

BOTTOMLINE TECHNOLOGIES INC /DE/
Form 10-Q
May 07, 2010

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2010

OR

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

For the transition period from to

Commission file number: 0-25259

Bottomline Technologies (de), Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

02-0433294
(I.R.S. Employer
Identification No.)

325 Corporate Drive
Portsmouth, New Hampshire
(Address of principal executive offices)

03801-6808
(Zip Code)

(603) 436-0700

(Registrant's telephone number, including area code)

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

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

Indicate by check mark 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 (Check one):

Large Accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input checked="" type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>

(Do not check if a smaller reporting company)

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

The number of shares outstanding of the registrant's common stock as of April 30, 2010 was 27,295,937.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Bottomline Technologies (de), Inc.
 Unaudited Condensed Consolidated Balance Sheets
 (in thousands)

	March 31, 2010	June 30, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$58,229	\$50,255
Marketable securities	55	48
Accounts receivable, net of allowance for doubtful accounts of \$498 at March 31, 2010 and \$645 at June 30, 2009	24,935	23,118
Other current assets	9,491	5,531
Total current assets	92,710	78,952
Property and equipment, net	14,527	10,106
Goodwill	64,852	64,569
Intangible assets, net	34,641	25,020
Other assets	2,146	4,504
Total assets	\$208,876	\$183,151
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$6,306	\$5,955
Accrued expenses	7,527	9,290
Deferred revenue	36,452	33,029
Total current liabilities	50,285	48,274
Deferred revenue, non-current	5,563	10,213
Deferred income taxes	2,400	2,263
Other liabilities	1,973	1,852
Total liabilities	60,221	62,602
Stockholders' equity:		
Preferred Stock, \$.001 par value:		
Authorized shares—4,000; issued and outstanding shares—none	----	----
Common Stock, \$.001 par value:		
Authorized shares—50,000; issued shares—27,974 at March 31, 2010, and 26,516 at June 30, 2009; outstanding shares—25,923 at March 31, 2010, and 24,311 at June 30, 2009	28	27
Additional paid-in capital	314,817	287,082
Accumulated other comprehensive loss	(9,079)	(4,920)
Treasury stock: 2,051 shares at March 31, 2010, and 2,205 shares at June 30, 2009, at cost	(22,657)	(24,360)
Accumulated deficit	(134,454)	(137,280)
Total stockholders' equity	148,655	120,549
Total liabilities and stockholders' equity	\$208,876	\$183,151

See accompanying notes.

Bottomline Technologies (de), Inc.
 Unaudited Condensed Consolidated Statements of Operations
 (in thousands, except per share amounts)

	Three Months Ended March 31,	
	2010	2009
Revenues:		
Software licenses	\$3,657	\$3,237
Subscriptions and transactions	10,794	7,495
Service and maintenance	23,043	20,599
Equipment and supplies	2,326	1,960
Total revenues	39,820	33,291
Cost of revenues:		
Software licenses	253	189
Subscriptions and transactions (1)	5,598	3,650
Service and maintenance (1)	9,921	9,151
Equipment and supplies	1,779	1,423
Total cost of revenues	17,551	14,413
Gross profit	22,269	18,878
Operating expenses:		
Sales and marketing (1)	8,649	7,449
Product development and engineering (1)	4,959	4,742
General and administrative (1)	3,795	4,344
Amortization of intangible assets	3,282	3,589
Total operating expenses	20,685	20,124
Income (loss) from operations	1,584	(1,246)
Other income (expense), net	45	(53)
Income (loss) before income taxes	1,629	(1,299)
Provision for income taxes	679	671
Net income (loss)	\$950	\$(1,970)
Basic net income (loss) per share attributable to common stockholders:	\$0.04	\$(0.08)
Diluted net income (loss) per share attributable to common stockholders:	\$0.03	\$(0.08)
Shares used in computing basic net income (loss) per share attributable to common stockholders:	25,664	24,047
Shares used in computing diluted net income (loss) per share attributable to common stockholders:	27,440	24,047

(1) Stock based compensation is allocated as follows:

	Three Months Ended March 31,	
	2010	2009
Cost of revenues: subscriptions and transactions	\$70	\$43
Cost of revenues: service and maintenance	434	233
Sales and marketing	837	528

Product development and engineering	296	165
General and administrative	724	916

See accompanying notes.

Bottomline Technologies (de), Inc.
 Unaudited Condensed Consolidated Statements of Operations
 (in thousands, except per share amounts)

	Nine Months Ended March 31,	
	2010	2009
Revenues:		
Software licenses	\$10,408	\$10,440
Subscriptions and transactions	29,543	23,468
Service and maintenance	69,953	62,275
Equipment and supplies	6,594	6,948
Total revenues	116,498	103,131
Cost of revenues:		
Software licenses	792	596
Subscriptions and transactions (1)	14,636	11,642
Service and maintenance (1)	30,047	28,454
Equipment and supplies	4,991	5,101
Total cost of revenues	50,466	45,793
Gross profit	66,032	57,338
Operating expenses:		
Sales and marketing (1)	25,356	24,236
Product development and engineering (1)	13,802	15,402
General and administrative (1)	12,334	14,136
Amortization of intangible assets	9,949	11,973
Total operating expenses	61,441	65,747
Income (loss) from operations	4,591	(8,409)
Other income, net	173	709
Income (loss) before income taxes	4,764	(7,700)
Provision for income taxes	1,938	988
Net income (loss)	\$2,826	\$(8,688)
Basic net income (loss) per share attributable to common stockholders:	\$0.11	\$(0.36)
Diluted net income (loss) per share attributable to common stockholders:	\$0.11	\$(0.36)
Shares used in computing basic net income (loss) per share attributable to common stockholders:	25,052	23,988
Shares used in computing diluted net income (loss) per share attributable to common stockholders:	26,061	23,988

(1) Stock based compensation is allocated as follows:

	Nine Months Ended March 31,	
	2010	2009
Cost of revenues: subscriptions and transactions	\$184	\$174
Cost of revenues: service and maintenance	1,183	622
Sales and marketing	2,324	1,872

Product development and engineering	828	564
General and administrative	2,150	3,066

See accompanying notes.

Bottomline Technologies (de), Inc.
 Unaudited Condensed Consolidated Statements of Cash Flows
 (in thousands)

	Nine Months Ended March 31,	
	2010	2009
Operating activities:		
Net income (loss)	\$2,826	\$(8,688)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Amortization of intangible assets	9,949	11,973
Stock compensation expense	6,669	6,298
Depreciation and amortization of property and equipment	3,364	2,950
Deferred income tax provision	462	196
Provision for allowances on accounts receivable	(99)	(6)
Provision for obsolete inventory	2	12
Excess tax benefits associated with stock compensation	(162)	(12