

BOTTOMLINE TECHNOLOGIES INC /DE/
Form 10-Q
May 08, 2007
Table of Contents

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, 2007

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)

325 Corporate Drive

02-0433294
(I.R.S. Employer

Identification No.)

03801-6808

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Portsmouth, New Hampshire
(Address of principal executive offices)

(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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

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, 2007 was 24,509,464.

Table of Contents

INDEX

	Page No.
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	
<u>Unaudited Condensed Consolidated Balance Sheets as of March 31, 2007 and June 30, 2006</u>	3
<u>Unaudited Condensed Consolidated Statements of Operations for the three months ended March 31, 2007 and 2006</u>	4
<u>Unaudited Condensed Consolidated Statements of Operations for the nine months ended March 31, 2007 and 2006</u>	5
<u>Unaudited Condensed Consolidated Statements of Cash Flows for the nine months ended March 31, 2007 and 2006</u>	6
<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	7
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	14
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	24
<u>Item 4. Controls and Procedures</u>	24
<u>PART II. OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	25
<u>Item 1A. Risk Factors</u>	26
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	31
<u>Item 6. Exhibits</u>	31
<u>SIGNATURE</u>	32

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****Bottomline Technologies (de), Inc.****Unaudited Condensed Consolidated Balance Sheets**

(in thousands)

	March 31, 2007	June 30, 2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 36,620	\$ 38,752
Marketable securities	28,299	41,745
Accounts receivable, net of allowance for doubtful accounts and returns of \$1,595 at March 31, 2007 and \$1,833 at June 30, 2006	22,629	21,043
Other current assets	5,577	4,864
Total current assets	93,125	106,404
Property and equipment, net	8,117	7,106
Intangible assets, net	86,714	61,077
Other assets	1,931	1,247
Total assets	\$ 189,887	\$ 175,834
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 5,640	\$ 5,990
Accrued expenses	10,341	8,660
Deferred revenue and deposits	24,523	19,880
Total current liabilities	40,504	34,530
Deferred revenue and deposits, non current	2,348	1,249
Deferred income taxes	6,606	2,985
Other liabilities	509	462
Total liabilities	49,967	39,226
Stockholders' equity:		
Common stock	25	23
Additional paid-in-capital	259,825	246,543
Accumulated other comprehensive income	7,279	3,585
Treasury stock	(8,944)	(748)
Accumulated deficit	(118,265)	(112,795)
Total stockholders' equity	139,920	136,608
Total liabilities and stockholders' equity	\$ 189,887	\$ 175,834

See accompanying notes.

Table of Contents**Bottomline Technologies (de), Inc.****Unaudited Condensed Consolidated Statements of Operations**

(in thousands, except per share amounts)

	Three Months Ended March 31,	
	2007	2006
Revenues:		
Software licenses	\$ 4,071	\$ 2,543
Subscriptions and transactions	6,750	5,821
Service and maintenance	16,856	12,929
Equipment and supplies	3,438	3,599
Total revenues	31,115	24,892
Cost of revenues:		
Software licenses	177	371
Subscriptions and transactions	3,064	2,740
Service and maintenance ⁽¹⁾	7,811	6,130
Equipment and supplies	2,532	2,930
Total cost of revenues	13,584	12,171
Gross profit	17,531	12,721
Operating expenses:		
Sales and marketing ⁽¹⁾	8,055	6,305
Product development and engineering ⁽¹⁾	4,258	3,608
General and administrative ⁽¹⁾	5,171	4,198
Amortization of intangible assets	2,701	1,357
Total operating expenses	20,185	15,468
Loss from operations	(2,654)	(2,747)
Other income, net	682	780
Loss before provision for income taxes	(1,972)	(1,967)
Provision (benefit) for income taxes	(98)	205
Net loss	\$ (1,874)	\$ (2,172)
Basic and diluted net loss per share:	\$ (0.08)	\$ (0.09)
Shares used in computing net loss per basic and diluted share:	23,529	23,083

⁽¹⁾ Stock based compensation is allocated as follows:

**Three Months Ended
March 31,
2007 2006**

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Cost of revenues: service and maintenance	\$ 178	\$ 122
Sales and marketing	645	693
Product development and engineering	196	215
General and administrative	932	851
	\$ 1,951	\$ 1,881

See accompanying notes.

Table of Contents**Bottomline Technologies (de), Inc.****Unaudited Condensed Consolidated Statements of Operations**

(in thousands, except per share amounts)

	Nine Months Ended March 31,	
	2007	2006
Revenues:		
Software licenses	\$ 10,005	\$ 9,414
Subscriptions and transactions	19,976	15,821
Service and maintenance	45,854	39,062
Equipment and supplies	10,152	11,391
Total revenues	85,987	75,688
Cost of revenues:		
Software licenses	560	1,051
Subscriptions and transactions	8,457	6,653
Service and maintenance ⁽¹⁾	21,556	18,122
Equipment and supplies	7,529	9,105
Total cost of revenues	38,102	34,931
Gross profit	47,885	40,757
Operating expenses:		
Sales and marketing ⁽¹⁾	22,780	19,173
Product development and engineering ⁽¹⁾	12,115	8,894
General and administrative ⁽¹⁾	14,720	12,055
Amortization of intangible assets	6,575	3,018
Total operating expenses	56,190	43,140
Loss from operations	(8,305)	(2,383)
Other income, net	2,421	2,285
Loss before provision for income taxes	(5,884)	(98)
Provision (benefit) for income taxes	(414)	859
Net loss	\$ (5,470)	\$ (957)
Basic and diluted net loss per share	\$ (0.23)	\$ (0.04)
Shares used in computing net loss per basic and diluted share:	23,527	22,643

⁽¹⁾ Stock based compensation is allocated as follows:

Nine Months Ended
March 31,
2007 2006

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Cost of revenues: service and maintenance	\$ 450	\$ 368
Sales and marketing	2,013	1,854
Product development and engineering	593	653
General and administrative	2,835	2,407
	\$ 5,891	\$ 5,282

See accompanying notes.

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

	Nine Months Ended March 31,	
	2007	2006
Operating activities:		
Net loss	\$ (5,470)	\$ (957)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Stock compensation expense	5,891	5,282
Amortization of intangible assets	6,575	3,018
Amortization of investment income		(7)
Depreciation and amortization of property and equipment	2,265	1,992
Acquisition related technology write-off		189
Deferred income tax benefit	(585)	(302)
Excess tax benefits associated with stock compensation	(30)	
Provision for allowances on accounts receivable	(120)	94
Provision for obsolete inventory	(39)	77
Gain on foreign exchange	(69)	(3)
Changes in operating assets and liabilities:		
Accounts receivable	1,703	1,490
Inventory, prepaid expenses and other assets	275	350
Accounts payable, accrued expenses and deferred revenue and deposits	(1,329)	(2,450)
Net cash provided by operating activities	9,067	8,773
Investing activities:		
Acquisition of business and assets, net of cash acquired	(16,975)	(18,186)
Purchases of available-for-sale securities	(11,900)	(41,150)
Purchases of held-to-maturity securities		(46)
Proceeds from sales of available-for-sale securities	25,350	13,100
Proceeds from sales of held-to-maturity securities		2,084