	4.99
Second Quarter	3.32	4.98
Third Quarter	3.17	3.95
Fourth Quarter	3.08	4.30

On February 14, 2014, the closing price of our common stock was $4.39 and there were 2,451 registered shareholders of record.

Our policy is to retain our earnings to support the growth of our business. Accordingly, we have never paid cash dividends on our common stock. In addition, we are restricted by our credit agreement in the amount of cash dividends that we can pay. The payment of any future dividends will be at the discretion of our board of directors and subject to the credit agreement and will depend upon, among other things, future earnings, operations, capital requirements, our general financial condition and contractual restrictions.

Recent Sales of Unregistered Securities and Use of Proceeds from Registered Securities

None.

Purchases of Equity Securities by the Issuer

The following table sets forth information concerning our repurchases of Ciber common stock for the fourth quarter ended December 31, 2013:

Period	Total number of shares purchased (1)	Average price paid per share
October 1 to October 31	6,574	$3.24
November 1 to November 30	33,072	$3.46
December 1 to December 31	104,565	$3.98
Total: October 1 through December 31	144,211	$3.83

(1) All shares were purchased to satisfy minimum tax withholdings for employee stock plans. No shares were purchased as part of a publicly announced share repurchase or buy-back plan or program.

19

Table of Contents

Item 6. Selected Financial Data

We have derived the selected consolidated financial data presented below, as adjusted for discontinued operations of our Federal division, a portion of our information technology outsourcing practice, and our Russian operations, from our Consolidated Financial Statements and the related Notes. This information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Consolidated Financial Statements and related Notes, included under "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

	As of and for the Year Ended December 31,				
	2013 (1)	2012 (1)	2011 (2)	2010 (2)	2009
	(In thousands, except per share amounts)				
Statement of Operations Data:					
Revenues	$877,293	$865,597	$888,386	$872,694	$842,580
Gross profit	223,057	223,478	224,299	224,656	219,907
Selling, general and administrative expenses	205,615	202,185	216,867	211,654	191,345
Goodwill impairment	—	—	16,300	82,000	—
Restructuring charge	16,923	7,981	—	—	—
Operating income (loss) from continuing operations	519	12,668	(10,402)	(72,211)	23,888
Net income (loss) from continuing operations	(7,607)	(4,073)	(52,351)	(54,665)	13,009
Income (loss) from discontinued operations, net of income tax	(6,924)	(10,009)	(14,881)	(23,025)	2,107
Net income (loss) attributable to Ciber, Inc.	$(14,520)	$(14,627)	$(67,261)	$(77,160)	$14,958
Basic and diluted earnings (loss) per share attributable to Ciber, Inc.:					
Continuing operations	$(0.10)	$(0.06)	$(0.73)	$(0.78)	$0.19
Discontinued operations	(0.09)	(0.14)	(0.21)	(0.33)	0.03
Basic and diluted earnings (loss) per share attributable to Ciber, Inc.	$(0.19)	$(0.20)	$(0.94)	$(1.11)	$0.22
Weighted Average Shares Outstanding:					
Basic	74,846	73,166	71,831	69,626	67,996
Diluted	74,846	73,166	71,831	69,626	68,107
Balance Sheet Data:					
Working capital	$85,928	$105,468	$92,818	$132,364	$136,854
Total assets	557,818	580,471	625,070	722,364	803,256
Long-term debt, current portion	53	6,337	25,571	10,473	10,697
Long-term debt, non-current portion	—	19,790	41,380	77,879	87,500
Total shareholders' equity	$353,058	$358,953	$357,007	$419,500	$506,246
Shares outstanding, net of treasury	75,785	73,779	72,568	70,124	69,482

(1) During 2013 and 2012 we incurred restructuring charges of $16.9 million and $8.0 million, respectively. Please Refer to Note 14 to our consolidated financial statements for additional information on our 2012 and 2013 restructuring plans.

(2) During the second quarters of 2011 and 2010, we recorded goodwill impairment charges of $16.3 million and $82.0 million, respectively, to write-down the goodwill associated with certain segments in our continuing operations. The goodwill impairment charges in our results from continuing operations resulted in a $4.5 million and a $22.6 million deferred tax benefit in the second quarters of 2011 and 2010, respectively. Additionally, during the second

quarter of 2011, we incurred a $29.1 million non-cash charge related to a valuation allowance recorded against our United States deferred tax assets. For more information about the goodwill impairment charges and the deferred tax asset valuation allowance, please refer to Note 7 and Note 11, respectively.

Table of Contents

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 related Notes included elsewhere in this Annual Report on Form 10-K. This discussion and analysis also contains forward-looking statements and should also be read in conjunction with the disclosures and information contained in "Disclosure Regarding Forward-Looking Statements" and "Risk Factors" in this Annual Report on Form 10-K. References to "we," "our," "us," "the Company," or "Ciber" in this Annual Report on Form 10-K refer to Ciber, Inc. and its subsidiaries. All references to years, unless otherwise noted, refer to our fiscal year, which ends on December 31.

We use the phrase "in local currency" to indicate that we are comparing certain financial results after removing the impact of foreign currency exchange rate fluctuations, thereby allowing for the comparison of business performance between periods. Financial results that are "in local currency" are calculated by restating current period activity into U.S. dollars using the comparable prior period's foreign currency exchange rates. This approach is used for all results where the functional currency is not the U.S. dollar.

Business and Industry Overview

Ciber is a leading global information technology (“IT”) company with 40 years of proven IT experience, world-class credentials and a wide range of technology expertise. With operations in 15 countries across four continents, Ciber has the infrastructure and expertise to deliver IT services to almost any organization. The three pillars of our business include Application Development and Maintenance (“ADM”), Independent Software Vendor relationships (“ISVs”), and Ciber Managed Services (“CMS”). At Ciber, we take a client-focused, personalized service approach that includes the building of long term relationships, creation of custom-tailored IT solutions, and the implementation of business strategies to reflect anticipated trends. Driven by results, we are committed to delivering quality solutions precisely configured to our clients' needs and achieving high client satisfaction. The consistent goal is sustainable business value delivered on time and on budget.

We operate our business by geography. During the second quarter of 2013, we closed down our Russian operations. In 2012 we sold our Federal division and the infrastructure portion of our information technology outsourcing practice. As a result, these businesses are now reported as discontinued operations within our financial statements and accordingly, our financial statements have been reclassified for all periods presented in this Annual Report on Form 10-K to conform to the current presentation. Additionally, discussions throughout this Annual Report on Form 10-K exclude the discontinued operations, unless otherwise noted. For additional information see "Discontinued Operations" below.

Our reportable operating segments as of December 31, 2013, consisted of International and North America. Our Ciber International segment is organized by country and primarily consists of countries in Western Europe and the Nordic region. The four largest territories are the Netherlands, Germany, the United Kingdom, and Norway. Our International segment offers a range of services covering the full IT solution lifecycle to both commercial enterprises and public sector organizations. Our North America segment is organized into practices, each with dedicated sales and delivery capabilities. In addition, our North America segment has account managers dedicated to our largest customers. This structure allows us to maximize our expertise to cross-sell and to leverage delivery expertise.

We recognize the majority of our services revenue under time-and-material contracts as hours and costs are incurred. Under fixed-price contracts, which currently make up approximately 15-20% of our services revenue, our revenue is fixed under the contract, while our costs to complete our obligations under the contract are variable. As a result, our profitability on fixed-price contracts can vary significantly and occasionally can even be a loss. Changes in our services revenue are primarily a function of hours worked on revenue-generating activities and, to a lesser extent, changes in our average rate per hour and changes in contract mix. Hours worked on revenue-producing activities vary with the number of consultants employed and their utilization level. Utilization represents the percentage of time worked on revenue-producing engagements divided by the standard hours available (i.e., 40 hours per week). With time-and-materials contracts, higher consultant utilization results in increased revenue; however, with fixed-price contracts, it may result in higher costs and lower gross profit margins because our revenue is fixed. We actively manage both our number of consultants and our overall utilization levels. If we determine we have excess available resources that we cannot place on billable assignments in the near future, we consider reducing those resources.

The hourly rate we charge for our services varies based on the level of the consultant involved, the particular expertise of the consultant and the geographic area. Our typical time-and-materials hourly rates range from $20 to $200 per hour. As India and Poland-based resources, which generally have lower hourly rates, become a larger portion of our overall consultant mix, our average hourly rates will decrease. For projects which are fixed-price or level-of-effort, our revenue is not directly based

Table of Contents

on labor hours incurred and our realized rate per hour will vary significantly depending on success on such projects, as well as the blend of resources used to deliver projects.

Selling, general and administrative ("SG&A") costs as a percentage of revenue vary by business segment. Approximately 60% of our overall SG&A expenses are typically for personnel costs for our operations management, sales and recruiting personnel and administrative staff, as well as our corporate support staff and executive management personnel. These costs are generally not immediately affected by changes in revenue, however management is constantly evaluating such costs in relation to changes in business conditions. In many foreign countries, short-term personnel actions are prohibited and/or may require significant payments to such impacted employees. As we bid on larger and longer-term projects, the sales cycle and related sales costs for such opportunities have been increasing.

Other revenue includes sale of third-party software licenses and related support agreements and commissions on sales of IT products. Our sales of software generally involve relationships with the software vendors and are often sold with implementation services. Depending on the mix of these business activities, gross profit margin on other revenue will fluctuate.

The market demand for Ciber's services is heavily dependent on IT spending by Fortune 500 and middle-market corporations, organizations and government entities in the markets and regions that we serve. In recent years, economic recession and volatile economic conditions have negatively impacted many of our existing and prospective clients and caused fluctuations in their IT spending behaviors. The pace of technological advancement, as well as changes in business requirements and practices of our clients, all have a significant impact on the demand for the services that we provide.

Representing approximately half of our consolidated revenues, our International division operates primarily in Western Europe, with our largest operations located in Germany, the Netherlands, the U.K and Norway. These operations transact business in the local currencies of the countries in which they operate. In recent years, approximately 50% to 60% of our International division's revenue has been denominated in Euros, 15% to 20% has been denominated in Great Britain Pounds ("GBP") and the balance has come from a number of other European currencies. Changes in the exchange rates between these foreign currencies and the U.S. dollar affect the reported amounts of our assets, liabilities, revenues and expenses. For financial reporting purposes, the assets and liabilities of our foreign operations are translated into U.S. dollars at current exchange rates at period end and revenues and expenses are translated at average exchange rates for the period.

Our results of operations are affected by economic conditions, including macroeconomic conditions and levels of business confidence. Revenue is driven by our ability to secure new contracts and deliver solutions and services that add value relevant to our clients' current needs and challenges. In recent years and ongoing for the foreseeable future, we have been affected by significant efforts by our clients (both current and potential) to implement cost-savings initiatives. These initiatives have included going to third-party vendor management systems, taking their business to larger, pure-play offshore vendors and vendor consolidation. In some cases, these initiatives have benefited Ciber, but in others we have lost our revenue stream entirely or seen a decline in our level of revenues with particular clients. The pricing environment continues to be extremely competitive. A number of our competitors are structuring more offshore services into their bids, thereby lowering their pricing to help clients reduce costs, and making it more difficult for us to compete on pricing. We also have global delivery options to offer to our current and potential clients as possible cost savings, and we are expanding our offshore capabilities and increasing the usage of these resources; however, they are on a smaller scale than the offshore offerings of some of our competitors. Another issue that has had and continues to have an impact on our revenues and profitability involves a longer sales cycle than we have seen historically. This has been driven by a much slower decision-making process in starting new projects in a variety of industries that we currently serve, or in which we are currently bidding for work, and the changing business mix of our service offerings. The longer sales cycle increases the cost of our sales efforts and pushes potential revenues and profitability further into the future. Some clients remain cautious, seeking flexibility by shifting to a more phased approach to contracting for work. We are also affected by the fact that certain markets we do business in currently have shortages of desired skill sets forcing us to use higher cost subcontractors. We have standards governing the quality of engagements that we will accept with the goal of growing revenue, increasing margins, improving collectability of receivables and delivering sustained, predictable performance. However, there can be no assurances that we will be successful with such actions, and in certain cases, these actions may slow our revenue growth. Economic conditions and other factors continue to impact the business operations of some of our clients, their ability to continue to use our services and their financial ability to pay for our services in full. The impact of project cancellations cannot be accurately predicted and bad debt expense may differ significantly from our estimates, and any such events may negatively impact our results of operations.

Table of Contents

Discontinued Operations

2013 — During the second quarter of 2013, we closed down our Russian operations and met the criteria for this business to be reported as a discontinued operation. Earlier this year, a significant number of our Russian employees chose to leave Ciber and work for a competitor. After evaluating the cost and time required to hire replacement employees, and the risks of continuing our operations in Russia, we determined to exit this market. Accordingly, the operations and cash flows were removed from our consolidated operating results. In connection with the substantial liquidation of our Russian investment in the fourth quarter of 2013, we released the related cumulative translation adjustment of approximately $1 million from accumulated other comprehensive income into loss from discontinued operations.

2012 —On March 9, 2012, we sold substantially all of the assets and certain liabilities of our Federal division. On October 15, 2012, we sold certain contracts and related property and equipment and certain other assets associated with our information technology outsourcing ("ITO") practice. No additional consideration associated with our ITO practice is expected to be received. Effective with meeting the discontinued operations criteria, the operations and cash flows of these sold businesses were removed from our consolidated operating results. However, in connection with the sale of the Federal division and ITO practice, we have retained certain assets and liabilities. Some of these items, including certain possible contingent liabilities, may not be settled for several years. Accordingly, adjustments to such items will be recorded through our results of operations in future periods.

To report the results of discontinued operations, we are required to adjust the reported results of the business sold or shut down, from those previously reported as part of operating income by reporting segment. These adjustments eliminate corporate overhead allocations and adjust for costs of the business that will not be recognized on a going-forward basis. These adjustments have been made for all periods presented.

The following table summarizes the operating results of the discontinued operations included in the Consolidated Statements of Operations.

	Year Ended December 31,		
	2013	2012	2011
	(In thousands)		
Total revenues	$5,424	$90,777	$196,245
Operating expenses	11,177	93,319	190,039
Goodwill impairment	—	—	27,400
Operating loss from discontinued operations	(5,753)	(2,542)	(21,194)
Interest and other expense	1,008	90	334
Loss from discontinued operations before income taxes	(6,761)	(2,632)	(21,528)
Income tax expense (benefit)	211	808	(6,647)
Loss from discontinued operations, net of income tax	(6,972)	(3,440)	(14,881)
Gain (loss) on sale	48	(7,256)	—
Income tax benefit	—	(687)	—
Gain (loss) on sale, net of income taxes	48	(6,569)	—
Total loss from discontinued operations, net of income taxes	$(6,924)	$(10,009)	$(14,881)

Restructuring

On July 30, 2013, we approved a restructuring plan primarily focused on our International operations ("the 2013 Plan"). The goal of the 2013 Plan is to improve utilization, strategically engage our lower-cost off-shore and near-shore resources, and centralize management of administrative functions in key markets to leverage shared services functions. The actions of this plan are expected to impact approximately 250 employees. The 2013 Plan began in the third quarter of 2013 and a majority of restructuring activities have been completed as of December 31, 2013. The total amount of the restructuring charges for the 2013 Plan are expected to be approximately $13 million, substantially all of which will be settled in cash. The charges associated with the 2013 Plan are substantially all related to personnel severance and related employee benefit costs. We expect the 2013 Plan will result in annualized pre-tax net savings of approximately $12 million that will be fully realized starting in the second half of 2014 and each year thereafter.

Table of Contents

On November 5, 2012, we approved a company restructuring plan ("the 2012 Plan"). The restructuring activities commenced in the fourth quarter of 2012 and related primarily to the consolidation of our real estate footprint, as well as organizational changes designed to simplify business processes, move decision-making closer to the marketplace, and create operating efficiencies. In the third quarter of 2013, all restructuring actions associated with this plan were completed. Total restructuring charges associated with the 2012 Plan were $11 million, of which approximately $1 million are non-cash charges related to stock compensation and lease-related expenses. The total restructuring expenses for the 2012 Plan include approximately $7 million related to personnel severance and related benefits primarily in our International segment, and approximately $4 million related to the closure of 17 offices and the consolidation of those locations into other existing Ciber locations, mostly in North America. We realized pre-tax savings of $7 million in 2013 and we expect pre-tax savings of $11 million in 2014 and each year thereafter from the 2012 Plan. However, these savings are partially offset by adverse business performance in our International segment in 2013.

Table of Contents

Results of Operations — Comparison of the Years Ended December 31, 2013 and 2012 - Consolidated

The following tables and related discussion provide information about our consolidated financial results of continuing operations for the periods presented.

The following table sets forth certain Consolidated Statement of Operations data in dollars and expressed as a percentage of revenue:

	Year Ended December 31,							
	2013				2012			
	(Dollars in thousands)							
Consulting services	$830,505		94.7	%	$819,848		94.7	%
Other revenue	46,788		5.3		45,749		5.3	
Total revenues	$877,293		100.0	%	$865,597		100.0	%
Gross profit - consulting services	$203,734		24.5	%	$204,354		24.9	%
Gross profit - other revenue	19,323		41.3		19,124		41.8	
Gross profit - total	223,057		25.4		223,478		25.8	
SG&A costs	205,615		23.4		202,185		23.4	
Amortization of intangible assets	—		—		644		0.1	
Restructuring charges	16,923		1.9		7,981		0.9	
Operating income from continuing operations	519		0.1		12,668		1.5	
Interest income	857		0.1		618		0.1	
Interest expense	(2,539	)	(0.3	)	(5,976	)	(0.7	)
Other expense, net	(16	)	—		(359	)	—	
Income (loss) from continuing operations before income taxes	(1,179	)	(0.1	)	6,951		0.8	
Income tax expense	6,428		0.7		11,024		1.3	
Net loss from continuing operations	$(7,607	)	(0.9	)%	$(4,073	)	(0.5	)%

Percentage of revenue columns may not foot due to rounding.

Revenue by segment from continuing operations was as follows:

	Year Ended December 31,					
	2013		2012		% change	
	(In thousands)					
International	$456,424		$434,193		5.1	%
North America	423,340		432,832		(2.2	)
Other	3,357		3,109		8.0	%
Inter-segment	(5,828	)	(4,537	)	n/m	
Total revenues	$877,293		$865,597		1.4	%

n/m = not meaningful

Revenues. Total revenues increased $11.7 million, or 1.4%, for 2013 compared with 2012. On a local currency basis, revenue increased 0.4% between the comparable years. This change was attributable to the following:

During 2013, International revenues increased 5.1% overall, and improved approximately 3.2% in local currency. Overall, growth was significantly impacted by foreign exchange rates. Excluding changes in foreign exchange rates, revenue growth was led by the United Kingdom, Germany and Norway, as well as a couple of our smaller territories, all of which experienced accelerated growth in the second half of 2013. The increase in revenue in these countries was due to significant new clients in 2013, as well as some additional work at existing clients, specifically

Table of Contents

within our CMS practice. This growth was slightly offset by declines in revenue in the Netherlands, due to a weak IT services market. Some of our European countries are still experiencing cost-containment measures by clients such as vendor consolidation, offshoring and increased pricing pressure on service providers. However, overall, the European economy appears to be stabilizing and in many of the countries in which we operate businesses are increasing their use of IT services.

- North America revenues decreased $9 million, or 2% in 2013 as reductions in work levels at some existing clients, especially in our ADM practice, more than offset growth in other existing clients, as well as new clients. While our ADM practice declined in 2013, we did see some growth in our Business Consulting practice and certain ISV channels, both of which benefited from several new clients, as well as growth at existing clients in 2013. Our CMS business continues to grow, which is partially a result of our ISV successes.

Gross Profit. Gross profit margin was 25.4% for the year ended December 31, 2013, compared to 25.8% for the same period in 2012. Gross profit margin for our International business declined slightly as savings from our restructuring plans were more than offset by an increased use of subcontractors and a decline in utilization. North America gross margin was also down slightly in 2013 compared to 2012. This decrease was a result of margin compression at some of our larger clients, which was partially due to pricing pressure in our ADM business.

Selling, general and administrative costs. Our SG&A costs increased $3.4 million, or 1.7%, to $205.6 million for 2013, from $202.2 million for 2012. International SG&A costs increased compared to 2012 due to the effects of changes in foreign currency exchange rates, increased labor costs, and an increase in bad debt. North America SG&A costs were down due to reduced compensation costs and lower office rental expense, which was a result of the closure of offices under our 2012 restructuring plan. See Note 14 to our consolidated financial statements for more information on our restructuring plans. Our corporate SG&A costs increased as a result of higher share based compensation expense as well as increased management compensation costs compared with 2012. $2.6 million of these corporate cost increases are a result of our CFO transition in September 2013. SG&A costs as a percentage of revenue was flat at 23.4% for both 2013 and 2012.

Operating income. We had operating income from continuing operations of $0.5 million in 2013 compared to $12.7 million in 2012. This decrease was primarily a result of increased restructuring charges in 2013 compared to 2012 and the increased corporate SG&A costs discussed above. For more information on our restructuring changes, see Note 14 of our consolidated financial statement. Earnings before interest, taxes, amortization and restructuring decreased 18% to $17.4 million in 2013 from $21.3 million last year, as International revenue improvement and SG&A cost savings in North America were more than offset by increased corporate SG&A costs.

Operating income from continuing operations by segment was as follows:

	Year Ended December 31,		%	2013 % of	2012 % of
	2013	2012	change	revenue*	revenue*
	(In thousands)				
International	$23,390	$23,245	0.6%	5.1 %	5.4 %
North America	33,511	30,169	11.1	7.9	7.0
Other	315	446	(29.4)	9.4	14.3
Corporate expenses	(39,774)	(32,005)	(24.3)	(4.5)	(3.7)
Unallocated results of discontinued operations	—	(562)	n/m	—	(0.1)
Earnings before interest, taxes, amortization, and restructuring charges	17,442	21,293	(18.1)	2.0	2.5
Amortization of intangible assets	—	(644)	100.0	—	(0.1)
Restructuring charges	(16,923)	(7,981)	(112.0)	(1.9)	(0.9)

Total operating income from continuing operations	$519	$12,668	(95.9)	0.1	%	1.5	%

n/m = not meaningful
*International, North America and Other calculated as a % of their respective revenue, all other calculated as a % of total revenue. Column may not total due to rounding.

- International operating income increased slightly to $23.4 million from $23.2 million in 2012. This increase is primarily due to improved revenues, mostly in the second half of the year, which were offset by gross margin reduction from the increased use of subcontractors and increased SG&A costs.

26

Table of Contents

- North America operating income increased to $33.5 million in 2013 from $30.2 million in 2012. The increase was due to a reduction in SG&A expenses, specifically reduced compensation costs and restructuring-related reductions in office rental expenses. However, these improvements were somewhat offset by lower revenues at existing ADM clients and margin compression.

- Corporate expenses increased $7.8 million primarily due to higher stock compensation costs and increased management compensation expense. $2.6 million of this increase is related to our CFO transition in September 2013.

Interest expense. Interest expense decreased $3.4 million during 2013 compared to 2012. This decrease is primarily due to a significant reduction in our average borrowings outstanding, a lower interest rate on our credit facility entered into in May 2012, and the write-off of $1.1 million of capitalized debt fees that were written off in the second quarter of 2012.

Other expense, net. Other expense, net decreased $343 thousand as compared to 2012. This change was due to foreign exchange gains and losses.

Income taxes. Our tax expense is significantly impacted by the changes in the amount and the geographic mix of our income and loss. From continuing operations, our income (loss) before income taxes and our income tax expense is as follows:

	Year Ended December 31,	
	2013	2012
	(In thousands)	
Income (loss) before income taxes:		
United States	$(3,487)	$(5,058)
Foreign	2,308	12,009
Total	$(1,179)	$6,951
Income tax expense:		
United States	$3,581	$5,491
Foreign	2,847	5,533
Total	$6,428	$11,024

Due to our history of domestic losses, in 2011 we recorded a full valuation allowance for all net U.S. deferred tax assets, including our net operating loss and tax credit carryforwards. As a result, we cannot record any tax benefits for additional U.S. incurred losses and any U.S. income is offset by a reduction in valuation allowance. Irrespective of our income or loss levels, we continue to record deferred U.S. tax expense related to goodwill amortization and we expect to record approximately $4 million of related U.S. deferred tax expense in 2014.

The effective rate on our foreign tax expense varies with the mix of income and losses across multiple tax jurisdictions with most statutory tax rates varying from 23% to 33%. The reduction of foreign pre-tax income from continuing operations from 2012 to 2013 is related to an overall decrease in profitability of the business, including the impact of restructuring costs, and the implementation of new transfer pricing practices. The foreign tax expense in 2013 is primarily a result of the mix of income and losses across jurisdictions including losses in certain countries for which no tax benefit can be recorded due to full valuation allowances and provisions for uncertain tax provisions.

For interim periods, we base our tax provision on forecasted book and taxable income for the entire year. As the forecast for the year changes, we adjust our year-to-date tax provision. Our provision for income taxes is based on many factors and is subject to significant volatility from year to year.

27

Table of Contents

Results of Operations — Comparison of the Years Ended December 31, 2012 and 2011 - Consolidated

The following tables and related discussion provide information about our consolidated financial results of continuing operations for the periods presented.

The following table sets forth certain Consolidated Statement of Operations data in dollars and expressed as a percentage of revenue:

	Year Ended December 31,								
	2012				2011				
	(Dollars in thousands)								
Consulting services	$819,848		94.7	%	$845,126		95.1	%	
Other revenue	45,749		5.3		43,260		4.9		
Total revenues	$865,597		100.0	%	$888,386		100.0	%	
Gross profit - consulting services	$204,354		24.9	%	$205,098		24.3	%	
Gross profit - other revenue	19,124		41.8		19,201		44.4		
Gross profit - total	223,478		25.8		224,299		25.2		
SG&A costs	202,185		23.4		216,867		24.4		
Goodwill impairment	—		—		16,300		1.8		
Amortization of intangible assets	644		0.1		1,534		0.2		
Restructuring charges	7,981		0.9		—		—		
Operating income (loss) from continuing operations	12,668		1.5		(10,402	)	(1.2	)	
Interest income	618		0.1		809		0.1		
Interest expense	(5,976	)	(0.7	)	(7,898	)	(0.9	)	
Other expense, net	(359	)	—		(2,540	)	(0.3	)	
Income (loss) from continuing operations before income taxes	6,951		0.8		(20,031	)	(2.3	)	
Income tax expense	11,024		1.3		32,320		3.6		
Net loss from continuing operations	$(4,073	)	(0.5	)%	$(52,351	)	(5.9	)%	

Percentage of revenue columns may not foot due to rounding.

Revenue by segment from continuing operations was as follows:

	Year Ended December 31,					
	2012		2011		% change	
	(In thousands)					
International	$434,193		$460,197		(5.7	)%
North America	432,832		429,289		0.8	
Other	3,109		3,510		(11.4	)
Inter-segment	(4,537	)	(4,610	)	n/m	
Total revenues	$865,597		$888,386		(2.6	)%

n/m = not meaningful

Revenues. Total revenues decreased $22.8 million, or 2.6%, for 2012 compared with 2011. In local currency, revenue increased 0.7% between the comparable years. This change is attributable to the following:

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International segment revenues decreased 5.7% overall, but improved approximately 0.6% in local currency. The softer European economy caused revenue results to vary considerably by territory. Revenue growth was strong in the United Kingdom, Germany, and Norway, which comprised approximately half of International revenues. In the United Kingdom and Norway, this increase was due to continued demand for IT services where we have been successful at providing certain technology-specific and/or vertical-specific services. Additionally, revenue in several territories benefited from improved sales of software licenses in 2012. Revenue growth in these territories

Table of Contents

offset declines elsewhere that were predominately related to client-specific issues, which in certain cases were driven by economic concerns, and included canceled, delayed or completed projects. International revenues continue to be impacted by certain larger European clients focusing on cost-cutting measures such as vendor consolidation, offshoring, and increasing pricing pressure on service providers.

- North America revenues were slightly up during 2012 compared to 2011. However, excluding the impact of the negative revenue adjustments made in 2011 for significant changes in estimates related to costs or scope on fixed-price projects, North America revenues were down approximately 2% year over year. This decrease is predominantly due to service-level reductions and completed projects, which were not offset by increased volume and new projects. This is particularly true for our public sector clients due to recent declines in government spending.

Gross Profit. Gross profit margin improved to 25.8% for the year ended December 31, 2012, compared to 25.2% for 2011. The revenue adjustments recorded during the prior year period had a significant negative impact on North America's 2011 gross profit margin. Excluding these adjustments, North America's gross margin was relatively flat as improvements in consultant utilization were offset by volume discounts and pricing pressures, especially in our core ADM business, as continued economic uncertainty has resulted in heightened price sensitivity from many of our clients. Gross profit margin for our International division declined due to decreased utilization, increased use of more expensive subcontractor labor, and client pricing pressures.

Selling, general and administrative costs. Our SG&A costs decreased $14.7 million, or 6.8%, to $202.2 million for 2012, from $216.9 million for 2011. Both our International and North America segments had reductions in SG&A costs in 2012. The decrease in SG&A costs in our International division was due to foreign exchange rates and across the board SG&A savings. North America SG&A costs decreased due to reduced salary and benefits costs for management, as well as reductions in office rent, professional and legal fees, and other discretionary items. 2012 corporate SG&A expenses increased due to an increase in company-wide share based compensation that is all recorded as part of our corporate department. SG&A costs as a percentage of revenue decreased to 23.4% for 2012 from 24.4% for 2011.

Operating income (loss). We had operating income of $12.7 million in 2012 compared to an operating loss of $10.4 million in 2011, respectively. This change is partially due to a $16.3 million goodwill impairment charge recorded in the second quarter of 2011, which was partially offset by an $8.0 million restructuring charge we recorded in the fourth quarter of 2012. See notes 7 and 14 of our consolidated financial statements for additional information on our goodwill impairments and restructuring charges, respectively. Earnings before interest, taxes, amortization and restructuring increased 186.5% to $21.3 million in 2012 from $7.4 million in 2011, primarily as a result of North America's gross profit improvement, as well as significant SG&A cost reductions in both North America and International.

Operating income (loss) from continuing operations by segment was as follows:

	Year Ended December 31,		%	2012 % of	2011 % of
	2012	2011	change	revenue*	revenue*
	(In thousands)				
International	$23,245	$25,583	(9.1)%	5.4 %	5.6 %
North America	30,169	12,385	143.6	7.0	2.9
Other	446	499	(10.6)	14.3	14.2
Corporate expenses	(32,005)	(29,680)	(7.8)	(3.7)	(3.3)
Unallocated results of discontinued operations	(562)	(1,355)	n/m	(0.1)	(0.2)
	21,293	7,432	186.5%	2.5	0.8

Earnings before interest, taxes, amortization and restructuring charges					
Goodwill impairment	—	(16,300)	100.0%	—	(1.8)
Amortization of intangible assets	(644)	(1,534)	58.0%	(0.1)	(0.2)
Restructuring charges	(7,981)	—	n/m	(0.9)	—
Total operating income (loss) from continuing operations	$12,668	$(10,402)	221.8%	1.5%	(1.2)%

*Segments calculated as a % of segment revenue, all other calculated as a % of total revenue

29

Table of Contents

- International operating income decreased $2 million in 2012 mostly due to a reduction in gross profit margin which was caused by decreased utilization, an increase in subcontractors and pricing pressures. This reduction in gross margin was partially offset by a decline in SG&A costs that was primarily related to foreign currency and discretionary items.

- North America operating income increased to $30.2 million in 2012 from $12.4 million in 2011 primarily related to the prior year negative revenue adjustments for five fixed-price projects, as well as significant reductions in SG&A expenses, primarily related to reduced management salary and benefits expense.

- Corporate expenses increased $2.3 million due to increases in stock compensation expense as well as equipment rental and maintenance, partially offset by a decrease in external consulting and recruiting fees.

Interest expense. Interest expense decreased $1.9 million during 2012 compared to 2011. 2012 includes the write-off of $1.1 million of capitalized debt facility fees related to our senior credit facility that was terminated during the second quarter of 2012. Excluding the write-off, interest expense decreased due to a significant reduction in our average borrowings outstanding compared to 2011, slightly offset by an increase in average interest rates.

Other expense, net. Other expense, net was $0.4 million in 2012, compared to $2.5 million in 2011. This decrease was primarily due to a $3.2 million expense for acquisition-related consideration in 2011. This was slightly offset by $0.5 million of 2012 foreign exchange losses compared with $0.6 million of foreign exchange gains in 2011.

Income taxes. Our tax expense is significantly impacted by the changes in the amount and the geographic mix of our income and loss. From continuing operations, our income (loss) before income taxes and our income tax expense is as follows:

	Year Ended December 31,	
	2012	2011
	(In thousands)	
Income (loss) before income taxes:		
United States	$ (5,058)	$ (49,104)
Foreign	12,009	29,073
Total	$ 6,951	$ (20,031)
Income tax expense:		
United States	$ 5,491	$ 25,156
Foreign	5,533	7,164
Total	$ 11,024	$ 32,320

For the year ended December 2011, our domestic loss from continuing operations includes a goodwill impairment charge of $16.3 million, and a related deferred tax benefit of $4.5 million. In April 2011, we recorded deferred tax expense of $29.1 million to establish a valuation allowance against all of our U.S. deferred tax assets, and we cannot record income tax benefits for any additional U.S. operating losses. Irrespective of our income or loss levels, we continue to record U.S. deferred tax expense related to goodwill amortization, as well as certain other miscellaneous U.S. current tax expense items, which totaled $5.5 million of tax expense for 2012. For purposes of deferred taxes, we estimate our domestic blended Federal and state rate to be approximately 40%.

The effective rate on our foreign tax expense varies with the mix of income and losses across multiple tax jurisdictions with most statutory tax rates varying from 24% to 33%. In both 2012 and 2011, certain of our foreign operations benefited from the utilization of net operating loss ("NOL") carryforwards while certain operations incurred losses without any current tax benefit. The reduction of foreign pre-tax income from 2011 to 2012 is related to an overall decrease in profitability of the business, including impact of restructuring costs, and increased inter-company transfer pricing. Although our foreign income before tax decreased by 59%, the related tax expense decreased by only 23% primarily as a result of the shift in the mix of profits and losses across countries as well as increased tax reserves for certain tax exposure items.

Liquidity and Capital Resources

At December 31, 2013, we had $85.9 million in working capital, which represented a decrease from $105.5 million at December 31, 2012. Our current ratio was 1.5:1 at December 31, 2013, compared to 1.6:1 at December 31, 2012. Our primary

Table of Contents

sources of liquidity are cash flows from operations, available cash reserves, and debt capacity under our credit facility. In addition, we could seek to raise additional funds through public or private debt or equity financings. We believe that our cash and cash equivalents, our expected operating cash flow, and our available credit agreement will be sufficient to finance our working capital needs through at least the next year.

Our balance of cash and cash equivalents was $44.5 million at December 31, 2013, compared to $58.8 million at December 31, 2012. Our domestic cash balances are used daily to reduce our outstanding balance on our outstanding borrowings. Typically, most of our cash balance is maintained by our foreign subsidiaries. From time to time, we may engage in short-term loans from our foreign operations. Our credit agreement also provides for foreign borrowings if needed. If future events, including material changes in estimates of cash, working capital and long-term investment requirements, necessitate that the undistributed earnings of our foreign subsidiaries be distributed, an additional provision for income taxes may apply, which could materially affect our future tax expense.

Related to the execution of our 2012 restructuring plan, we had cash outlays of approximately $6 million during 2013. In the third quarter of 2013, all restructuring actions associated with this plan were completed. Total cash outlays associated with the plan will be approximately $11 million, $8 million of which has been paid to date.

We had cash outlays of approximately $6 million during 2013 related to our 2013 restructuring plan. As of December 31, 2013, a majority of the restructuring activities associated with this plan were completed. Total cash outlays associated with this plan will be approximately $13 million.

Cash flows from operating, investing and financing activities, as reflected in our Consolidated Statements of Cash Flows, are summarized as follows:

	Year Ended December 31,		
	2013	2012	2011
	(In thousands)		
Net cash provided by (used in) continuing operations:			
Operating activities	$25,215	$1,153	$17,538
Investing activities	(5,213)	(3,243)	(13,869)
Financing activities	(29,933)	(42,956)	(17,336)
Net cash used in continuing operations	(9,931)	(45,046)	(13,667)
Net cash provided by (used in) discontinued operations:			
Operating activities	(1,273)	(2,830)	13,984
Investing activities	(313)	37,754	(2,457)
Net cash provided by (used in) discontinued operations	(1,586)	34,924	11,527
Effect of foreign exchange rates on cash	(2,849)	3,404	(1,622)
Net decrease in cash and cash equivalents	$(14,366)	$(6,718)	$(3,762)

Operating activities. Cash provided by operating activities from continuing operations was $25.2 million in 2013, compared with $1.2 million and $17.5 million in 2012 and 2011, respectively. Changes in normal short-term working capital items, particularly accounts receivable, primarily contributed to the overall increase in cash from operations during 2013 as compared to 2012. While in 2012, changes in normal short-term working capital items, partially offset by an improvement in earnings, contributed to the overall reduction in cash from operations as compared to 2011. Our working capital fluctuates significantly due to changes in accounts receivable (discussed below), as well as due to the timing of our domestic payroll and accounts payable processing cycles with regard to month-end dates and other seasonal factors. In 2013, we also paid $12.3 million for restructuring-related costs, including severance expenses in our International, North America and corporate segments, and real estate costs primarily in North America. In 2012, our cash restructuring payments were $2.2 million, all relating to severance expenses in our International segment.

During 2013 and 2012, our domestic operations provided (used) $23.0 million and ($5.2 million), respectively, of cash from continuing operations while our International operations provided $2.2 million and $6.4 million, respectively during the same time periods. Typically, the seasonality of our business in many European countries results in negative cash from operations in the early part of the year with improvements in the second half of the year. Cash flow from European operations are typically maximized in the fourth quarter.

Changes in accounts receivable have a significant impact on our cash flow. Items that can affect our cash flow accounts receivable include: contractual payment terms, client payment patterns (including approval or processing delays and cash management), client mix (public vs. private), fluctuations in the level of IT product sales and the effectiveness of our collection efforts. Many of the individual reasons are outside of our control and, as a result, it is normal for our cash flow from accounts receivable to fluctuate from period to period, affecting our liquidity.

Total accounts receivable decreased to $189.4 million at December 31, 2013, from $200.3 million at December 31, 2012. At December 31, 2013, our total unbilled accounts receivable for costs and earnings in excess of billings totaled $8.7 million, which was a decrease of $8 million from the prior year. Total accounts receivable day's sales outstanding ("DSO") was 59 days at December 31, 2013, compared to 61 days at December 31, 2012, a decrease of 2 days. During 2013, we experienced decreased DSO domestically and no change in DSO in our International segment. Our International segment typically experiences slower receivable payments during the first half of the year with improvement in the second half of the year, and with their lowest DSO levels typically occurring in December. Domestic DSO was lower at December 31, 2013 due to a reduction in unbilled revenue as a result of the completion of key milestones on fixed-price projects at two large clients.

Accrued compensation and related liabilities fluctuate from period to period based on a couple of primary factors, including the timing of our normal bi-weekly U.S. payroll cycle and the timing of variable compensation payments. Bonuses are typically accrued throughout the year, and paid either quarterly or annually, based on the applicable bonus program associated with an employee's role and country in which he or she works. As such, bonus accruals can fluctuate from quarter to quarter. Accounts payable and other accrued liabilities typically fluctuate based on when we receive actual vendor invoices and when they are paid. The largest of such items typically relates to vendor payments for IT hardware and software products that we resell and payments to services-related subcontractors.

Investing activities. Investing activities are primarily comprised of purchases of property and equipment and cash paid for acquisitions. Spending on property and equipment was $5.2 million during 2013, compared with $3.2 million in 2012 and $13.0 million in 2011. Generally, our capital spending is primarily for technology equipment and software and to support our global employee base, as well as our management and corporate support infrastructure, and for investment in our domestic and off-shore delivery centers. Such investments will fluctuate from period to period. Investing activities from discontinued operations for 2012 consisted primarily of net proceeds totaling $33.6 million from the sale of our Federal division and $4.5 million from the sale of a portion of our information technology outsourcing practice.

Financing activities. Typically, our most significant financing activities consist of the borrowings and payments under our ABL Facility. This primarily fluctuates based on cash provided by, or used in, our domestic operations during the period as the ABL Facility is utilized for U.S. working capital fluctuations. During 2013, we had net payments on our long-term debt of $26.2 million compared to net payments of $40.1 million (primarily from the repatriation of $30 million of foreign cash to the U.S. in January and the sale of our Federal Division in March 2012), and $21.8 million in 2012 and 2011, respectively. Additionally, in 2013 we incurred no debt fees, compared to $3.4 million and $2.0 million in 2012 and 2011, respectively. In 2013, Ciber repurchased shares to satisfy minimum tax withholdings for employee stock plans. We had a net cash inflow of $0.6 million in 2013 for proceeds from employee stock plans, net of the repurchases of shares for minimum employee tax withholding. In 2012 we reflected a cash inflow of $1.3 million for proceeds from employee stock plans and $7.5 million in 2011. Associated with our 2010 acquisition of Segmenta A/S, during the second quarter of 2013 we paid $7.1 million of contingent consideration, of which $3.4 million is classified as a financing cash flow and $3.7 million is classified in operating activities. (See Note 3 to our Consolidated Financial Statements for more information.) In the fourth quarter of 2013 we paid $0.8 million as an initial payment for the purchase of the noncontrolling interest of one of our foreign subsidiaries. (See Note 1 to our Consolidated Financial Statements for more information.)

Credit Agreement. We have an asset-based revolving line of credit of up to $60 million (the “ABL Facility”) with Wells Fargo Bank, N.A. The amount available for borrowing at any time under such line of credit is determined according to a borrowing base valuation of eligible account receivables, which was $56.7 million at December 31, 2013. The ABL Facility provides for borrowings in the United States, the Netherlands, the United Kingdom and Germany and matures on May 7, 2017. As of December 31, 2013, we had no borrowings outstanding under the ABL Facility. We expect our borrowings to fluctuate based on our working capital needs. Our obligations under the ABL Facility are guaranteed by us and and are secured by substantially all of our U.S., Netherlands, United Kingdom, and German assets. Under the same Well Fargo Credit Agreement, we also had a $7.5 million term loan (the “Term Loan”). On March 29, 2013, we used funds available under the ABL Facility to pay down the Term Loan in full. Because the Term Loan was paid off, we are no longer required to comply with any specific financial covenants.

Under the ABL Facility, U.S. borrowings accrue interest at a rate of the London interbank offered rate (“LIBOR”) plus a margin ranging from 225 to 275 basis points, or, at our option, a base rate equal to the greatest of (a) the Federal Funds Rate plus 0.50%, (b) LIBOR plus 1%, and (c) the “prime rate” set by Wells Fargo plus a margin ranging from 125 to 175 basis points. All foreign borrowings accrue interest at a rate of LIBOR plus a margin ranging from 225 to 275 basis points, plus certain fees related to compliance with European banking regulations. The interest rates applicable to borrowings under the Credit Agreement are subject to increase during an event of default. We are also required to pay an unused line fee ranging from 0.375% to 0.50% annually on the unused portion of the ABL Facility. During the year ended December 31, 2013, our weighted average interest rate on our outstanding borrowings under the ABL Facility was 3.33%.

The ABL Facility can be prepaid in whole or in part at any time. The ABL Facility must be repaid to the extent that any borrowings exceed the maximum availability allowed under the ABL Facility. The ABL Facility also includes a number of business covenants, including customary limitations on, among other things, indebtedness, liens, investments, guarantees, mergers, dispositions, acquisitions, liquidations, dissolutions, issuances of securities, payments of dividends, loans and advances, and transactions with affiliates.

The Company is required to be in compliance with a minimum trailing 12-month fixed charge coverage ratio if (i) an event of default has occurred and is continuing, (ii) less than 25% of the ABL Facility is available for borrowing, or (iii) less than $15 million is available for borrowing under the ABL Facility. The Company must then continue to comply with the minimum trailing 12-month fixed charge coverage ratio until (1) no event of default is continuing and (2) at least 25% of the ABL Facility and a minimum of $15 million have been available for borrowing under the ABL Facility for 30 consecutive days. None of the above scenarios were applicable during 2013 and as such we were not required to comply with the minimum trailing 12-month fixed charge coverage ratio.

Wells Fargo will take dominion over our U.S. cash and cash receipts and will automatically apply such amounts to the ABL Facility on a daily basis if (i) an event of default has occurred and is continuing, (ii) less than 30% of the ABL Facility or less than $18 million is available for borrowing under the ABL Facility for five consecutive days, or (iii) less than 25% of the ABL Facility or less than $15 million is available for borrowing under the ABL Facility at any time. Wells Fargo will continue to exercise dominion over our U.S. cash and cash receipts until (1) no event of default is continuing and (2) at least 30% of the ABL Facility and a minimum of $18 million have been available for borrowing under the ABL Facility for 30 consecutive days. In addition, at all times during the term of the ABL Facility, Wells Fargo will have dominion over the cash of the United Kingdom, Dutch, and German borrowers when a balance is outstanding to those entities and will automatically apply such amounts to the ABL Facility on a daily basis. As a result, if we have any outstanding borrowings that are subject to the bank's dominion, such amounts will be classified as a current liability on our balance sheet. At December 31, 2013, we had no foreign borrowings that were subject to the bank's dominion.

The ABL Facility generally contains customary events of default for credit facilities of this type, including nonpayment, material inaccuracy of representations and warranties, violation of covenants, default of certain other agreements or indebtedness, bankruptcy, material judgments, invalidity of the Credit Agreement or related agreements, and a change of control.

Should it be necessary, we believe that sources of credit or financing other than our ABL Facility would be available to us; however, we cannot predict, at this time, what types of credit or financing would be available in the future, the costs of such credit or financing, or the terms of any amended or new facilities.

Although we had no borrowings outstanding as of December 31, 2013, if we did have outstanding borrowings we would calculate the fair value of the borrowings using market interest rates and Ciber's credit risk. In the recent past, the carrying value of the outstanding borrowings under the ABL Facility has approximated its fair value as (1) it is based on a variable rate that changes based on market conditions and (2) the margin applied to the variable rate is based on Ciber's credit risk, which has not changed since entering into the facility in May 2012. If market interest rates or Ciber's credit risk were to change, we would estimate the fair value of our borrowings using discounted cash flow analysis based on current rates obtained from the lender for similar types of debt. The inputs used to establish the fair value of the ABL Facility are considered to be level 2 inputs, which include inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

Off-Balance Sheet Arrangements

We do not have any reportable off-balance sheet arrangements.

Table of Contents

Contractual Obligations

The contractual obligations presented in the table below represent our estimates of future payments under fixed contractual obligations and commitments. Changes in our business needs, cancellation provisions, changing interest rates and other factors may result in actual payments differing from these estimates. We cannot provide certainty regarding the timing and amounts of payments.

The following table is a summary of our contractual obligations as of December 31, 2013:

	Payments due by period				
	Total	2014	2015-2016	2017-2018	Thereafter
	(In thousands)				
Principal payments on long-term debt	$53	$53	$—	$—	$—
Operating leases (1)	68,198	22,184	27,816	14,623	3,575
Other commitments (2)	14,698	7,750	6,944	4	—
Total	$82,949	$29,987	$34,760	$14,627	$3,575

(1) Includes operating leases for all office locations, automobiles and office equipment.
(2) Other commitments include, among other things, information technology, software support and maintenance obligations, as well as other obligations in the ordinary course of business that we cannot cancel or where we would be required to pay a termination fee in the event of cancellation. It also includes our 2014 and 2015 payments related to the purchase of the noncontrolling interests of one of our foreign subsidiaries. (See Note 1 to our Consolidated Financial Statements for more information on this purchase). It does not include our remaining unrecognized tax benefits of $7.7 million because we are unable to make a reasonably reliable estimate as to when a cash settlement, if any, with the appropriate taxing authority may occur.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenue and expenses during the periods presented. We continually evaluate our estimates, judgments and assumptions based on available information and experience. We believe that our estimates, judgments and assumptions are reasonable based on information available to us at the time they are made. To the extent there are differences between our estimates, judgments and assumptions and actual results, our financial statements will be affected. Such differences may be material to our financial statements. The accounting policies that reflect our more significant estimates, judgments and assumptions are described below.

Revenue recognition — Ciber earns revenue primarily from providing IT services to its clients, and to a much lesser extent, from the sale and resale of IT hardware and software products. Ciber's consulting services revenue comes from three primary sources: (1) technology integration services where we design, build and implement new or enhanced system applications and related processes; (2) general IT consulting services, such as system selection or assessment, feasibility studies, training and staffing; and (3) outsourcing and managed IT services in which we manage, staff, maintain, host or otherwise run solutions and/or systems for our customers. Contracts for these services have different terms based on the scope, deliverables and complexity of the engagement, which requires management to make judgments and estimates in recognizing revenue. Fees for these contracts may be in the form of time-and-materials or fixed-price billings. Approximately 70-80% of our consulting services revenue is recognized under time-and-materials contracts as hours and costs are incurred. Consulting services revenue also includes project-related reimbursable expenses for travel and other out-of-pocket expenses separately billed to clients.

Revenue for technology integration consulting services where we design/redesign, build and implement new or enhanced systems applications and related processes for our clients is generally recognized based on the percentage-of-completion method. Under the percentage-of-completion method, management estimates the percentage of completion based upon the contract costs incurred to date as a percentage of the total estimated contract costs. If the total cost estimate exceeds revenue, we accrue for the estimated loss immediately. The use of the percentage-of-completion method requires significant judgment relative to estimating total contract revenue and costs, including assumptions as to the length of time to complete the project, the nature and complexity of the work to be performed and anticipated changes in estimated costs. Estimates of total contract costs are continuously monitored during the term of the contract and recorded revenues and costs are subject to revision as the contract progresses. Such revisions may result in increases or decreases to revenue and income and are reflected in the consolidated financial statements in the periods in which they are first identified.

Revenue for general IT consulting services is recognized as work is performed and amounts are earned. We consider amounts to be earned once evidence of an arrangement has been obtained, services are delivered, fees are fixed or determinable and collectability is reasonably assured. For contracts with fees based on time-and-materials or cost-plus, we recognize revenue over the period of performance. For fixed-price contracts, depending on the specific contractual provisions and nature of the deliverables, revenue may be recognized on a proportional performance model based on level-of-effort, as milestones are achieved or when final deliverables have been provided.

Outsourcing and managed IT services arrangements typically span several years. Revenue from time-and-materials contracts is recognized as the services are performed. Revenue from unit-priced contracts is recognized as transactions are processed based on objective measures of output. Revenue from fixed-price contracts is recognized on a straight-line basis, unless revenues are earned and obligations are fulfilled in a different pattern. Costs related to delivering outsourcing and managed services are expensed as incurred, with the exception of labor and other direct costs related to the set-up of processes, personnel and systems, which are deferred during the transition period and expensed evenly over the period services are provided. Amounts billable to the client for transition or set-up activities, which do not have standalone value, are also deferred and recognized as revenue ratably over the period that the managed services are provided.

We sometimes enter into arrangements (excluding software license arrangements) with customers that purchase multiple services, or a combination of services and IT hardware products, from us at the same time, referred to as multiple-element arrangements. Each element within a multiple-element arrangement is accounted for as a separate unit of accounting provided that the delivered services or products have value to the customer on a standalone basis. We consider a deliverable element to have standalone value if the service or product is sold separately by us or another vendor or could be resold by the customer. For our multiple-element arrangements, the arrangement consideration is allocated at the inception of the arrangement to all deliverable elements on the basis of their relative selling price (the relative selling price method). When applying the relative selling price method, the selling price for each deliverable is determined using vendor-specific objective evidence ("VSOE") of selling price if it exists; otherwise, third-party evidence ("TPE") of selling price is used. If neither VSOE nor TPE of selling price exists for a deliverable, then we use our best estimate of the selling price ("ESP") for that deliverable when applying the relative selling price method. Since our services are typically customized to each client's specific needs, VSOE and TPE are generally not available. We determine ESP for purposes of allocating the arrangement by considering several external and internal factors including, but not limited to, pricing practices, margin objectives, competition, geographies in which we offer our products and services, and internal costs. We limit the amount of revenue recognized for delivered elements to an amount that is not contingent upon future delivery of additional services or products.

Other revenue primarily includes resale of third-party IT hardware and software products, commissions on sales of IT products and, to a lesser extent, sales of proprietary software products. Revenue related to the sale of IT products is generally recognized when the products are shipped or if applicable, when delivered and installed in accordance with the terms of the sale. Where we are the re-marketer of certain IT products, commission revenue is recognized when the products are drop-shipped from the vendor to the customer. Our commission revenue represents the sales price to the customer less the cost paid to the vendor. Some software license arrangements also include implementation services and/or post-contract customer support. In such multi-element software arrangements, if the criteria are met, revenue is recognized when VSOE of the fair value of each undelivered element has been established. Generally our license arrangements containing multiple elements do not qualify for separate accounting for the implementation services and the software license revenue and the related costs of third-party software products are generally recognized together with the software implementation services using the percentage-of-completion method. Revenue for software post-contract support is recognized ratably over the term of the related agreement.

Unbilled accounts receivable represent amounts recognized as revenue based on services performed in advance of billings in accordance with contract terms. Under our typical time-and-materials billing arrangement, we bill our customers on a regularly scheduled basis, such as biweekly or monthly. At the end of each accounting period, we accrue revenue for services performed since the last billing cycle. These unbilled amounts are generally billed the following month. Unbilled accounts receivable also arise when percentage-of-completion accounting is used and costs plus estimated contract earnings exceed billings. Such amounts are billed at specific milestone dates or at contract completion. Management expects all unbilled accounts receivable to be collected within one year of the balance sheet date. Billings in excess of revenue recognized are recorded as deferred revenue and are primarily comprised of deferred software support revenue.

Goodwill—We perform our annual impairment analysis of goodwill as of June 30 each year, or more often if there are indicators of impairment present. We test each of our reporting units for goodwill impairment. Our reporting units are the same as our operating divisions and reporting segments. The goodwill impairment test requires a two-step process. The first step consists of comparing the estimated fair value of each reporting unit with its carrying amount, including goodwill. If the estimated fair value of a reporting unit exceeds its carrying value, then it is not considered impaired and no further analysis is required. If step one indicates that the estimated fair value of a reporting unit is less than its carrying value, then impairment potentially exists and the second step is performed to measure the amount of goodwill impairment. Goodwill impairment exists when the estimated implied fair value of a reporting unit's goodwill is less than its carrying value.

We compared the carrying values of our International and North America reporting units to their estimated fair values at June 30, 2013. We estimated the fair value of each reporting unit based on a weighting of both the income approach and the market approach. The discounted cash flows for each reporting unit serve as the primary basis for the income approach, and were based on discrete financial forecasts developed by management. Cash flows beyond the discrete forecast period of five years were estimated using the perpetuity growth method calculation. The annual average revenue growth rates forecasted for our reporting units for the first five years of our projections were approximately 4%. We have projected a minor amount of operating profit margin improvement based on expected margin benefits from certain internal initiatives. The terminal value was calculated assuming projected growth rates of 3% after five years, which reflects our estimate of minimum long-term growth in IT spending. The income approach valuations also included each reporting unit’s estimated weighted average cost of capital, which were 13.0% and 14.5% for International and North America, respectively. The market approach applied pricing multiples derived from publicly-traded companies that are comparable to the respective reporting units to determine their values. For our International and North America reporting units, we used enterprise value/revenue multiples of 0.3 and 0.35, respectively, and enterprise value/EBITDA multiples of 5.5 and 5, respectively, in order to value each of our reporting units under the market approach. In addition, the fair value under the market approach included a control premium of 35%. The control premium was determined based on a review of comparative market transactions. Publicly-available information regarding our market capitalization was also considered in assessing the reasonableness of the cumulative fair values of our reporting units.

As a result of the first step of our goodwill impairment test as of June 30, 2013, we estimated that the fair values for our International and North America reporting units exceeded their carrying amounts by 16% and 19%, respectively, thus no impairment was indicated. As of June 30, 2013, we updated our cash flow forecasts and our other assumptions used to calculate the estimated fair value of our reporting units to account for our beliefs and expectations of the current business environment. While we believe our estimates are appropriate based on our view of current business trends, no assurance can be provided that impairment charges will not be required in the future. As of December 31, 2013, we reviewed and noted no events which had occurred or circumstances which changed that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

We currently have a remaining goodwill balance of $281.7 million at December 31, 2013. The process of evaluating the potential impairment of goodwill is subjective and requires significant judgment at many points during the analysis. In estimating the fair value of the reporting units for the purpose of our annual or periodic goodwill impairment analysis, we make estimates and judgments about the future cash flows of the reporting units, including estimated growth rates and assumptions about the economic environment. Although our cash flow forecasts are based on assumptions that are consistent with the plans and estimates we are using to manage the underlying reporting units, there is significant judgment in determining the cash flows attributable to these reporting units. We consider our market capitalization, adjusted for unallocated monetary assets such as cash and debt, a control premium, and other factors determined by management. As a result, several factors could result in the impairment of a material amount of our goodwill balance in future periods, including, but not limited to:

(1) failure of Ciber to reach our internal forecasts could impact our ability to achieve our forecasted levels of cash flows and reduce the estimated fair values of our reporting units; and

(2) a decline in our stock price and resulting market capitalization, if we determine that the decline is sustained and is indicative of a reduction in the fair value of either of our reporting units below their carrying values.

Adverse changes in our market capitalization, long-term forecasts and industry growth rates could result in additional impairment charges being recorded in future periods for goodwill attributed to any of our reporting units. Any future impairment charges would adversely affect our results of operations for those periods.

Income taxes — We are subject to income taxes in the U.S. and numerous foreign jurisdictions. Significant management judgment is required in determining the provision for income taxes and deferred tax assets and liabilities, including any valuation allowance recorded against net deferred tax assets. The consolidated provision for income taxes will change period to period based on nonrecurring events, such as the results of income tax audits, changes in tax laws and the timing and amount of possible foreign dividend repatriation, as well as recurring factors including the geographic mix of income before taxes, state and local taxes and the effects of various global income tax strategies.

We assess the likelihood that our deferred tax assets will be recovered from future taxable income and to the extent recovery is believed unlikely, we establish a valuation allowance. Significant judgment is also required in determining any

Table of Contents

valuation allowance recorded against deferred tax assets. In assessing the need for a valuation allowance, management considers all available evidence for each jurisdiction including past operating results, estimates of future taxable income and the feasibility of ongoing tax planning strategies. In the event that we change our determination as to the amount of deferred tax assets that can be realized, we will adjust the valuation allowance with a corresponding impact to income tax expense in the period in which such determination is made.

As a result of domestic losses, in 2011 we provided a full valuation allowance for all of our domestic deferred tax assets. In addition, we haven't recorded any deferred tax benefit for any domestic tax operating losses since then. Our total valuation allowance recorded against all of our deferred tax assets at December 31, 2013, was $51.2 million. The establishment of a valuation allowance does not impair our ability to use the deferred tax assets, such as net operating loss and tax credit carryforwards, upon achieving sufficient profitability. As we generate domestic taxable income in future periods, we do not expect to record significant related domestic income tax expense until the valuation allowance is significantly reduced. As we are able to determine that it is more likely than not that we will be able to utilize the deferred tax assets, we will reduce our valuation allowance.

We apply an estimated annual effective tax rate to our quarterly operating results to determine the provision for income tax expense. In the event there is a significant unusual or infrequent item recognized in our quarterly operating results, the tax attributable to that item is recorded in the interim period in which it occurs. Changes in the geographic mix or estimated level of annual income before taxes will affect our provision for income tax expense.

We are regularly audited by various taxing authorities, and sometimes these audits involve proposed assessments where the ultimate resolution may result in us owing additional taxes, plus interest and possible penalties. Tax exposures can involve complex issues and may require an extended period to resolve. We establish reserves when, despite our belief that our tax return positions are appropriate and supportable under local tax law, we believe it is more likely than not that all or some portion of a tax benefit will not be realized as the result of an audit. We evaluate these reserves each quarter and adjust the reserves and the related interest in light of changing facts and circumstances regarding the estimates of tax benefits to be realized, such as the progress of a tax audit or the expiration of a statute of limitations. We believe the estimates and assumptions used to support our evaluation of tax benefit realization are reasonable. However, final determinations of prior-year tax liabilities, either by settlement with tax authorities or expiration of statutes of limitations, could be materially different from estimates reflected in assets and liabilities and historical income tax provisions. The outcome of these final determinations could have a material effect on our income tax provision, net income or cash flows in the period in which that determination is made. We believe our tax positions comply with applicable tax law and that we have adequately provided for any known tax contingencies.

Allowance for doubtful accounts receivable — We maintain an allowance for doubtful accounts at an amount we estimate to be sufficient to cover the risk of collecting less than full payment on our receivables. At December 31, 2013, we had gross accounts receivable of $191.7 million and our allowance for doubtful accounts was $2.3 million. Our allowance for doubtful accounts is based upon specific identification of probable losses. We review our accounts receivable and reassess our estimates of collectability each quarter. Historically, our bad debt expense has been a very small percentage of our total revenue, as most of our revenues are from large, credit-worthy Global 2000 blue-chip companies and government agencies. Our bad debt expense was $1.8 million, $0.8 million, and $0.5 million in 2013, 2012, and 2011, respectively. If our clients' financial condition or liquidity were to deteriorate, resulting in an impairment of their ability to make payments, or if customers were to express dissatisfaction with the services we have provided, additional allowances may be required. Such items are very difficult to predict and require significant management judgment.

Accrued compensation and certain other accrued liabilities — Employee compensation costs are our largest expense category. We have several different variable compensation programs that are highly dependent on estimates and judgments, particularly at interim reporting dates. Some programs are discretionary, while others have quantifiable performance metrics. Certain programs are annual, while others are quarterly or monthly. Often actual compensation amounts cannot be determined until after our results are reported. We believe we make reasonable estimates and judgments using all significant information available. Office closure liabilities are established when we vacate an operating lease location. The amount of the liability represents the present value of any remaining lease obligations, net of estimated sublease income. If the timing or amount of actual sublease income differs from estimated amounts, this could result in an increase or decrease in the related reserves. We estimate the amounts required for incurred but not reported health claims under our self-insured employee benefit programs. Our accrual for health costs is based on historical experience and specific claim activity and actual amounts may vary. In the ordinary course of business, we are currently involved in various claims and legal proceedings. We periodically review the status of each significant matter and assess our potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated, we accrue a liability for the estimated loss. We use significant judgment in both the determination of probability and the determination as to whether an exposure is reasonably estimable. Because of uncertainties related to these matters, accruals are based only on the best information at that time. As additional information becomes available, we reassess the potential liability related to our pending claims and litigation and may revise our estimates. Such revisions in the estimates of potential liabilities could have a material impact on our financial position and results of operations. We expense legal fees as incurred.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks related to changes in foreign currency exchange rates and interest rates. We believe our exposure to other market risks is immaterial.

During 2013, approximately 52%, or $456 million of our total revenue was attributable to our foreign operations. Using sensitivity analysis, a hypothetical 10% increase or decrease in the value of the U.S. dollar against all currencies would change total revenue by 5.2%, or $46 million. A portion of this fluctuation would be offset by expenses incurred in local currency. Additionally, we have exposure to changes in foreign currency rates related to short-term inter-company transactions with our foreign subsidiaries and from client receivables in different currencies. Foreign sales are mostly made by our foreign subsidiaries in their respective countries and are typically denominated in the local currency of each country. Our foreign subsidiaries incur most of their expenses in their local currency as well, which helps minimize our risk of exchange rate fluctuations.

Our exposure to changes in interest rates arises primarily because our indebtedness under the ABL Facility has a variable interest rate. For the year ended December 31, 2013, we had average borrowings outstanding under our ABL Facility of $21.0 million and the weighted average interest rate on these borrowings was 3.33%. Therefore, a 1% increase in interest rates on average outstanding indebtedness under the ABL Facility would result in approximately $0.2 million of additional interest expense in 2013.

Table of Contents

Item 8. Financial Statements and Supplementary Data

The following consolidated financial statements and supplementary data are included as part of this Annual Report on Form 10-K:

Table of Contents

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Ciber, Inc.

We have audited the accompanying consolidated balance sheets of Ciber, Inc. and subsidiaries (the Company) as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity and cash flows for each of the three years in the period ended December 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2013 and 2012, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) and our report dated February 19, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Denver, Colorado
February 19, 2014

Table of Contents

Ciber, Inc. and Subsidiaries
Consolidated Statements of Operations
(In thousands, except per share amounts)

	Year Ended December 31, 2013	2012	2011
REVENUES			
Consulting services	$830,505	$819,848	$845,126
Other revenue	46,788	45,749	43,260
Total revenues	877,293	865,597	888,386
OPERATING EXPENSES			
Cost of consulting services	626,771	615,494	640,028
Cost of other revenue	27,465	26,625	24,059
Selling, general and administrative	205,615	202,185	216,867
Goodwill impairment	—	—	16,300
Amortization of intangible assets	—	644	1,534
Restructuring charges	16,923	7,981	—
Total operating expenses	876,774	852,929	898,788
OPERATING INCOME (LOSS) FROM CONTINUING OPERATIONS	519	12,668	(10,402)
Interest income	857	618	809
Interest expense	(2,539)	(5,976)	(7,898)
Other expense, net	(16)	(359)	(2,540)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(1,179)	6,951	(20,031)
Income tax expense	6,428	11,024	32,320
NET LOSS FROM CONTINUING OPERATIONS	(7,607)	(4,073)	(52,351)
Loss from discontinued operations, net of income tax	(6,924)	(10,009)	(14,881)
CONSOLIDATED NET LOSS	(14,531)	(14,082)	(67,232)
Net income (loss) attributable to noncontrolling interests	(11)	545	29
NET LOSS ATTRIBUTABLE TO CIBER, INC.	$(14,520)	$(14,627)	$(67,261)
Basic and diluted loss per share attributable to Ciber, Inc.:			
Continuing operations	$(0.10)	$(0.06)	$(0.73)
Discontinued operations	(0.09)	(0.14)	(0.21)
Basic and diluted loss per share attributable to Ciber, Inc.	$(0.19)	$(0.20)	$(0.94)
Weighted average shares outstanding — Basic and Diluted	74,846	73,166	71,831

See accompanying notes to consolidated financial statements.

Table of Contents

Ciber, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)
(In thousands)

	Year Ended December 31,		
	2013	2012	2011
Consolidated net loss	$(14,531)	$(14,082)	$(67,232)
Gain on hedging activity, net of tax	—	—	284
Reclassification adjustment to loss from discontinued operations	1,008	—	—
Foreign currency translation adjustments	1,880	7,214	(7,946)
Comprehensive loss	(11,643)	(6,868)	(74,894)
Comprehensive income (loss) attributable to noncontrolling interests	(11)	545	34
Comprehensive loss attributable to Ciber, Inc.	$(11,632)	$(7,413)	$(74,928)

See accompanying notes to consolidated financial statements.

Table of Contents

Ciber, Inc. and Subsidiaries
Consolidated Balance Sheets
(In thousands, except per share amounts)

	December 31, 2013	2012
ASSETS		
Current assets:		
Cash and cash equivalents	$44,483	$58,849
Accounts receivable, net of allowances of $2,335 and $1,752, respectively	189,382	200,257
Prepaid expenses and other current assets	22,794	24,054
Total current assets	256,659	283,160
Property and equipment, net of accumulated depreciation of $48,500 and $47,859, respectively	12,923	13,683
Goodwill	281,714	276,599
Other assets	6,522	7,029
TOTAL ASSETS	$557,818	$580,471
LIABILITIES AND EQUITY		
Liabilities:		
Current liabilities:		
Current portion of long-term debt	$53	$6,337
Accounts payable	34,223	30,775
Accrued compensation and related liabilities	69,622	68,900
Deferred revenue	20,989	21,872
Income taxes payable	1,654	4,331
Other accrued expenses and liabilities	44,190	45,477
Total current liabilities	170,731	177,692
Long-term debt	—	19,790
Deferred income taxes	23,910	21,848
Other long-term liabilities	10,119	2,188
Total liabilities	204,760	221,518
Commitments and contingencies		
Equity:		
Ciber, Inc. shareholders' equity:		
Preferred stock, $0.01 par value, 1,000 shares authorized, no shares issued	—	—
Common stock, $0.01 par value, 100,000 shares authorized, 75,822 and 74,487 shares issued, respectively	758	745
Treasury stock, at cost, 37 and 708 shares, respectively	(150)	(4,057)
Additional paid-in capital	343,944	337,639
Retained earnings	4,887	24,032
Accumulated other comprehensive income	3,096	208
Total Ciber, Inc. shareholders' equity	352,535	358,567
Noncontrolling interests	523	386
Total equity	353,058	358,953

TOTAL LIABILITIES AND EQUITY	$557,818	$580,471

See accompanying notes to consolidated financial statements.

Table of Contents

Ciber, Inc. and Subsidiaries
Consolidated Statements of Shareholders' Equity
(In thousands)

	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Ciber, Inc. Shareholders' Equity	Noncontrolling Interests	Total Shareholders' Equity
	Shares	Amount	Shares	Amount						
BALANCES AT JANUARY 1, 2011	74,487	$ 745	(4,363)	$ (25,003)	$ 325,177	$ 118,113	$ 661	$ 419,693	$ (193)	$ 419,500
Consolidated net loss	—	—	—	—	—	(67,261)	—	(67,261)	29	(67,232