

BOTTOMLINE TECHNOLOGIES INC /DE/
Form 10-Q
February 07, 2011

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 December 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

03801-6808

Edgar Filing: BOTTOMLINE TECHNOLOGIES INC /DE/ - Form 10-Q

(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 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 Accelerated Filer

Non-Accelerated Filer (Do not check if a smaller reporting company) 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 January 31, 2011 was 33,213,810.

INDEX

	Page No.
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements	
Unaudited Condensed Consolidated Balance Sheets as of December 31, 2010 and June 30, 2010	3
Unaudited Condensed Consolidated Statements of Operations for the three months ended December 31, 2010 and 2009	4
Unaudited Condensed Consolidated Statements of Operations for the six months ended December 31, 2010 and 2009	5
Unaudited Condensed Consolidated Statements of Cash Flows for the six months ended December 31, 2010 and 2009	6
Notes to Unaudited Condensed Consolidated Financial Statements	7
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	17
Item 3. Quantitative and Qualitative Disclosures about Market Risk	29
Item 4. Controls and Procedures	29
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	30
Item 1A. Risk Factors	31
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	38
Item 6. Exhibits	38
SIGNATURE	39

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	December 31, 2010	June 30, 2010
Assets		
Current assets:		
Cash and cash equivalents	\$143,936	\$122,758
Marketable securities	61	51
Accounts receivable, net of allowance for doubtful accounts of \$439 at December 31, 2010 and \$481 at June 30, 2010	36,840	26,019
Other current assets	8,139	8,910
Total current assets	188,976	157,738
Property, plant and equipment, net	14,342	14,561
Goodwill	69,712	64,294
Intangible assets, net	29,592	31,172
Other assets	667	1,617
Total assets	\$303,289	\$269,382
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$6,549	\$5,857
Accrued expenses	10,062	9,715
Deferred revenue	42,807	37,461
Total current liabilities	59,418	53,033
Deferred revenue, non-current	2,991	2,738
Deferred income taxes	2,266	1,432
Other liabilities	1,940	1,788
Total liabilities	66,615	58,991
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—33,680 at December 31, 2010, and 32,376 at June 30, 2010; outstanding shares—31,714 at December 31, 2010, and 30,325 at June 30, 2010	34	32
Additional paid-in capital	393,235	375,700
Accumulated other comprehensive loss	(6,289)	(9,358)
Treasury stock: 1,966 shares at December 31, 2010, and 2,051 shares at June 30, 2010, at cost	(21,720)	(22,657)
Accumulated deficit	(128,586)	(133,326)

Total stockholders' equity	236,674	210,391
Total liabilities and stockholders' equity	\$303,289	\$269,382

See accompanying notes.

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

	Three Months Ended December 31,	
	2010	2009
Revenues:		
Software licenses	\$4,180	\$3,787
Subscriptions and transactions	13,031	10,469
Service and maintenance	24,952	23,775
Equipment and supplies	2,119	2,091
Total revenues	44,282	40,122
Cost of revenues:		
Software licenses	214	321
Subscriptions and transactions (1)	6,748	5,160
Service and maintenance (1)	10,404	10,405
Equipment and supplies	1,635	1,590
Total cost of revenues	19,001	17,476
Gross profit	25,281	22,646
Operating expenses:		
Sales and marketing (1)	9,257	8,825
Product development and engineering (1)	5,476	