

Benefitfocus, Inc.
Form 10-Q
May 08, 2018

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, 2018

or

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

For the transition period from _____ to _____ .

Commission File Number: 001-36061

Benefitfocus, Inc.

(Exact name of registrant as specified in its charter)

Delaware 46-2346314
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

100 Benefitfocus Way

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Charleston, South Carolina 29492

(Address of principal executive offices and zip code)

(843) 849-7476

(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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer

Accelerated filer

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

Emerging growth company

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

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

As of May 1, 2018, there were approximately 31,762,092 shares of the registrant's common stock outstanding.

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For the Quarterly Period Ended March 31, 2018

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Benefitfocus, Inc.

Unaudited Consolidated Balance Sheets

(in thousands, except share and per share data)

	As of March 31, 2018	As of December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$54,785	\$55,335
Accounts receivable, net	29,678	30,091
Contract, prepaid and other current assets	15,077	15,859
Total current assets	99,540	101,285
Property and equipment, net	71,233	72,681
Intangible assets, net	86	150
Goodwill	1,634	1,634
Deferred contract costs and other non-current assets	15,262	16,253
Total assets	\$187,755	\$192,003
Liabilities and stockholders' deficit		
Current liabilities:		
Accounts payable	\$5,557	\$4,260
Accrued expenses	10,599	9,110
Accrued compensation and benefits	11,288	14,250
Deferred revenue, current portion	36,167	43,804
Revolving line of credit, current portion	24,000	24,000
Financing and capital lease obligations, current portion	3,716	3,423
Total current liabilities	91,327	98,847
Deferred revenue, net of current portion	16,733	11,223
Revolving line of credit, net of current portion	39,246	32,246
Financing and capital lease obligations, net of current portion	55,724	55,597
Other non-current liabilities	2,699	2,809
Total liabilities	205,729	200,722
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, par value \$0.001, 5,000,000 shares authorized, no shares issued and outstanding at March 31, 2018 and December 31, 2017	—	—
Common stock, par value \$0.001, 50,000,000 shares authorized,	31	31

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31,339,469 and 31,307,989 shares issued and outstanding		
at March 31, 2018 and December 31, 2017, respectively		
Additional paid-in capital	357,043	352,496
Accumulated deficit	(375,048)	(361,246)
Total stockholders' deficit	(17,974)	(8,719)
Total liabilities and stockholders' deficit	\$ 187,755	\$ 192,003

The accompanying notes are an integral part of the Unaudited Consolidated Financial Statements.

Benefitfocus, Inc.

Unaudited Consolidated Statements of Operations and Comprehensive Loss

(in thousands, except share and per share data)

	Three Months Ended	
	March 31,	
	2018	2017
Revenue	\$62,363	\$57,623
Cost of revenue	31,403	32,202
Gross profit	30,960	25,421
Operating expenses:		
Sales and marketing	19,917	18,023
Research and development	12,023	12,181
General and administrative	9,693	7,757
Total operating expenses	41,633	37,961
Loss from operations	(10,673)	(12,540)
Other expense:		
Interest income	58	27
Interest expense on building lease financing obligations	(1,866)	(1,860)
Interest expense on other borrowings	(1,317)	(1,062)
Other expense	–	(148)
Total other expense, net	(3,125)	(3,043)
Loss before income taxes	(13,798)	(15,583)
Income tax expense	4	–
Net loss	\$(13,802)	\$(15,583)
Comprehensive loss	\$(13,802)	\$(15,583)
Net loss per common share:		
Basic and diluted	\$(0.44)	\$(0.51)
Weighted-average common shares outstanding:		
Basic and diluted	31,333,348	30,658,468

The accompanying notes are an integral part of the Unaudited Consolidated Financial Statements.

Benefitfocus, Inc.

Unaudited Consolidated Statement of Changes in Stockholders' Deficit

(in thousands, except share and per share data)

Common Stock, \$0.001 Par Value Shares	Par Value	Additional Paid-in Capital	Accumulated	Total Stockholders'
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