

ACTIVE NETWORK INC
Form 10-K
February 27, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED December 31, 2012

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: 001-35187

The Active Network, Inc.

(Exact name of registrant as specified in its charter)

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Delaware
(State or Other Jurisdiction of

33-0884962
(I.R.S. Employer

Incorporation or Organization)

10182 Telesis Court, Suite 100

Identification No.)

San Diego, California 92121

(Address of Principal Executive Offices) (Zip Code)

(858) 964-3800

(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Name of each exchange on which registered
Common Stock, \$0.001 par value per share	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. Yes 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. Yes 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. 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 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.

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

The aggregate market value of the voting common stock held by non-affiliates as of June 30, 2012 (based upon the closing sale price of such shares on the New York Stock Exchange on the last business day of the second quarter) was approximately \$717,815,778. The registrant has no non-voting common stock. Shares of common stock held by each executive officer and director and by each entity that owns 5% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not

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necessarily a conclusive determination for other purposes.

As of February 19, 2013, the registrant had 60,953,805 shares of Common Stock (\$0.001 par value) outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the 2013 Annual Meeting of Stockholders to be held on May 23, 2013 are incorporated by reference into Part III of this Annual Report on Form 10-K to the extent stated herein.

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The Active Network, Inc.

For the Fiscal Year Ended December 31, 2012

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FORWARD-LOOKING STATEMENTS

Statements in this Annual Report on Form 10-K that are not strictly historical in nature are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934 as amended. References to The Active Network, Inc. throughout this Annual Report on Form 10-K are made using the Company and first person notations of we, us and our. Any statements in this Annual Report on Form 10-K concerning our business, operations and financial performance and condition as well as our plans, objectives and expectations for our business operations and financial performance and condition are not historical facts and may be deemed to be forward-looking statements. You can identify these statements by words such as anticipate, assume, believe, can, could, due, estimate, expect, intend, goal, may, objective, plan, potential, positioned, seek should, target, will, would and other similar words. These forward-looking statements are based on current information and our expectations, estimates, forecasts and projections about our business and the industry in which we operate and our management's beliefs and assumptions and are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond our control. As a result, any or all of our forward-looking statements in this Annual Report on Form 10-K may turn out to be inaccurate. Factors that may cause such differences include, but are not limited to, the risks described under Risk Factors, including:

our history of significant operating losses;

our limited operating history, and new and unproven business model;

our ability to accurately forecast revenue and appropriately plan our expenses;

our ability to maintain an adequate rate of growth;

our ability to effectively manage our growth;

our ability to successfully manage our acquisitions and investments in businesses, applications and technologies;

our ability to compete successfully against current or future competitors;

our ability to successfully transition certain of our existing customers to ActiveWorks;

our ability to process, store and use personal data in a safe and secure manner;

our ability to comply with data privacy and use laws;

our ability to maintain our current relationships with credit card payment processors and associations and the card networks;

our ability to limit interruptions in service and damage to our technology systems;

our ability to attract and retain qualified employees and key personnel;

our ability to successfully enter new markets and manage our international expansion;

our ability to continue to enhance and improve the functionality and features of our ActiveWorks technology platform;

our ability to react to the impact of worldwide economic conditions, including the resulting effect on organizers and participants;

our ability to protect our intellectual property, including our proprietary ActiveWorks technology platform;

our ability to comply with changes in government regulation affecting our business; and

other risk factors included under "Risk Factors" in this prospectus.

Because the factors referred to above could cause our actual results or outcomes to differ materially from those expressed in any forward-looking statements made by us, you should not place undue reliance on any such

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forward-looking statements. Further, any forward-looking statement speaks only as of the date of this Annual Report on Form 10-K, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after such date to reflect the occurrence of unanticipated events. New factors emerge from time to time, and their emergence is impossible for us to predict. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

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PART I

ITEM 1. BUSINESS

Overview

We are the leading provider of cloud-based Activity and Participant Management (APM) solutions serving a wide range of customer groups including business solutions, community activities, the public sector and outdoors and sports. We provide applications that form an online network connecting a fragmented and diverse group of activity and event organizers with a large base of potential participants. Our proprietary technology platform transforms the way organizers manage their activities and events by automating online registrations and streamlining other critical management functions, while also driving consumer participation to their events.

We power a broad range of activities, such as reserving a campsite or tee time, signing up for a marathon or sports league, purchasing a fishing or hunting license, or participating in a community event or corporate conference. From the introduction of our platform in 1999, we have experienced significant growth and now have approximately 55,000 customer organizations and drive approximately 89.9 million annual consumer registrations. Based on the results of a 2010 online survey we commissioned through Survey.com, we believe the organizations we target produce or organize activities and events for the majority of U.S. households. Our proprietary technology platform, ActiveWorks, provides cloud computing applications that reduce the cost and complexity of managing, organizing and promoting these activities and events.

In May 2011, we completed an initial public offering (IPO) of our common stock in which we sold and issued 12,650,000 shares of common stock, of which 4,427,778 were sold by selling stockholders, at an issue price of \$15.00 per share, resulting in proceeds, net of underwriting discounts and offering expenses, of approximately \$112.6 million to us providing us with the capital to continue the development of the ActiveWorks platform and invest in our sales efforts.

Our business benefits from a powerful network effect. As more organizations use our platform, we increase the breadth and depth of activities and events offered through our platform. This more comprehensive offering of activities attracts more participants. As we attract more participants, we are able to drive increased demand for our customers' activities, thus increasing registrations and revenue for both organizers and us. This revenue growth enables us to develop enhanced functionality and services through ActiveWorks and our websites, further increasing participant engagement and attracting new organizers. In this way, we build increasing value for both organizations and participants.

We serve a wide range of customers including community and sports organizations, large corporations, small and medium sized businesses, educational institutions, federal and state government agencies, non-profit organizations and other similar entities. We primarily generate revenue from technology fees paid by participants who register for our customers' activities through our cloud computing applications. During the year ended on December 31, 2012, we generated revenue of \$418.9 million, as compared to \$337.4 million in the year ended on December 31, 2011, an increase of 24.2%.

Industry Overview

Organizations of all sizes need to inform, engage and support their respective participants, which include attendees, members, registrants and other constituents. We believe activity and event registration and administration is a broad and large market with more than 800,000 potential customers in North America within our four primary customer groups of business solutions, community activities, public sector and outdoors and sports. According to the 2010 study we commissioned through Survey.com, 73% of the U.S. households surveyed pay to take part in a recreational or community activity. Based on the results of this survey and our internal analysis, we believe that our target market encompasses more than 1.8 billion total registrations annually

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in the United States, representing more than \$110 billion in registration spending. We have the opportunity to receive a fraction of each registration fee by providing the applications that our platform offers to help organize and manage activities and events. Furthermore, we believe the market opportunity outside the United States is greater than our domestic market opportunity.

The traditional methods for managing activities and events generally share the following challenges:

Difficulty organizing event information. Historically, activities and events have been organized and registrations tracked by using a combination of paper-based systems, basic desktop applications and spreadsheets. Participants registered for events by phone, mail or walk-up registration, which is often costly and inefficient for both organizers and participants. This manual approach to event registration can be haphazard, time-consuming and lack sufficient process controls. Mistakes due to incorrect data entry of participant information often lead to incomplete or lost registration forms. These frequent errors add incremental costs for organizers, delay registration for participants and cause problems on-site at the activity or event.

High fixed cost structure. The profitability of an activity or event is tied directly to the number of participants who register. Similar to airline seats and hotel rooms, unfilled spots in activities and events represent a significant lost opportunity for incremental high margin revenue and can often be the difference between profits or losses.

Lack of ongoing communication post-registration. Traditionally, organizers have maintained limited dialogue with participants after registration. Since organizers lack ongoing support, participants have a difficult time tracking the status of their registration and receiving any updates about the activity or event in a timely manner. Additionally, participants have challenges in finding and reaching each other. Participants have a natural desire to form communities based on shared interests and goals. We believe interaction between participants drives increased engagement and participant satisfaction, resulting in increased retention and incremental revenue for organizers.

Ineffective targeting of event participants. Organizers have difficulty reaching participants due to the lack of effective geo-targeting of traditional marketing methods and disparate online properties for local activities and events. This limited ability to create and maintain ongoing relationships with consumers leads to higher participant acquisition costs and lower recurring, predictable revenue from repeat customers.

Limited resources to automate systems. Building a fully functional management system is a costly endeavor. Most organizers cannot afford to make the investment nor do they have the necessary technical resources to develop applications sufficient to run their businesses effectively. When organizers do attempt to automate registration and administration themselves, building and maintaining an internal system often becomes technologically challenging, time intensive and cost prohibitive.

Our Solution

ActiveWorks, our organization-based cloud computing platform, transforms the way organizers record, track, manage and share information regarding activities and events. We offer applications that allow our customers to reduce cost, attract new participants and focus resources on enhancing the quality of their events. ActiveWorks allows organizers to leverage our large-scale, common infrastructure to manage their activities and events more effectively. Additionally, we have created a number of mobile applications to enhance functionality and access to our solutions.

Our applications provide the following benefits to organizers:

Create operational efficiencies by automating registration and administration. Our applications reduce costs by automating processes such as activity and event registration, facility reservation, roster management,

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results publishing, membership management and operational reporting. The data generated and managed by our applications is presented in an easy-to-use manner and eliminates a significant amount of manual data entry.

Manage participant and activity information. ActiveWorks centralizes a comprehensive data set of participant information for each customer. We also provide a user-friendly interface to easily track, manage and enhance the ongoing relationship between participants and activity organizers.

Communicate real-time with event participants. We enable organizers to engage participants through websites and email. This empowers our customers to seamlessly and efficiently inform, motivate and support participants, thereby building greater affinity for their organizations. Additionally, the organizer is able to notify participants of future events that may interest the participant, improving future event exposure and participation.

Provide access to efficient marketing channels. Our integrated platform allows organizers to reach a targeted group of new potential participants through a variety of resources to provide greater exposure for their activities and events.

Our applications provide the following benefits to participants:

Foster discovery through our comprehensive directory. Our websites deliver content based on a participant's interests, while facilitating discovery of new relevant and targeted activities. Our directory provides access to a broad database of events, classes, leagues, tournaments, organizations, facilities as well as a wide range of other activities. Our applications are designed to enable our participants to engage in their favorite activities through seamless, secure, real-time registration.

Support participation. Throughout our offerings, participants can find resources and like-minded individuals to support every step of their journey. We offer free and premium access to training plans, articles, videos, discounts and experts through our websites, mobile applications and other social media channels. Our community members are passionate about their interests and together they provide a real-time support network which encourages and enables participation at every level.

Our Strengths

Our applications are designed to reach many aspects of a consumer's lifestyle from community activities and sports to business solutions and the public sector and outdoors. Given this breadth, we believe the following strengths provide us with a competitive advantage within this large and growing market:

Leader in a large and fragmented market. We believe we have the largest customer base in our industry, including approximately 55,000 customers and approximately 89.9 million annual registrations. The scale and breadth of our platform enables us to provide the full automation capabilities required to serve a diverse set of activities for numerous organizations. Our offerings result from years of experience and participant feedback and include specialized features and support, which are difficult to replicate. Our large installed base of customers drives awareness of our services and provides us with a significant advantage in marketing our cloud computing applications to new customers.

Proprietary technology platform. Our cloud computing platform allows us to efficiently develop and deliver vertical specialization and feature-rich applications for customers of all sizes. We have made significant investments in our ActiveWorks platform, a secure, reliable and flexible technology infrastructure that can be easily modified to meet the unique needs of organizers and participants. We have approximately 1,300 technology and research and development personnel in the United States, Canada and China working on the development and delivery of our solutions. Our applications are tightly integrated within our organizations' operations and deliver significant cost savings and operational efficiencies.

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Dedicated and highly engaged consumers. We provide relevant and vertical-specific directories, content and tools that engage participants and form enthusiastic and dedicated online communities. These participants generate over 1.3 billion page views annually on our websites.

High degree of predictable and recurring revenue. We have long-term, exclusive contracts with many of our customers. We also have a successful track record of renewing a high percentage of these contracts for multiple successive terms. As a result, a significant percentage of our revenue is predictable and recurring. We believe our high customer retention is due to our ability to both lower costs and drive incremental revenue for our customers, delivering a significant and quantifiable return on investment for our applications.

Powerful network effect. Our highly complementary organization and participant offerings drive multiple revenue opportunities. The continued growth of our customers results in more participants visiting our online communities. This growing audience creates a powerful network effect where our platform becomes increasingly valuable to both our organizers and participants, driving more registrations to our customers' activities while simultaneously offering participants additional relevant activities from which to choose. In addition, growth in our participant audience attracts incremental customers who view our online resources as an effective medium for marketing their activities and events to a targeted demographic of participants.

Alignment with our customers' interests. Our business is uniquely aligned with the interests of our customers. Like our customers, the success of our business is directly dependent on maximizing the number of participants who register for activities and events.

Economies of scale. We have achieved a level of scale in our business that provides operational and technological competitive advantages. For example, we are able to leverage our significant investment in cloud infrastructure to provide high levels of service and reliability, while maintaining a low unit cost structure. We also apply our solutions experience accumulated through interactions with tens of thousands of organizations to design and develop features that can easily be configured for multiple types of customers, thus allowing us to spread our development costs across a much wider market opportunity than our competitors.

Growth Strategy

To extend our leadership position in the activities and events market, we intend to:

Grow the number of customers we serve. We will continue to promote the migration of organizations towards online management of activities and events, and in doing so, grow our customer base. In recent years, we increased our sales and marketing personnel and plan to further increase our sales and marketing personnel in the future. We believe the low penetration of cloud computing applications in our markets provides a large potential customer base for our platform.

Increase our online registration conversion rates. We plan to increase participant usage of online registration services by training our customers in the execution of conversion techniques. We have developed and refined these techniques over the past 13 years through our experience working with tens of thousands of organizations. We also plan to continue providing our customers with an array of tools aimed at promoting online registration. Further, we intend to continue expanding our customers' ability to reach participants online through our websites and by leveraging emerging and alternative online channels, including complementary social media platforms and mobile applications.

Deepen our relationships with existing customers. We are dedicated to developing comprehensive, vertical-specific applications and features that increase the value of our platform to our customers. We proactively review customer needs, usage trends and online penetration to identify opportunities where additional applications, services and targeted marketing programs would assist our customers in meeting their goals. We enable our customers to access a targeted consumer base through our marketing services.

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Pursue strategic acquisitions. The competitive landscape in our core markets remains highly fragmented with many sub-scale players focusing on a small fraction of our addressable market. We may pursue acquisitions to strengthen our market position, broaden our organization base, enhance our capabilities and add new applications to our platform.

Expand internationally. We intend to commit additional resources to markets outside of North America. Our international sales have increased every year since we began selling our services internationally. We believe this opportunity is larger than our domestic market, and that we are well positioned to take advantage of this opportunity as our model is readily transferable to new markets.

Our Platform

ActiveWorks creates operational efficiencies, delivers business insights and streamlines marketing efforts for our customers. At its core, ActiveWorks is a robust back-office system that pulls together many of our customers’ participant management, operational reporting, volunteer management, service and payment processing functions into one easy-to-use hosted system. ActiveWorks provides a comprehensive view of the business and provides real-time business insights through live reporting and historical comparisons. We believe the efficiencies gained allow our organizers to spend more time focusing on what is most important to their businesses: successful activities and events.

ActiveWorks is designed to support existing marketing tactics and amplify those efforts through our expansive web, mobile and social reach. Our communities offer an attractive audience for client-marketing programs and our range of free and paid promotional services are designed to fit a broad spectrum of our customer population.

We plan to increase our operating expenses in the future as we continue to develop additional functionality and features for our applications, continue to transition our customers to ActiveWorks, increase our sales and marketing activities, expand outside of North America and enhance our customer service and call center capabilities.

	Organizer Offerings			
<i>Market</i>	<i>Register</i>	<i>Operate</i>	<i>Analyze</i>	
Email Marketing & Tracking	Online Registration	Event & Activity Management	Reporting Analytics	
Event Syndication	Reservations & Ticketing	Facility & Resource	Customer Loyalty	
Email Advertising	Payment Processing	Management	Pricing Optimization	
Websites	Donations & Fundraising	Operational Reporting	Surveys	
Social Media	Point of Sale Merchandise	Participant Management		
		Membership Management		
		Call Center Services		
		Volunteer & Staff Management		

Our technology applications, media solutions and online communities provide a comprehensive search experience that connects participants with the things they love, want and need to do. Our offerings are designed to reduce the barriers to participation by enabling and supporting a consumer through each stage of The Active Journey: Find & Register, Share & Prepare and Participate & Commemorate. During the first stage, visitors find engaging activities through dynamic, market-specific search interfaces and leverage social components to share their interests and invite friends. Once an individual has committed to participate, that individual can register online through our proprietary, secure payment processing system.

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After a visitor has established their commitment to participate in an activity, our products serve as a resource and tool to help them *Share & Prepare* to ensure they are ready to get the most out of their activity. Through a mix of free and paid offerings, visitors can find articles, videos, experts and discounts on tools and gear. Visitors can also find a network of active participants looking to support like-minded individuals in their pursuits. Our portfolio of consumer offerings supports an individual up through the point of participation. Most importantly, we provide a platform to celebrate their accomplishments and a conduit to commit to the next endeavor.

	Participant Offerings		
<i>Find & Register</i>		<i>Share & Prepare</i>	<i>Participate & Commemorate</i>
Featured Listings	Articles		Results
Search	Videos		Photo Sharing
Directory	Tell a Friend		Social Media
Aggregations	Experts		Ambassadors
Best of Active.com	How-To Guides		Free Product Samples
Targeted Recommendations	Social Sharing		Community
Customers			

We work with organizations of all sizes. We currently have approximately 55,000 business solutions, community activities, public sector and outdoors and sports customers and we received technology fees from approximately 89.9 million registrations in 2012. Based on the results of a 2010 online survey we commissioned through Survey.com, we believe the organizations we target produce or organize activities and events for the majority of U.S. households.

In 2012, none of our customers accounted for more than five percent of our total revenue. Our technology customers can be categorized in the following four groups and can be further broken down into the verticals listed in the table below:

<i>Sports</i>	<i>Community Activities</i>	<i>Public Sector and Outdoors</i>	<i>Business Solutions</i>
Endurance Events	Parks & Recreation Departments	State Campgrounds	Conferences
Leagues & Teams	Schools & Districts	National Parks	Conventions
Golf Courses	City & County Governments	Fishing Licenses	Association Gatherings
Clubs	Camps & Retreats	Hunting Permits	Meetings & Seminars
Tournaments	Faith-Based Organizations	Marinas	Trade Shows & Expos
	Resorts and Attractions		

We currently rely on agreements with large payment processing organizations in order to provide certain services to our customers. We do not believe our business is substantially dependent on these organizations because we believe we can replace the services provided by these payment processors with alternate providers.

Sales and Marketing

Our sales and marketing efforts are focused on the following primary goals: increase the number of organization customers, increase revenue from existing accounts and increase consumer traffic to our online properties. We deploy our sales force first by customer group and then by geography.

Increase the number of customers. We have dedicated account executives focused on creating and leveraging strategic relationships to drive sales to large enterprises. Account executives also work directly with prospective customers to increase awareness of the value of our applications and services. A significant amount of our sales are generated through referrals or through our marketing efforts. We employ an inbound sales staff to

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convert these leads to sales. As our products become more intuitive and thus easy-to-use, more organizations are becoming capable of directly using our services without the need for interactions with our sales personnel. Our strategy is to make this self set-up process a larger part of our sales and marketing efforts, particularly with respect to small and medium sized customers.

Increase revenue from existing customers. We have dedicated account management personnel focused on maximizing client retention, online registration penetration and utilization of our applications and services. We work with our customers to maximize the value of our platform, which includes training in conversion techniques to drive participants to register online for their activities and events.

Increase consumer traffic to our online properties. We use a variety of consumer acquisition strategies to maximize participation in our online communities. These include proprietary customer relationships, strategic partnerships, social media initiatives and email marketing campaigns.

We consider North America our primary market. As part of our growth strategy, we are expanding globally. We focus our global sales effort on winning large, strategic customers to gain exposure in new geographies. We plan to increase our direct sales force and build partnerships to support international expansion and gain local credibility.

Professional Services

We provide consulting and implementation services to certain customers to facilitate the adoption of our cloud computing applications. Consulting services consist primarily of business mapping, project management services and guidance on best practices in using our services. Implementation services include system set-up and configuration, data conversion as well as developing customized training and education programs relating to both the use and administration of our services.

Customer Support

We believe that superior customer support is integral to retaining and expanding our customer base. Our support group handles inquiries from both organizers and participants. We answer email and phone requests regarding activity and event registration and confirmation, payments and event details for our organizations registrants. We have invested in an advanced communications system that allows us to manage and track the number of incoming calls and emails, enabling us to accurately forecast our customer support personnel needs.

Our technical support staff trains our customers on effective methods for increasing registrations, and offers training on our application services, including data management and technical support. Our technical support group helps organizers promote their activities and events using online marketing and communication tools. The technical support staff also helps organizers download reports and set up new events in the system as needed. We have a comprehensive technical support program to assist our customers in the use of our applications, and we continue to explore ways to deliver efficient problem resolution and feedback channels.

Additionally, we provide call centers for certain customers such as state hunting and fishing departments who contractually require call centers. We continue to work on maintaining and improving the overall quality and level of customer service and support we provide our customers and participants. As such, we focus on reducing registration and customer support calls by providing self-service features on our website, such as the ability to register for events and report problems. We are exploring new avenues to deliver efficient and intuitive online registrations, problem resolution and feedback channels. As our consumer-facing cloud computing applications become increasingly intuitive, we expect the percentage of registrations conducted online will grow.

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Technology

We introduced our first service, a registration system and online community for organizers and participants of running events, in 1999.

Over the last few years, one of our key corporate strategies has been to develop a robust technology platform that augments our initial registration system, moving us into a number of new markets and adding a significant amount of new functionality. In that effort, we are currently devoting significant resources to both developing our highly scalable and flexible ActiveWorks platform and maintaining a number of vertical-specific legacy systems. A large number of our customers are currently being served by our ActiveWorks architecture at varying levels of integration. We are in the process of transitioning to ActiveWorks certain customers who continue to use both our internally developed systems and acquired legacy systems. We are developing the additional features required to complete this transition. As legacy systems are transitioned to ActiveWorks, we will end any further development on those products and retire the applications.

As part of our strategy to strengthen our position as the leading provider of organization-based cloud computing applications, we built our offering on a service-oriented architecture. By implementing this as a Platform as a Service (PaaS), our investment in ActiveWorks allows us to build vertical-specific applications that capitalize on our library of core services. Likewise, ActiveWorks allows us to acquire and integrate high-quality applications directly into our platform. This serves the purpose of creating barriers to entry around our existing customer groups and allows us to scale into new verticals and customers more quickly and at a lower cost.

Our cloud application functions like a traditional Software as a Service (SaaS) platform and quickly and efficiently delivers high quality and comprehensive solutions via the Internet. As a cloud provider, we do not need to develop our software for different hardware, operating systems or database application platforms, and access to our application services is delivered over the Internet to any connected device. The entire platform is built and developed utilizing industry accepted security guidelines to enable compliance with the industry's stringent requirements.

We designed our system to be easy-to-use, secure and user-configurable with open standards for fast integration. Our solution is a highly-scalable, multi-tenant, technology-agnostic platform. This enables us to spread the cost of service delivery across a large customer base. Moreover, all of our core development work can be utilized to deliver new functionality for use by our customers as a whole or on an as-desired basis.

We also offer additional capabilities that enable participants to register for activities and events, buy memberships, purchase goods and services, and make donations. This allows organizers to focus fully on the organization of the event. ActiveWorks was designed so that credit card transactions are processed securely through payment card industry compliant architecture with automatic failover through redundant paths, and to separate payment processors that have multiple layers of redundancy for fault tolerance. We believe these layers of redundancy offer high levels of reliability for large-scale online registration.

Our primary production infrastructure is hosted within industry compliant datacenters on the East Coast and West Coast within the United States, as well as facilities in Canada and Europe. These centers are configured to utilize technologies that provide fast delivery of infrastructure services to the platform. All our primary datacenters rank as Tier 3 or higher, and are monitored in real-time by enterprise monitoring tools that are utilized by our 24x7 network operation centers located both within and outside of the United States. These facilities serve as backups for each other and have all the current technology to support near real-time replication, data security, storage and recovery strategies.

Our ongoing research and development efforts are focused on enhancing the features, functionality and security of our existing service offerings. We are also developing new proprietary offerings in an expanding number of verticals and transitioning acquired technology to our platform. We have extensive technology capabilities, with approximately 1,300 technology and research and development personnel located in the United States, Canada and China working on the development and delivery of our services.

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Competition

The market for technology applications for activity and event organizers is fragmented and rapidly evolving. As a result of the functionality and features of our technology platform and the breadth of our coverage of activities and events, we do not believe any single company competes with our current applications or business model across our four customer groups. Our primary competition comes from traditional pen-and-paper processing methods, which activity and event organizers are accustomed to using, spreadsheet software, basic desktop applications and registration by phone, mail or walk-up. Additional sources of competition include:

Applications custom developed for an activity or event by the technical staff of an organizer or by an outside custom service provider;

Companies that offer generalized business software that has features or functionality that organizers can use to help register participants and/or manage the other important aspects of activities, such as content or contact management software programs, e-commerce solutions, enterprise resource planning software and other services having separate software modules; and

Companies that offer integrated software applications in one or a limited number of markets within the activities and events industry. It is often difficult to displace a competitor or a competitive solution once selected and used by an activity or event organizer. We expect to encounter new and evolving competition as the market becomes aware of the advantages of cloud computing applications for the activities and events industry. In addition, we expect our competition will include larger, better capitalized companies with greater operational, strategic, financial, personnel and other resources to be able to enter our markets and attempt to compete with us. Competitors and potential competitors may enter into business combinations or alliances that strengthen their competitive positions.

Intellectual Property

Our intellectual property is important to our business. We rely on a combination of trade secret, trademark, copyright, trade dress, domain name and patent laws in the United States and in the other jurisdictions in which we operate, together with confidentiality agreements and technological measures, to protect our intellectual property. We pursue the registration of our trademarks, service marks and domain names in the United States. Our registered trademarks in the United States include THE ACTIVE NETWORK, ACTIVE, ACTIVE.COM, ACTIVENET, ACTIVEWORKS, REGONLINE, RESERVEAMERICA and STARCITE. As of December 31, 2012, we have been granted five patents by the United States Patent and Trademark Office and have six patent applications pending in the United States. Our issued patents begin to expire in February 2019. We rely more heavily on trade secret protection than patents to protect our proprietary technology. To protect our trade secrets, we control access to our proprietary systems and technology and enter into confidentiality and invention assignment agreements with our employees and consultants and confidentiality agreements with other third parties. In addition, because of the relatively high cost we would experience in registering all of our copyrights, we generally rely on common-law copyright laws in the United States and in other jurisdictions to protect our copyrights.

Government Regulation

We are subject to a number of foreign and domestic laws and regulations that affect companies conducting business on the Internet. Many of these laws and regulations are still evolving and could be interpreted in ways that could impose additional compliance burdens on us or otherwise adversely affect our business.

As a business that deals with transactions involving credit card and other forms of electronic, non-cash payment methods, we are subject to various payment card and banking industry laws and regulations. In addition, in the area of information security and data protection, many states have passed laws requiring notification to

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users when there is a security breach for personal data, such as the 2002 amendment to California's Information Practices Act, or requiring the adoption of minimum information security standards that are often vaguely defined and difficult to practically implement. The costs of compliance with these laws may increase in the future as a result of changes in interpretation. Furthermore, any failure on our part to comply with these laws may subject us to significant liabilities.

We are also subject to federal, state and foreign laws regarding privacy and protection of customer and user data. We post on our website our privacy policy and user agreement, which describe our practices concerning the use, transmission and disclosure of user data. Any failure by us to comply with our posted privacy policy or privacy related laws and regulations could result in proceedings against us by governmental authorities or others, which could harm our business. In addition, the interpretation of data protection laws, and their application to the Internet is unclear and in a state of flux. There is a risk that these laws may be interpreted and applied in conflicting ways from state to state, country to country, or region to region, and in a manner that is not consistent with our current data protection practices. Complying with these requirements could cause us to incur additional costs and change our business practices. Further, any failure by us to adequately protect user privacy and data could result in a loss of customer and user confidence in our services, which could adversely affect our business.

In the United States and abroad, laws relating to the liability of providers of online services for activities of their customers, users and other third parties are currently being tested by a number of claims, including actions based on invasion of privacy and other torts, unfair competition, copyright and trademark infringement, and other theories based on the nature and content of the materials searched, the advertisements posted, or the content provided by customers or users. Any court ruling or other governmental action that imposes liability on providers of online services for the activities of their customers, users or other third parties could harm our business.

In addition, because our services are accessible worldwide, certain foreign jurisdictions may claim that we are required to comply with their laws, including in jurisdictions where we have no local entity, employees, or infrastructure.

Our Employees, Values and Company Culture

Many of our employees came to us directly from, and are still active within, the customer verticals we target. They bring us energy, passion and valuable knowledge regarding our customers' needs. Assembling a talented team to address the challenges of powering the world's activities and connecting people with the things they love, want and need to do is critical to our success. We believe we have created an industry-leading team, and will continue to hire and retain the best players to accomplish our mission.

As of December 31, 2012, we had 3,036 full-time employees and 194 part-time employees and independent contractors. We typically engage more than 350 temporary employees and independent contractors during the first, second and third fiscal quarters to address seasonal peaks in registrations for our customers' activities and events. We believe that relations with our employees, temporary employees and independent contractors are good.

Our culture reflects our values, norms and inner workings as a company. It comes to life not only within the walls of our offices but externally through interactions within our communities. Our employees have not only shaped this culture, but helped us to define it. We identify our culture with the following:

Inspired by our Customers. We believe in the value our customers provide to the world. It is truly inspiring to see the impact our customers have on their communities and we want to help them make an even greater difference. This makes our focus on customer improvement a constant.

Fueled by Challenge. We are solutions-oriented and thrive on challenges. We are conditioned to step up to challenges we set.

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Champions of Respect. Recognize a job well done. Get involved. Provide constructive feedback. Listen to opposing viewpoints. These are the simple principles that add up to an environment in which respect is key and our employees can thrive.

Focused on Results. We set goals, measure results, and optimize our approach. Responsibility and accountability rule. Working smarter helps us meet our goals to grow and scale, and to do more with less.

Our culture is built upon the foundation of our values and are the principles by which we manage our day-to-day business and facilitate decision making. Our core values are: Commitment, Drive, Openness, Team and Fun. We believe that we are making a difference in the world. We strive to work together and to treat each other with respect. We encourage each other to defend our beliefs. We are dedicated to connecting ourselves and others with the things we love, want and need to do. Our employees created ActiveX, a company-wide program focused on exercise and wellness to further this mission. We sponsor company hackathons and innovation awards. Outsiders tell us there is a refreshing passion that radiates from our employees. As a company, we believe our ultimate advantage is our people.

Corporate Information

We were originally incorporated in California in October 1998 as Racegate.com, Inc. and became a Delaware corporation through a stock exchange agreement in July 1999. In May 2001, we changed our name to The Active Network, Inc. Our principal executive offices are located at 10182 Telesis Court, Suite 100, San Diego, California. Our corporate website address is www.activenetwork.com, and our primary participant website is www.active.com. Information contained on our websites is not a part of this Annual Report on Form 10-K and the inclusion of our website addresses in this Annual Report on Form 10-K is an inactive textual reference only.

Available Information

We file reports with the Securities and Exchange Commission (SEC), including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any other filings required by the SEC. We make available on our website (www.activenetwork.com) our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. These materials are available free of charge on or through our website via the Investor Relations page at www.activenetwork.com. None of the information contained on our website is part of this report or incorporated in this report by reference.

The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site (<http://www.sec.gov>) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

ITEM 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the following risks and all other information contained in this Annual Report on Form 10-K, including our consolidated financial statements and the related notes, before investing in our common stock. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, also may become important factors that affect us. If any of the following risks materialize, our business, financial condition and results of operations could be materially harmed. In that case, the trading price of our common stock could decline, and you may lose some or all of your investment.

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Risks Related To Our Business

We have a history of significant net losses, and we may not be able to achieve or maintain consistent profitability on an annual basis.

We have incurred fiscal year net losses since our inception in 1998. Our net losses were approximately \$43.0 million for the year ended December 31, 2012, \$15.3 million for the year ended December 31, 2011, and \$27.3 million for the year ended December 31, 2010. At December 31, 2012, we had an accumulated deficit of approximately \$318.3 million. Our operating expenses will continue to increase during the next few years as we complete the transition of our customers to ActiveWorks, continue to develop additional functionality and features for our applications, make additional acquisitions, increase our sales and marketing activities, expand outside of North America and enhance our customer service and call center capabilities. If our revenue grows at a slower rate than we anticipate, or if our operating expenses increase unexpectedly, we may not be able to achieve or maintain consistent profitability.

Our limited operating history, new and unproven business model and rapidly evolving market make it difficult to evaluate our future prospects and increase the risk that we will not be successful.

We launched our application services in 1999, and we have made a number of changes to our operations, technology platform and online communities since that time. As a result, we have a limited operating history with our current business upon which to predict our future operating results. In addition, the business of providing cloud computing applications to activity and event organizers and building and supporting online communities for activity and event participants is relatively new and subject to rapid change. You must consider our business and prospects in light of the risks and difficulties we will continue to encounter as a company with a new and unproven business model and operating in a new and rapidly evolving market. These risks and difficulties include our ability to, among other things:

attract new customers;

deepen our relationships with our existing customers;

continue to transition our existing customers to ActiveWorks;

continue to earn the trust of organizers and participants with respect to the processing, storage and use of their confidential information and personal data in compliance with our own high standards of care and applicable governmental and other legal obligations related to privacy and data protection;

develop a scalable, high performance technology infrastructure that can securely, efficiently and reliably handle increased usage globally;

continue to manage and successfully integrate acquired businesses, applications and technologies;

successfully compete with other companies that engage in the activity and event registration and management market;

continue to build and support online communities and applications for activity and event participants;

successfully introduce and deploy new features and functionality for our technology platform;

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increase revenue from our applications, websites and online communities;

avoid interruptions or disruptions in our service;

avoid problems with the functionality of our applications;

continue to hire, integrate and retain highly skilled team members who embrace our values and culture; and

successfully expand our business outside of North America.

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We may not be able to address these risks and difficulties or others that we may encounter, including those described elsewhere in this risk factors section. Our failure to adequately address risks and difficulties as we encounter them could cause our reputation to suffer and harm our business. We base our current and future expense levels on our management's estimates of the size of our market and the number of potential customers and registrations, operating forecasts and estimates of future revenue. However, our revenue and operating results are difficult to forecast due to the uncertainty of our market and our ability to increase our customer base and the number of participants who elect to register for activities using our applications. In addition, certain of our expenses are fixed, and we may be unable to adjust our spending in a timely manner to compensate for any unexpected shortfall in revenue. As a result, we may make errors in predicting our revenue and expenses, which would harm our business and financial condition.

Our growth rate over the past few years may not be sustainable. If we fail to maintain an adequate growth rate, our business will be adversely affected and we may not achieve or maintain profitability.

Our revenue has grown rapidly over the past few years, increasing to \$418.9 million in 2012 from \$337.4 million in 2011, and \$279.6 million in 2010, representing a compound annual growth rate over this period of 22.4%. We may not be able to sustain this level of growth in future periods, and you should not rely on the revenue growth of any prior quarterly or annual period as an indication of our future performance. Further, a portion of our revenue growth in each year resulted from acquisitions. We may not complete acquisitions in the future that increase our revenue at the same rate as in prior periods. The identification of suitable acquisition candidates can be difficult, time-consuming and costly, and we may not be able to successfully complete the acquisitions we do identify. If we are unable to maintain an adequate rate of growth, our business will be adversely affected and we may not achieve or maintain profitability.

If we fail to effectively manage our growth, our business and operating results could be harmed.

The substantial growth in our business over the past few years has placed, and may continue to place, significant demands on our management, our operating infrastructure and our internal controls and procedures. As our operations grow in size and complexity, we will need to improve and upgrade our operating systems and infrastructure to offer an increasing number of organizers and participants enhanced applications, features, functionality and support. In addition, we will be required to strengthen our internal controls and our risk management policies and procedures. The expansion of our operating systems and infrastructure and the strengthening of our controls, policies and procedures will require us to commit substantial financial, operational and technical resources in advance of an increase in the volume of our business, with no assurance that our business will actually increase. Continued growth could also strain our ability to maintain reliable service levels for organizers and participants, as well as to recruit, train and retain highly skilled personnel. If we fail to effectively manage our growth, our business and operating results could be harmed.

Acquisitions could prove difficult to integrate, disrupt our business, dilute stockholder value, strain our resources and impair our operating results, financial conditions and prospects.

Acquisitions have been an important part of our growth to date. We have completed a significant number of acquisitions over the past few years. We may continue to seek to acquire and invest in businesses, applications and technologies that we believe could complement or expand our business, augment our market coverage, enhance our technology platform, provide us with valuable customer contacts or otherwise offer growth opportunities.

Acquisitions and investments involve numerous risks and difficulties, including:

difficulties in integrating operations, technologies, accounting functions and personnel;

difficulties in supporting and transitioning customers of our acquired companies to our technology platform;

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difficulties in maintaining the security and reliability of acquired applications;

delays in strengthening internal controls and risk management policies and procedures;

diversion of financial and management resources from existing operations;

potential loss of key employees;

inability to generate sufficient revenue to offset acquisition or investment costs;

assumption of unknown liabilities and claims;

potential disputes and litigation;

potential diminishment in the value of any acquired brands; and

potential write-offs of acquired assets.

Acquisitions also frequently result in recording of goodwill and other intangible assets, which are subject to potential impairments in the future that could harm our operating results. In addition, if we finance acquisitions by issuing convertible debt or equity securities, our existing stockholders may be diluted. Such dilution could adversely affect the market price of our stock. Moreover, if we are unable to identify suitable future acquisition candidates, reach agreement with these parties or obtain the financing needed to complete such acquisitions, we could lose market share to competitors who are able to complete such acquisitions. This loss of market share could negatively impact our business, revenue and future growth. If we fail to achieve the anticipated benefits of any acquisitions we have completed or may complete in the future, our business, operating results, financial condition and prospects may be impaired.

Any failure to compete successfully against current or future competitors would materially adversely affect our business and prospects.

The market for technology applications for activity and event organizers is fragmented, competitive and rapidly evolving. Our primary competition comes from traditional registration processing methods used by activity and event organizers, such as paper-based registrations submitted by mail or in person or reservations submitted by telephone. We also face competition from:

custom-developed applications created by an organizer's technical staff or an outside custom service provider;

companies that offer generalized functional software that have features and functionality that organizers can use to register participants and manage their activities, such as content or contact management software programs, e-commerce solutions, enterprise resource planning software and other products having separate software modules; and

companies that offer organizers integrated hosted software solutions in one or more verticals within the activities and events market. Our competitors may announce new products, services or enhancements that better address changing industry standards or the needs of organizers and participants. In addition, competitors and potential competitors may enter into business combinations or alliances that strengthen their competitive positions. For example, companies who we do not consider to be significant competitors could acquire one or more of the

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various companies in our fragmented industry and, over a short period of time, become a significant competitor in the markets we service. If any of these competitors were to aggressively price their competing services in our market, we may be required to reduce our prices, which could adversely affect our operating results and financial condition. In addition, it may be difficult to displace a competitor once they have established a relationship with an organizer.

We expect to encounter new and evolving competition as the market becomes aware of the advantages of cloud computing applications for activity and event organizers. For example, social networking companies with a

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large number of online users could develop competing applications or partner with third parties to do so. Future or existing competitors may introduce different pricing models, and offer users applications at minimal or no cost. In addition, larger, better capitalized companies with greater operational, strategic, financial, personnel, customer or user bases and other resources than we have could also enter our market and attempt to compete with us. If we do not successfully compete with existing and future competitors, our business and prospects will be adversely affected.

Our business may be harmed if we fail to successfully transition certain of our existing customers to ActiveWorks.

We have made a significant investment in developing ActiveWorks, and a large number of our customers are currently being served by our ActiveWorks architecture at varying levels of integration. We are in the process of transitioning to ActiveWorks certain customers who continue to use both our internally developed systems and acquired legacy systems. We are developing the additional features required to complete this transition. As legacy systems are transitioned to ActiveWorks, we will end any further development on those products and retire the applications. In addition, as part of our growth strategy, we expect to continue to inherit legacy systems through acquisitions. We will evaluate these systems to determine, based on their sophistication and compatibility, whether to integrate them into ActiveWorks or to migrate the customers using them to ActiveWorks. This process is time consuming and requires the investment of significant technical and human resources. During this process, we will continue to incur the costs and face the risks and difficulties associated with maintaining multiple legacy systems. During that transition period, we may also experience service interruptions, system failures and security breaches due to the shortcomings of certain of the legacy systems. Further, as we transition legacy systems to ActiveWorks, we may discontinue certain brands associated with those legacy systems and we may encounter resistance from customers who have affinity for these brands. If we fail to complete the transition to ActiveWorks in a cost-effective and timely manner and without service interruptions, system failures, security breaches or resistance from customers, our business may be harmed.

If our computer systems are compromised, we could be subject to fines, damages, litigation and enforcement actions and organizers and participants could curtail or cease using our applications, the occurrence of which would harm our business.

Our computer systems involve the storage and transmission of non-public personal and credit card information provided by our customers and participants. Despite our security measures, our computer systems are vulnerable to computer viruses, break-ins and other attacks that could lead to the unauthorized access, disclosure and use of non-public personal information, including credit card data. The techniques used by criminal elements to attack our computer systems are sophisticated, change frequently and may originate from less regulated and remote areas of the world. As a result, we may not be able to address these techniques proactively or implement adequate preventative measures. In one instance, we became aware of a security breach in one of the legacy computer systems we inherited through one of our acquisitions. This type of breach could potentially result in the unauthorized acquisition and use of credit card data of a number of participants. We promptly isolated the affected computer system, conducted a forensic analysis of this breach, took steps to clean the affected computer system and implemented a remediation plan to prevent any further breach. We cooperated with the federal authorities investigating the criminals who perpetrated the attack. We cannot guarantee that we will be able to prevent a breach of our computer systems in the future. The breach of our computer systems may subject us to fines, damages from claims asserted by payment processors, merchant banks, organizers and participants, litigation and enforcement actions. In addition, if we experience further compromises of our computer systems, payment processors, merchant banks, organizers and participants may lose confidence and cease using our applications, which would harm our business.

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We are subject to data privacy laws and regulations as well as contractual privacy obligations, and our failure to comply could subject us to fines and damages and would harm our reputation and business.

We are subject to the data privacy laws and regulations adopted by federal, state and foreign governmental agencies. Data privacy is highly regulated, and may become the subject of additional regulation in the future. Privacy laws restrict our storage, use, processing, disclosure, transfer and protection of non-public personal information, including credit card data, provided to us by our customers and participants. In addition, we are subject to the privacy-related obligations in our contracts with our customers and other third parties (including voluntary third-party certification bodies such as TRUSTe). Any failure by us to comply with applicable privacy laws or regulations, our contractual privacy obligations or our own privacy policies, may result in fines, statutory or contractual damages or litigation or governmental enforcement actions. Additionally, violations of our legal or contractual privacy obligations could cause organizers and participants to lose trust in us, which would harm our reputation and business.

Our technology systems are vulnerable to damage, interruptions or failures, any of which could harm our reputation and business.

Our technology systems rely on computer hardware and communications systems located either in our facilities or at third-party facilities, including our main web-hosting facilities in Las Vegas, Nevada, Ashburn, Virginia and Toronto, Ontario. We do not control the operation of the third-party facilities and must rely on third parties to provide the physical security, facilities management and communications infrastructure services to ensure the reliable and consistent delivery of our solutions to our customers. Our web-hosting technology systems located at our facilities and at third-party facilities are vulnerable to damage or interruption from catastrophic occurrences such as earthquakes, floods, fires, power loss, telecommunications failures, terrorist attacks and similar unforeseen events. Despite any precautions we may take, the occurrence of a natural disaster or other unexpected problems at one of our facilities or the facilities operated by third parties who house our equipment could result in lengthy interruptions in our services.

We are in the process of implementing procedures designed to allow us to move our production operations over to a backup datacenter in the event of a catastrophe. Although this program is functional, it does not provide a real-time failover in all instances, so if one of our websites shuts down it would remain shut down for a period of time while the transition takes place, and during that time, the website would not be accessible. In addition, the prolonged interruption of service of one or more of our websites that process transactions could result in potentially significant losses.

We carry business interruption insurance but our coverage may not be sufficient to compensate us for the potentially significant losses that may result from prolonged interruptions in our services as a result of system failures.

If credit card payment processors and service providers fail or no longer agree to provide their services, change their services or terms of service or increase processing fees, our customer relationships could be adversely affected and we could lose business and revenue.

We rely on agreements with large payment processing organizations to enable us to provide credit card authorization, data capture, settlement and merchant accounting services, and access to various reporting tools for the customers we serve. Our credit card processors and service providers could terminate their arrangements with us or fail to perform their services efficiently, become unwilling or unable to provide payment processing services to us or change the services or terms of service provided to us, each of which would adversely affect our relationships with customers and could cause customers to discontinue using our applications and adversely affect our operating results. In addition, we cannot guarantee that credit card companies will not increase the transaction fees we incur for each registration we process. Any increase in transaction fees would require us to increase the prices we charge for our products and services or negatively impact our profitability, either of which

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could adversely affect our business, financial condition and results of operations. In addition, if credit card payment processors and service providers fail or no longer agree to provide their services, our customer relationships could be adversely affected and we could lose business and revenue.

We are subject to the rules and regulations adopted by the card networks, such as Visa, MasterCard and American Express, and if we fail to adhere to their rules and regulations, we would be in breach of our contractual obligations to payment processors and merchant banks, which could subject us to damages and liability and could eventually prevent us from processing or accepting credit cards.

The card networks, such as Visa, MasterCard and American Express, have adopted rules and regulations that apply to all merchants who process and accept credit cards for payment of goods and services. We are obligated to comply with these rules and regulations as part of the contracts we enter into with payment processors and merchant banks. The rules and regulations adopted by the card networks include the Payment Card Industry Data Security Standards, or the PCI DSS. Under the PCI DSS, we are required to adopt and implement internal controls over the use, storage and security of card data to help prevent credit card fraud. We assess our compliance with the PCI DSS on a periodic basis, and make necessary improvements to our internal controls. If we fail to comply with the rules and regulations adopted by the card networks, including the PCI DSS, we would be in breach our contractual obligations to payment processors and merchant banks. Such failure to comply may subject us to fines, penalties, damages and civil liability, and could eventually prevent us from processing or accepting credit cards and reduce our working capital. Further, there is no guarantee that even if we comply with the rules and regulations adopted by the card networks, we will be able to maintain our compliance. We also cannot guarantee that such compliance will prevent illegal or improper use of our payments systems or the theft, loss or misuse of the credit card data of customers or participants. Any such event would harm our reputation and business.

We face potential liability for the fraudulent activities of organizers and their employees, participants and our employees.

We have potential liability for losses caused by the fraudulent activities of our organizers or their employees. An organizer, or one of an organizer's employees, could use a stolen or counterfeit credit card or credit card number to record a false sales transaction, or intentionally fail to deliver merchandise, events, activities or services sold in an otherwise valid transaction. We may also face potential liability for credit card fraud by participants who register for an activity or complete a transaction through our applications. A participant could use a stolen credit card or a stolen credit card number in a credit card-not-present transaction, to register for an activity or event or purchase merchandise or services. In a traditional credit card-present transaction, if the merchant uses the credit card, receives authorization for the transaction from the credit card issuing bank and verifies the signature on the back of the credit card against the paper receipt signed by the individual using the credit card, the credit card issuing bank remains liable for any loss. In a fraudulent credit card-not-present transaction, we could be liable to the credit card issuing bank for any loss arising from the transaction, even if we receive authorization for the transaction from the same credit card issuing bank. In addition, we face potential fraud if our employees misappropriate or disclose to others who misappropriate the credit card or other sensitive information of organizers or participants. We have implemented systems and procedures designed to detect and reduce the impact of organizer, participant and employee fraud, but we cannot guarantee that these measures are or will be effective. It is possible that incidents of fraud could increase in the future, and they may remain undetected for extended periods of time if our systems and procedures are not effective. Significant or recurring credit card fraud could adversely affect our business, financial condition and operating results.

We may face significant chargeback liability if our customers refuse or cannot reimburse chargebacks resolved in favor of participants who register through our applications.

We may have potential liability for chargebacks associated with the transactions we process for certain of our organizer customers. If a billing dispute relating to a transaction is not ultimately resolved in favor of the organizer, the disputed transaction is charged back to our bank and credited to the credit card account of the

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participant. If we or our processing banks are unable to collect the chargeback from the organizer's account, or if the organizer refuses or is financially unable to reimburse us for the chargeback amount, we bear the risk of loss for the amount of the refund paid to the participant's credit card account. We have in the past experienced chargebacks related to cancelled and fraudulent events and transactions. Significant or recurring chargeback amounts could adversely affect our business, operating results and financial condition.

Our business is subject to a variety of U.S. and foreign laws, many of which are unsettled and still developing, and which could subject us to claims or otherwise harm our business.

We are subject to a variety of laws in the United States and abroad that are continuously evolving and developing, and that are costly to comply with, can require significant management time and effort and can subject us to claims or other remedies. Existing and future laws and regulations may be adopted, interpreted or implemented in a manner that is inconsistent with our current business practices or that require changes to such practices, our privacy policy, the features and functionality of our applications or the design of our websites. These regulations and laws may cover employment, immigration, taxation, tariffs, user privacy, data protection, pricing, content, copyrights, distribution, electronic contracts and other communications, consumer protection, broadband residential Internet access and the characteristics and quality of services. It is not clear how existing laws governing issues such as property ownership, sales and other taxes, libel and personal privacy apply to the Internet. If we are not able to comply with these laws and regulations or if we become liable under them, we could be directly harmed, and we may be forced to implement new measures to reduce our exposure to this liability. This may require us to expend substantial resources or to discontinue certain practices, which could negatively affect our business, financial condition and results of operations. In addition, the increased attention focused on liability as a result of lawsuits and legislative proposals could harm our reputation or otherwise harm our business.

Our quarterly operating results are volatile, subject to seasonal fluctuations and difficult to predict, all of which may adversely affect our stock price.

Our quarterly operating results have fluctuated in the past and may fluctuate significantly in the future due to a variety of factors, many of which are outside of our control. For example, we generally experience seasonality due to the greater number of activities and events during the spring and summer months in North America. Other factors that may contribute to the variability of our quarterly and annual results include:

our ability to accurately forecast revenue and appropriately plan our operating expenses;

our ability to attract new, and increase the engagement and penetration of our existing, activity and event organizers;

our ability to increase the number of participants who register for the activities and events offered by our customers using our applications;

our ability to control the cost and time required to transition certain customers to ActiveWorks;

our ability to maintain and effectively manage an adequate rate of growth;

our ability to successfully enter new markets and manage our planned global expansion;

our ability to successfully manage and integrate our past and any future acquisitions of businesses, applications or technologies;

our ability to limit interruptions in service and prevent the compromise of customer or participant data;

the effects of natural or man-made catastrophic events;

changes in the laws, regulations and legal standards affecting our business;

our ability to keep pace with changes in technology and the offerings by our competitors;

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our ability to provide a high-quality participant experience through our applications and online communities;

our ability to design and implement effective internal controls and processes;

our ability to attract and retain qualified employees and key personnel;

our ability to protect our intellectual property, including our technology platform and our key brands;

our ability to control the costs associated with defending intellectual property infringement and other claims by third parties; and

the impact of worldwide economic conditions, including the resulting effect on consumer spending.

As a result, we believe that quarterly comparisons of our operating results are not necessarily meaningful and that you should not rely on the results of one quarter as an indication of our future performance. In addition, our operating results may continue to vary significantly from one quarter to the next as part of our normal business cycle, which may adversely affect our stock price.

If we do not continue to enhance and improve our existing applications and successfully introduce new applications, our ability to maintain the pricing of our applications and to attract and retain organizer customers will be harmed.

In the past we have grown our business in part through improving the functionality and features of our existing applications and introducing new applications to our customers, such as fundraising, real-time event tracking and merchandising for activities and events. If we fail to continue to offer new applications that increase the number of participants who register online for our customers' activities and events, and improve the ability of our customers to manage their activities and events, we may be unable to maintain the pricing of our applications. We cannot assure you that we will be able to timely and adequately develop additional functions and features or introduce new applications to satisfy the demands of our customers. Further, developing new technologies and applications entails significant technical and business risks. We cannot assure you that any new functions, features or applications will achieve the level of acceptance required for us to generate sufficient revenue to offset our development costs. If we do not continue to enhance and improve the functions and features of our existing applications and successfully introduce new applications, our ability to maintain the pricing of our applications and to attract and retain organizer customers will be harmed.

Activity and event organizers may not widely adopt our applications to manage the important aspects of their activities and events, which would limit our ability to grow our business.

Our ability to grow our business and increase revenue depends on our success in educating activity and event organizers about the potential benefits of our cloud computing applications. Cloud computing applications for organizing and managing important aspects of activities and events are relatively new, and have not been widely adopted by activity and event organizers. Concerns about cost, fraud, privacy, security, reliability and other issues may cause activity and event organizers not to adopt our applications. Moreover, activity and event organizers who have already invested substantial resources in other registration and management systems or methods may be reluctant to adopt a new approach like ours to supplement or replace existing systems or methods. If activity and event organizers do not widely adopt applications such as ours, our ability to grow our business will be limited.

If we fail to expand our customers' use of our applications, our ability to execute our growth strategy and increase our revenue will be limited.

Many of our organizer customers initially make a purchase of only one or a limited number of our available applications or use our applications for only one or a limited number of their activities or events. Our ability to

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grow our business and increase revenue is dependent on our ability to further penetrate our existing customers by selling additional applications to them, and by increasing the number of activities and events for which they deploy our applications. If we fail to expand the usage of our applications by our existing customers, our ability to execute our growth strategy and increase our revenue will be limited.

Many individuals are using devices other than personal computers to access the Internet. If users of these devices do not widely adopt solutions we develop for these devices, our business could be adversely affected.

The number of people who access the Internet through devices other than personal computers, including mobile telephones, personal digital assistants, smart phones and handheld tablets or computers, has increased dramatically in the past few years and is projected to continue to increase. If we are unable to develop mobile solutions to meet the needs of our users, our business could suffer. Additionally, as new devices and new platforms are continually being released, it is difficult to predict the problems we may encounter in developing versions of our solutions for use on these alternative devices, and we may need to devote significant resources to the creation, support, and maintenance of such devices.

If we are unable to increase the percentage of participants who register through our websites, our ability to grow our business will be impaired.

In addition to expanding and increasing penetration within our organizer customer base, the growth of our business depends on our ability to increase the percentage of participants who elect to register for activities and events through our websites. Our ability to increase the percentage of participants who register through our websites depends on our ability to make our online registration and reservation processes simple, efficient, secure and cost-effective, as well as on our ability to develop applications, such as our online communities, activity and event information and searchable database of events, that encourage participants to use our websites. Our ability to increase participant use of our websites also depends on the ability and willingness of our organizer customers to increase the awareness of our websites to their participants. We cannot control the level of effort that organizers expend or the extent to which any of them will be successful in increasing awareness of our websites among their participants. We may not be able to prevent organizers from devoting greater resources to support other registration methods developed by them or other third parties. If we are unable to increase the percentage of participants who register for activities and events through our websites, our ability to grow our business will be impaired.

We may not be successful in expanding into new business areas within the activity and event registration and management market, which could harm our business and future prospects.

Our long-term strategic plan involves expanding our applications into new business areas within the activity and event registration and management market. We cannot assure you that our efforts to expand our business in this manner will succeed. We also cannot assure you that we will develop any new applications required to successfully compete in these new business areas in a cost-effective or timely manner. The lack of market acceptance of such efforts or our inability to generate satisfactory revenue to offset the development costs could harm our business and limit our future prospects.

The sales cycle for certain of our applications can be long, and we may not recognize revenue until completion of the entire sale, which makes it difficult for us to forecast our operating results.

It can take us between three and nine months to complete a sale to an activity or event organizer, and at times it may take up to one year or longer. The period between our initial contact with a potential customer and the completion of a sale may be relatively long due to several factors, including:

many activities and events occur only annually;

our need to educate potential customers about the uses, benefits, safety and reliability of our applications;

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activity and event organizers have budget cycles which can affect the timing of purchases; and

some organizers, such as park and recreation department administrators, have lengthy internal approval processes before having the required authority to purchase our applications.

In addition, our customers may demand customization of the applications we provide them. As a result, these sales opportunities may require us to devote greater sales and technical resources, increasing the cost and time required to complete sales. As a result, it is difficult to predict when particular sales will occur or be completed, which adversely impacts our ability to accurately forecast our operating results.

Negative factors affecting the activities and events market have an adverse effect on our business and revenue.

We primarily generate revenue from the registration and reservation fees paid by the participants in the activities and events offered by our organizer customers. As a result, our business is directly affected by factors affecting the activities and events market, including global, national or local consumer trends, adverse weather, security concerns or environmental disasters. Our performance is also subject to economic conditions and their impact on levels of consumer spending, which may remain depressed, or be subject to further deterioration, for the foreseeable future. Some of the factors that have had and may continue to have an adverse impact on discretionary consumer spending include general economic conditions, unemployment, consumer debt, reductions in net worth, disruptions in the residential real estate or mortgage markets, higher taxation, energy prices or interest rates and decreases in consumer confidence and other macroeconomic factors. Because spending for activities is generally considered to be discretionary, declines in consumer spending may have a more negative effect on our business than on those businesses that sell products or services considered to be necessities. Unfavorable changes in the above factors or in other business and economic conditions affecting our activity and event customers and their participants could cause organizers to cancel activities, result in fewer participants using our applications to register for activities, lower our profit margins, cause our activity and event customers to terminate their relationship with us or default on their payment obligations to us, any of which would have a material adverse effect on our financial condition and operating results.

If our customers do not renew their agreements for our applications, our business and operating results will suffer.

We currently generate a majority of our revenue from customers who have entered into contracts with us with terms ranging from three to seven years. However, we have a number of customers with contract terms under three years. Our customers are not obligated to renew their contracts with us. Even if our customers perceive our applications to be of value, budgetary, economic or other competitive pressures may prevent some customers from renewing their contracts. If we are not successful in continuing to renew or extend the terms of our contracts with our existing customers, our business and operating results will suffer.

Our ability to grow our business will be impaired if we do not provide high quality customer support in a timely and cost-effective manner.

Our ability to maintain and increase our customer base and the number of participants who use our applications depends significantly on our ability to provide high quality levels of service and support. Complaints or negative publicity about our service or support could severely diminish confidence in or use of our applications. We spend significant time and resources to hire, train and retain our service and support personnel. In addition, we are required to hire temporary employees each year to provide customer service and support during peak registration seasons. These temporary employees require training and education and take time to reach full productivity. If we are not successful in timely hiring, training and retaining our service and support personnel or otherwise fail to provide high quality service and support to organizers and participants, our ability to grow our business will be impaired.

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Our ability to improve our operating margins may be limited by the requirements imposed by our government agency customers.

We acquired the state hunting and fishing business of Automated License Systems and Central Trust Bank in October 2008 and the campground registration business of ReserveAmerica in January 2009. As of December 31, 2012, we had approximately 55 state or provincial customers in North America that are utilizing our technology for registration and management services related to hunting, fishing, and campgrounds. Our government agency customers often require us to customize our applications and provide additional services to their participants to qualify for these contracts. For example, we are typically required to maintain call centers for these customers to allow participants to register telephonically and receive telephonic customer service and support. We continue to focus on ways to encourage participants to use the self-service features available through our websites, however, each year we are required to hire temporary employees and independent contractors to staff our call centers during peak registration periods. A number of our state customers require us to maintain a physical call center located in their particular state. Additionally, our state customers typically require us to provide third-party audits of our operations. These additional requirements are costly to comply with and add to the complexity of our business. If we are unable to properly manage and control the cost of the additional services required by our government agency customers, our operating margins will suffer and our business and results would be harmed.

We may be unsuccessful in expanding our operations outside of North America, which could negatively impact our growth strategy, revenue and future growth.

Our headquarters are located in the United States. To date, we have operated primarily in North America. Expansion outside of North America is an important aspect of our future growth strategy. Our ability to expand outside of North America involves various risks and difficulties, including:

incurring significant expenses in advance of generating material revenue as we attempt to establish our presence in international markets;

operating in unfamiliar competitive environments;

distraction of management and company resources;

different participant preferences and participation patterns than those in North America;

varied, unfamiliar and unclear legal and regulatory requirements and restrictions;

potentially greater susceptibility to fraud and security breaches;

pricing controls, legal, political or systemic restrictions on the ability of U.S. companies to compete with foreign competitors or otherwise do business in foreign countries;

less extensive adoption of the Internet as a commerce medium or information source and increased restrictions on privacy or the use of customer and participant data;

lack of infrastructure to adequately conduct electronic commerce transactions and data storage and management;

difficulties in staffing and managing foreign operations;

greater difficulty in accounts receivable collection;

currency fluctuations or other restrictions on foreign currency; and

potential adverse tax consequences.

As a result of these obstacles, we may find it difficult to expand outside of North America or we may be unsuccessful in our attempt to do so, which would negatively impact our growth strategy, revenue and future growth.

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We may not timely and effectively scale and adapt our existing technology and network infrastructure to ensure that our websites are accessible with little or no perceptible load times.

A key element in our continued growth is the ability of organizers and participants to access our websites at all times with little or no perceptible load times. This has become increasingly difficult to achieve as our applications have become more complex and our user traffic has increased. Strains on the capacity of our technology infrastructure caused by growth in the numbers of organizers and participants accessing our websites, new applications and features and overall engagement on our websites, especially at the opening of the registration period for a popular activity, have in the past resulted, and may in the future result in, slower load times or system failures. We have experienced website disruptions, outages and other performance problems due to a variety of factors, including maintaining multiple legacy systems, infrastructure changes, power failure, telecommunication outages, human or software errors and capacity constraints caused by overwhelming numbers of users accessing our websites simultaneously. If our websites are not available when users attempt to access them or do not function as expected, our customers may select another option to organize and manage their activities and events and participants may select alternative means of researching and registering for activities and events, each of which would negatively impact our business.

We expect to continue to make significant investments to upgrade our technology and network infrastructure to handle increased usage and to enable the timely and effective release of new applications. These upgrades and expansions are complex and in the past have resulted, and in the future could result, in website outages or inefficiencies or operational failures. To the extent that we do not effectively address infrastructure challenges, upgrade our systems as needed and continually develop our technology and network architecture, our business and operating results may be harmed.

If Internet search engines methodologies are modified or our search result page rankings decline for other reasons, participant engagement in our websites and online communities could decline.

We depend in part on various Internet search engines to direct a significant amount of traffic to our websites. Our ability to maintain the number of potential participants directed to our websites is not entirely within our control. Our competitors' search engine optimization, or SEO, efforts may result in their websites receiving a higher search result page ranking than ours, or Internet search engines could revise their methodologies in an attempt to improve search results, which could adversely affect placement of our search result page rankings. If search engine companies revise their search algorithms in ways that are detrimental to new participant growth on our websites or in ways that make it more difficult for organizers or participants to use our websites, or if competitors' SEO efforts are more successful than ours, the overall growth in the numbers of organizers and participants using our websites could slow, participant engagement could decrease, and we could lose existing participants and become less attractive to existing and prospective organizer customers. Our websites have experienced fluctuations in search result rankings in the past, and we anticipate similar fluctuations in the future. Any reduction in the number of participants directed to our website would harm our business and operating results.

Our ability to establish, maintain and strengthen our brands in the activities and events market is critical to our growth strategy.

Promoting and maintaining our brands is critical to our efforts to attract and retain our organizer customers and to increase the number of participants who use our applications. We also believe brand recognition is critical to allow us to effectively compete against the growing number of Internet sites and relatively low initial barriers to entry in certain of our markets. Maintaining, protecting and enhancing our brands is also critical to expanding our base of organizers, end users, advertisers, and other strategic partners, and increasing their engagement with our websites, and will depend largely on our ability to be a technology leader and continue to provide high-quality applications, which we may not do successfully. If we are unable to establish and maintain our brands,

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including THE ACTIVE NETWORK, ACTIVE, ACTIVE.COM, ACTIVENET, ACTIVEWORKS, REGONLINE, RESERVEAMERICA and STARCITE, as leaders for online registration and management applications in the activities and events market, our business and prospects would be materially and adversely affected.

We may experience difficulty in developing marketing services that are attractive to advertisers and promoters.

The market for marketing services such as ours is relatively new and rapidly evolving. We cannot be certain this market will continue to grow. Our marketing services customers may determine that it is in their best interest to spend their marketing budgets through other forms of promotional or advertising activities. As a result, if we fail to develop compelling marketing services for advertisers and promoters, our ability to sustain and grow our marketing services business would be adversely affected.

If we fail to maintain and grow our user base of participants and the data we gain access to from such participants, potential advertisers may not utilize our marketing services, which may result in reduced revenue.

We use a wide range of data to expand, refine and target our marketing services on behalf of our customers. We gain access to most of this data from participants as they opt-in to receive special offers and other direct marketing opportunities from our marketing services customers and us and the registration process for activities and events using our application services. If we are unable to maintain and grow our user base of participants and the data we gain access to from such participants, potential advertisers may not utilize our marketing services and we may lose significant marketing services revenue.

We might not be able to attract and retain employees, which could impede our ability to grow and successfully generate our business.

Any failure to attract and retain qualified, experienced employees could adversely affect our ability to grow our business. To execute our continuing growth plans, we need to increase the size and maintain the quality of our staff of direct sales and business development representatives and technology development staff. To be successful, we must attract and retain highly qualified sales and other personnel with specialized skill sets focused on the activities and events industry. Competition for qualified and experienced sales and other personnel can be intense, and we might not be successful in attracting and retaining such individuals. We have from time to time experienced, and we expect to continue to experience in the future, difficulty in hiring and retaining a sufficient number of highly skilled employees with appropriate qualifications for our business.

Our business and prospects could be harmed if we lose members of our senior management team.

Our performance is substantially dependent on the continued services and on the performance of our senior management and other key personnel, particularly David Alberga, our Chairman of the Board and Executive Chairman, Matthew Landa, our Chief Executive Officer and Director, Darko Dejanovic, our President, and Scott Mendel, our Chief Financial Officer. Our performance also depends on our ability to retain and motivate other officers and key employees. We do not have long-term employment agreements with the members of our senior management or other key personnel. In addition, we do not maintain key-man insurance on these individuals. The loss of the services of any member of our senior management or other key employee for any reason would harm our business.

If we cannot maintain our corporate culture as we grow and evolve, we could lose the innovation, creativity and teamwork that this culture has fostered.

We believe that a critical contributor to our success has been our corporate culture, which we believe fosters innovation, creativity and teamwork. Maintaining this corporate culture will become increasingly difficult as we

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grow and implement the more complex organizational management structures necessary to support our growth and to comply with the requirements imposed on public companies. Failure to maintain and further develop our culture could negatively impact our future success. In addition, our IPO may have created disparities in wealth among our employees, which could adversely impact relations among employees and our corporate culture in general.

If the protection of our technology platform, domain name, trademarks and other proprietary rights is inadequate, our business would be harmed.

Our commercial success is dependent in part on obtaining, maintaining and enforcing our intellectual property rights. We rely on a combination of trade secret, trademark, copyright, trade dress, domain name and patent laws in the United States and in the other jurisdictions in which we operate, together with confidentiality agreements and technical measures, to protect our intellectual property. We pursue the registration of our trademarks, service marks and domain names in the United States. Our registered trademarks in the United States include THE ACTIVE NETWORK, ACTIVE, ACTIVE.COM, ACTIVENET, ACTIVEWORKS, REGONLINE, RESERVEAMERICA and STARCITE. As of December 31, 2012, we have been granted five patents by the United States Patent and Trademark Office and have six patent applications pending in the United States. Our issued patents begin to expire in February 2019. We rely more heavily on trade secret protection than patents to protect our proprietary technology. To protect our trade secrets, we control access to our proprietary systems and technology and enter into confidentiality and invention assignment agreements with our employees and consultants and confidentiality agreements with other third parties. In addition, due to the relatively high cost associated with registering all of our copyrights, we generally rely on common-law copyright laws to protect these rights.

The steps we have taken and take in the future to protect our proprietary rights may be inadequate. For example, confidentiality agreements with our employees, licenses, independent contractors and other advisors may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, third parties may independently discover trade secrets and proprietary information, and in such cases, we may not be able to successfully assert trade secret rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights. If we are unable to obtain, maintain and enforce intellectual property protection covering our technology platform, brands and domain names, others may be able to make, use or sell products that are substantially similar to ours without incurring the sizeable development costs that we have incurred, which would adversely affect our ability to compete.

In addition, the domain names for the websites that we maintain are important to our business. The regulation of domain names in the United States and in foreign countries is unclear and subject to change. Governing bodies may establish additional top-level domains, appoint additional domain name registrars or modify the requirements for holding domain names. As a result, we cannot assure you that we will be able to acquire or maintain relevant domain names. The relationship between regulations governing domain names and laws protecting trademarks and similar proprietary rights is also unclear. As a result, we may be unable to prevent third parties from acquiring domain names that are similar to, infringe upon or otherwise decrease the value of our domain names, and trademarks and other proprietary rights. Any such inability could have a material adverse effect on our business, results of operations, financial condition and prospects.

Intellectual property claims against us could be costly and could hurt our business, operating results, financial condition and prospects.

We cannot predict whether third parties will assert claims of infringement or other intellectual property claims against us. If we are forced to defend against third party claims, whether they are with or without merit or are determined in our favor, we could face expensive and time consuming litigation, which could distract our technical and management personnel. In the past, we received a notice from a third party alleging that our

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Internet fundraising program and related website operations infringe patents published by such third party. In the future, we may receive other notices from, or have lawsuits filed against us by, third parties alleging infringement. If an infringement claim is determined against us, we may be required, or deem it advisable, to develop non-infringing intellectual property or enter into costly royalty or licensing agreements. Such royalty or licensing agreements, if required, may be unavailable on terms that are acceptable to us, or at all. If a third party successfully asserts an infringement claim against us and we are required to pay monetary damages or royalties or we are unable to develop suitable non-infringing alternatives or license the infringed or similar intellectual property on reasonable terms and on a timely basis, it could significantly harm our business. In addition, third parties may seek to invalidate our intellectual property.

As a result of becoming a public company, we are obligated to develop and maintain proper and effective internal controls over financial reporting practices.

We maintain a documented system of internal controls, which is reviewed and monitored by the Audit Committee and tested by the Company's internal audit department. The internal audit department reports the results of testing to the Audit Committee who in turn report the results to the Board of Directors. We believe we have a well-designed system to maintain adequate internal controls over the business; however, we cannot be certain that our controls will be adequate in the future or that adequate controls will be effective in preventing or detecting all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of any system of control is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Our reserves for state sales taxes may not be sufficient.

Certain states in which we operate impose sales, purchase and use taxes on transactions completed through our applications. At this time, many of our systems do not automatically capture the sales, purchase and use taxes we are required to remit to these states.

As a result, we are required to analyze our transactions, and reserve an appropriate amount for the payment of state sales, purchase and use taxes. We regularly review the procedures we use to calculate our sales tax obligations as well as our sales tax reserves, and make adjustments when appropriate. Although we believe that our sales tax reserves are adequate, we may not be fully reserved and it is possible that we may be obligated to pay amounts in excess of our reserves.

We may not be able to realize the tax benefits associated with the net operating losses we have recorded to date.

As of December 31, 2012, we had federal tax net operating loss carry forwards of approximately \$182 million which will begin to expire in 2019 and continue to expire through 2032 and state tax net operating loss carry forwards of approximately \$142 million which began to expire between 2013 and 2032 and foreign NOL carryforwards of approximately \$11 million as of December 31, 2012 which expire between 2029 and 2032. If we do not maintain sufficient profitability prior to the expiration of these net operating loss carry forwards, then we will not be able to fully use such tax attributes to our benefit. Additional limitations on the annual use of these net operating loss carry forwards may also apply due to subsequent issuances of our stock.

Covenants in our Credit Agreement may restrict our operations, and if we do not effectively manage our business to comply with these covenants, our financial condition and liquidity could be adversely affected.

In December 2011, we entered into a Credit Agreement (the "Credit Agreement"), which was subsequently amended in June 2012, with Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPFS") and J.P Morgan Securities LLC (upon

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the amendment of the Credit Agreement), as Joint Lead Arrangers, MLPFS as Sole Book Manager, and the lenders from time to time party thereto. We must comply with various covenants under our Credit Agreement that limit our ability to, among other things:

incur or assume liens or additional debt or provide guarantees in respect of obligations of other persons;

pay cash dividends or distributions or redeem or repurchase capital stock;

prepay, redeem or repurchase debt;

make loans and investments;

enter into agreements that restrict distributions from our subsidiaries;

sell assets and capital stock of our subsidiaries;

enter into certain transactions with affiliates; and

consolidate or merge with or into, or sell substantially all of our assets to, another person.

In addition, under our Credit Agreement, we are required to maintain specified financial ratios. Our ability to meet these financial covenants can be affected by events beyond our control, and we may be unable to meet these tests. In addition, our failure to maintain effective internal controls to measure compliance with these financial covenants could affect our ability to take corrective actions on a timely basis, and could result in us being in breach of this covenant. Our Credit Agreement provides that our breach or failure to satisfy certain covenants constitute an event of default. Upon the occurrence of an event of default, the lenders could elect to terminate any commitment under our Credit Agreement and declare all amounts outstanding to be immediately due and payable. If we are unable to repay those amounts, our financial condition could be adversely affected. In addition, termination of our Credit Agreement could also adversely impact our liquidity.

Our cash, cash equivalents and short-term investments are subject to a risk of loss based upon the solvency of the financial institutions in which they are maintained.

We maintain the majority of our cash and cash equivalents in accounts with major financial institutions within the United States, in the form of demand deposits and money market accounts. Our deposits in these institutions may generally exceed the amounts of insurance provided, or deposits may not at all be covered by insurance. If any of these institutions become insolvent, it could substantially harm our financial condition and we may lose some, or all, of such deposits.

If our goodwill, amortizable intangible assets or property, plant and equipment become impaired, we may be required to record a significant charge to earnings.

We review our goodwill, intangible and long-lived assets for impairment annually in the fourth quarter or whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Significant negative industry or economic trends, a decline in the market price of our common stock, reduced estimates of future cash flows or disruptions to our business could indicate that goodwill, intangible or long-lived assets might be impaired. If, in any period, our stock price decreases to the point where our market capitalization is less than our book value, this too could indicate a potential impairment and we may be required to record an impairment charge in that period.

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Our valuation methodology for assessing impairment requires management to make judgments and assumptions based on historical experience and to rely on projections of future operating performance. We operate in highly competitive environments and projections of future operating results and cash flows may vary significantly from actual results. Additionally, if our analysis results in impairment to our goodwill, intangibles or long-lived assets, we would be required to record a non-cash charge to earnings in our financial statements during a period in which such impairment is determined to exist. Any of these factors could have a negative impact on our operating results.

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Changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly change our reported or expected financial results.

Generally accepted accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business, including but not limited to, revenue recognition, allowances for doubtful accounts, software development costs, stock-based compensation, business combinations, impairment of goodwill, intangible assets and long-lived assets, and accounting for income taxes are highly complex and involve many subjective assumptions, estimates and judgments by our management. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments by our management could significantly change our reported or expected financial performance.

We are currently in the process of transitioning certain of our customers who are using the legacy systems we inherited in our acquisitions to ActiveWorks. Until we complete this transition, we may not be able to compare our key business metrics on a period-to-period basis in a manner consistent with the rest of our business, and as a result, our ability to manage our business could be adversely affected.

We manage our business based in part on key business metrics regarding the total number of customer organizations we serve and the total number of registrations we process during a specific financial period. We are currently in the process of transitioning our customers who are currently using the legacy systems we inherited in our acquisitions to ActiveWorks. Until we complete this transition, participants for certain activities and events will continue registering through these legacy systems. Certain of these legacy systems do not track customers and registrations in a manner consistent with the rest of our business. As a result, we need to use manual processes to accumulate these metrics, which could lead to errors. If we are unable to accurately compare our key business metrics on a period-to-period basis, our ability to manage our business could be adversely affected.

If the estimates and assumptions we use to determine the size of our target market, customer groups or the verticals within customer groups are inaccurate, our future growth rate may be limited and our business would be harmed.

We calculate the size of our target market, customers groups and verticals within customer groups, based on data published by third parties and on assumptions that we have made based on that data. We have not independently verified any third-party information and cannot assure you of its accuracy or completeness. While we believe our market size information is generally reliable, such information is inherently imprecise. In addition, our projections, assumptions and estimates of future opportunities within our target market are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in this risk factors section. If third-party data proves to be inaccurate or we make errors in our assumptions based on that data, our future growth rate may be limited. In addition, these inaccuracies or errors may cause us to misallocate capital and other business resources, which could harm our business. For example, in the third quarter of 2011, we identified previously unreported registration data during the first and second quarters of 2011. As a result, we underreported the number of registrations for these prior periods. We identified that the underreporting resulted primarily from the prior lack of the reporting systems of two new state customers. The underreporting had no impact on our prior financial statements, nor do we believe the underreporting had a material adverse effect on our business.

Risks Relating To Ownership Of Our Common Stock

Our stock price may be volatile.

The market price of our common stock may be subject to significant fluctuations. Factors that could affect our stock price include the following:

fluctuations in our operating results or the operating results of our competitors;

changes in estimates of our financial results or recommendations by securities analysts;

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changes in the estimates of the future size and growth rate of our markets;

changes in accounting principles or changes in interpretations of existing principles, which could affect our financial results;

conditions and trends in the markets we serve;

changes in general economic, industry and market conditions;

success of competitive applications and services;

changes in market valuations or earnings of our competitors;

changes in our pricing policies or the pricing policies of our competitors;

announcements of significant new applications, contracts, acquisitions or strategic alliances by us or our competitors;

changes in legislation or regulatory policies, practices or actions;

the commencement or outcome of litigation involving our company, our general industry or both;

recruitment or departure of key personnel;

changes in our capital structure, such as future issuances of securities or the incurrence of debt;

actual or expected sales of our common stock by the holders of our common stock; and

the trading volume of our common stock.

In addition, the U.S. and worldwide stock markets in general have experienced significant price and trading volume fluctuations, and the market prices of technology and Internet companies have generally been extremely volatile and have experienced sharp share price and trading volume changes. These broad market fluctuations may adversely affect the trading price of our common stock.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members.

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Act, the listing requirements of the New York Stock Exchange and other applicable securities rules and regulations. Compliance with these rules and regulations increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increase demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things,

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that we maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm our business and operating results. Although we have already hired additional employees to comply with these requirements, we may need to hire more employees in the future, which will increase our costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time-consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance

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practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

Any new rules and regulations may increase the cost for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified executive officers and members of our board of directors, particularly to serve on our Board committees.

As a result of our public disclosure requirements, our business and financial condition has become more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and operating results could be harmed, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and harm our business and operating results.

We do not expect to declare any dividends on our common stock in the foreseeable future.

We currently intend to invest our future earnings, if any, to fund the development and growth of our business. The payment of dividends will be at the discretion of our Board of Directors and will depend on our results of operations, capital requirements, financial condition, future prospects, restrictions imposed by applicable law, any limitations on payments of dividends present in any debt agreements we may enter into and other factors our Board of Directors may deem relevant. Consequently, stockholders may need to rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase our common stock.

Our directors, executive officers and significant stockholders hold a substantial portion of our stock, which may lead to conflicts of interest with other stockholders over corporate transactions and other corporate matters.

As of December 31, 2012, our directors, executive officers and beneficial holders of 10% or more of our outstanding common stock beneficially owned approximately 35% of our outstanding common stock, including restricted stock units awards vested and stock options exercisable within 60 days after December 31, 2012. We are not aware of any stockholder or voting agreements or understandings between or among our directors, officers or current beneficial holders of 10% or more of our outstanding common stock except with respect to an agreement between Scott Schultz, a former director, and the United States Tennis Association, pursuant to which the United States Tennis Association received the pecuniary benefit upon exercise of any options granted to Mr. Schultz. However, these stockholders, acting together, would be able to influence significantly all matters requiring stockholder approval, including the election of directors and significant corporate transactions such as mergers or other business combinations. This control could delay, deter or prevent a third party from acquiring or merging with us, which could adversely affect the market price of our common stock.

A large number of shares eligible for public sale or subject to rights requiring us to register them for public sale could depress the market price of our common stock.

The market price of our common stock could decline as a result of sales of a large number of shares of our common stock in the market in the future, and the perception that these sales could occur may also depress the market price of our common stock. From time to time, we may raise additional capital through issuances of equity or convertible debt securities, or issue additional equity for future acquisitions and may be required to register these securities with the SEC. Sales of our common stock pursuant to registration rights could cause our stock price to fall and make it more difficult for you to sell shares of our common stock.

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If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our stock adversely or publish negative reports about our company or business, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. If any of the analysts who may cover us change their recommendation regarding our stock adversely, publish negative reports about our company or business, or provide more favorable relative recommendations about our competitors, our stock price would likely decline. If any analyst who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

Our future capital needs are uncertain, and we may need to raise additional funds in the future, which may not be available on acceptable terms or at all.

Our capital requirements will depend on many factors, including:

acceptance of, and demand for, our applications;

the costs of developing new applications or technology;

the timing of transitioning our customers to ActiveWorks;

the number and timing of acquisitions and other strategic transactions; and

the costs associated with the growth of our business.

Our existing sources of cash and cash flows may not be sufficient to fund all of our activities. While we believe we have sufficient capital available through our credit facility and cash flows from operations to conduct our plan of business for at least the next 12 months, we may need to raise additional funds following such time, and such funds may not be available on reasonable terms, or at all. Further, if we incur additional debt, it may increase our leverage relative to our earnings or to our equity capitalization. If we cannot raise funds on acceptable terms, we may not be able to develop or enhance our applications, execute our business plan, take advantage of future opportunities or respond to competitive pressures or unanticipated customer requirements.

If we issue additional shares of common stock to raise capital or for future acquisition purposes, it may have a dilutive effect on your investment.

If we raise additional capital through further issuances of equity or convertible debt securities, or issue additional equity for future acquisitions, our existing stockholders could suffer significant dilution in their percentage ownership of us. Moreover, any new equity securities we issue could have rights, preferences and privileges senior to those of holders of our common stock.

A further tightening of the credit markets may have an adverse effect on our ability to obtain short-term debt financing.

The recent deterioration of the global economy threatens to cause further tightening of the credit markets, more stringent lending standards and terms and higher volatility in interest rates. Persistence of these conditions could have a material adverse effect on our access to short-term debt and the terms and cost of that debt. As a result, we may not be able to secure additional financing in a timely manner, or at all, to meet our future capital needs which may have an adverse effect on our business, operating results and financial condition.

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Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us more difficult, limit attempts by our stockholders to replace or remove our current directors and management team and limit the market price of our common stock.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may delay or prevent a change in control, discourage bids at a premium over the market price of our common stock and adversely affect the market price of our common stock and the voting and other rights of the holders of our common stock. These provisions include:

dividing our board into three classes, with each class serving a staggered three-year term;

prohibiting our stockholders from calling a special meeting of stockholders or acting by written consent;

permitting our board to issue additional shares of our preferred stock, with such rights, preferences and privileges as they may designate, including the right to approve an acquisition or other changes in control;

establishing an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors;

providing that our directors may be removed only for cause;

providing that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum; and

requiring the approval of our board of directors or the holders of a supermajority of our outstanding shares of capital stock to amend our bylaws and certain provisions of our certificate of incorporation.

Although we believe these provisions collectively provide for an opportunity to receive higher bids by requiring potential acquirers to negotiate with our board, they would apply even if the offer may be considered beneficial by some stockholders. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management team by making it more difficult for stockholders to replace members of our board, which is responsible for appointing the members of our management.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our principal executive offices are located at 10182 Telesis Court, Suite 100, San Diego, California. This leased facility is 122,798 square feet and currently houses our headquarters. The lease for our San Diego facility expires on October 31, 2017. Our other material facilities are located in Frostburg, Maryland; Burnaby, Canada; Nashville, Tennessee; Irving, Texas and Philadelphia, Pennsylvania. We undertake development, sales and warehouse activities in these facilities. Our main web-hosting facilities are located in Las Vegas, Nevada, Ashburn, Virginia and Toronto, Ontario. We believe that our facilities are in good operating condition and adequately serve our current business operations. We also anticipate that suitable additional or alternative space, including those under lease options, will be available at commercially reasonable terms for future expansion.

ITEM 3. LEGAL PROCEEDINGS

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From time to time, we are subject to various claims and legal actions during the ordinary course of business, including potential liabilities under government regulations and various claims and legal actions that are pending or may be asserted by third parties. These matters arise in the ordinary course and conduct of our business, and,

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at times, as a result of our acquisitions. They include, for example, commercial, intellectual property and employment matters. Some are expected to be covered, at least partly, by insurance. We intend to continue to defend ourselves vigorously in such matters. We are not aware of any pending or threatened litigation that we believe is reasonably likely to have a material adverse effect on our results of operations, financial position or liquidity.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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Our common stock has been listed on the NYSE under the symbol `ACTV` since May 25, 2011. Prior to that date, there was no public trading market for our common stock. Our initial public offering (`IPO`) was priced at \$15.00 per share on May 24, 2011. The following table sets forth for the periods indicated the high and low prices per share of our common stock as reported on the NYSE:

Quarter	2012	
	Low	High
First Quarter	\$ 13.19	\$ 17.74
Second Quarter	\$ 12.64	\$ 16.96
Third Quarter	\$ 10.80	\$ 15.46
Fourth Quarter	\$ 4.65	\$ 12.06

Registered Shareholders

On February 19, 2013, the closing sales price of our common stock on the NYSE was \$5.30 and there were approximately 250 registered holders of record as of that date. This approximate number excludes an indeterminable number of stockholders whose shares are held in street or nominee name. As a result, we believe the number of beneficial owners is substantially greater than the number of registered holders of record.

Dividends

We have never declared or paid any cash dividends on shares of our common stock. We currently intend to retain our earnings, if any, and cash to fund working capital and for general corporate purposes and, therefore, do not anticipate paying any cash dividends on our common stock in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our Board of Directors and will depend upon our financial condition, results of operations and capital requirements.

Performance Graph

The graph set forth below compares the cumulative total stockholder return on our common stock between May 25, 2011 (the date of our IPO) and December 31, 2012, with the cumulative total return of the (i) the NASDAQ Composite Index and (ii) the NASDAQ-100 Technology Sector Index. This graph assumes the investment of \$100 on May 25, 2011 in our common stock, the NASDAQ Composite Index and the NASDAQ-100 Technology Sector Index, and assumes the reinvestment of dividends. No cash dividends have been declared or paid on our common stock. The comparisons in the graph below are required by the SEC and are not intended to forecast or be indicative of possible future performance of our common stock.

The following graph and related information shall not be deemed soliciting material or be deemed to be filed with the SEC, nor shall such information be incorporated by reference into any future filing, except to the extent that we specifically incorporate it by reference into such filing.

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	May 25, 2011	June 30, 2011	September 31, 2011	December 31, 2011	March 31, 2012	June 30, 2012	September 31, 2012	December 31, 2012
The Active Network, Inc.	100.00	110.69	92.77	85.53	105.85	96.79	78.81	30.88
NASDAQ Composite	100.00	95.66	84.51	92.31	105.43	102.50	107.86	103.69
NASDAQ 100 Technology Sector	100.00	95.30	90.44	98.29	122.26	113.58	121.94	113.42

Unregistered Sales of Equity Securities

None.

Use of Proceeds from Registered Securities

Our IPO of common stock was effected through a Registration Statement on Form S-1 (File No. 333-172254) that was declared effective by the Securities and Exchange Commission on May 24, 2011, which registered an aggregate of 12,650,000 shares of our common stock, including 1,650,000 shares that the underwriters had the option to purchase. On May 31, 2011, 8,222,222 shares of common stock were sold on our behalf and 4,427,778 shares of common stock were sold on behalf of the selling stockholders, including 1,650,000 shares sold by the selling stockholders upon exercise in full of the underwriters' option to purchase additional shares, at an IPO price of \$15.00 per share, for an aggregate gross offering price of \$123,333,330 to us, and \$66,416,670 to the selling stockholders. Merrill Lynch, Pierce, Fenner & Smith and Citigroup Global Markets Inc. served as the managing underwriters of the initial public offering. Following the sale of the shares in connection with the closing of the IPO, the offering terminated.

As a result of the IPO, we received net proceeds of approximately \$112.6 million, after deducting underwriting discounts and commissions of approximately \$8.6 million and additional IPO-related expenses, net of reimbursements, of approximately \$2.1 million. We did not receive any proceeds from the sale of shares by the selling shareholders. No IPO expenses were paid directly or indirectly to (i) any of our officers or directors or their associates, (ii) any persons owning 10% or more of any class of our equity securities, or (iii) any of our affiliates.

There was no material change in the use of proceeds from our IPO as described in our final prospectus filed with the SEC pursuant to Rule 424(b). From the effective date of the registration statement through December 31, 2012, we have used the net proceeds of the IPO for repayment of debt, funding for acquisitions and for general corporate purposes, including expenditures for financing growth, developing additional application services functionality and features, acquiring new customers and funding capital expenditures.

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The selected consolidated financial data below have been derived from our audited financial statements. The following table should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operation and our Consolidated Financial Statements and notes thereto included elsewhere in this Annual Report on Form 10-K. The historical results presented below are not indicative of any future results.

	2012	Year Ended December 31,			2008
		2011	2010	2009	
(In thousands, except per share data)					
Net revenue:					
Technology revenue	\$ 370,472	\$ 290,488	\$ 237,688	\$ 210,483	\$ 145,789
Marketing services revenue	48,421	46,910	41,912	32,401	27,407
Total net revenue	418,893	337,390	279,600	242,884	173,196
Cost of net revenue	191,819	150,914	121,351	107,188	79,681
Gross profit	227,074	186,476	158,249	135,696	93,515
Total operating expenses	266,700	203,092	178,764	167,269	137,421
Loss from operations	(39,626)	(16,616)	(20,515)	(31,573)	(43,906)
Interest expense, net	(577)	(2,771)	(5,288)	(5,043)	(3,296)
Other income (expense), net	1,157	(14)	455	(1,196)	(268)
Loss before provision (benefit) for income taxes	(39,046)	(19,401)	(25,348)	(35,420)	(47,470)
Provision (benefit) for income taxes	3,980	(4,074)	1,924	2,439	1,506
Net loss	(43,026)	(15,327)	(27,272)	(37,859)	(48,976)
Accretion of redeemable convertible preferred stock		(11,810)	(28,157)	(25,774)	(15,639)
Net loss attributable to common stockholders	\$ (43,026)	\$ (27,137)	\$ (55,429)	\$ (63,633)	\$ (64,615)
Net loss per share attributable to common stockholders:					
Basic and diluted	\$ (0.73)	\$ (0.75)	\$ (7.83)	\$ (10.86)	\$ (11.68)
Weighted-average shares used to compute net loss per share attributable to common stockholders ⁽¹⁾ :					
Basic and diluted	58,804	36,072	7,080	5,862	5,530

	2012	Year Ended December 31,			2008
		2011	2010	2009	
(In thousands)					
Other Financial and Operational Data:					
Adjusted EBITDA ⁽²⁾	\$ 38,417	\$ 36,036	\$ 25,120	\$ 15,746	\$ (2,672)
Organizations	54.9	51.3	47.3	44.9	41.5
Registrations	89,900	80,274	70,182	65,461	25,074

- (1) Effective May 25, 2011, all shares of convertible preferred stock and redeemable convertible preferred stock were converted into 8,807,090 and 25,824,801 shares of common stock, respectively, in connection with our IPO. Upon completion of IPO in May 2011, we amended and restated our certificate of incorporation to authorize 100,000,000 shares of preferred stock.

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- (2) We define Adjusted EBITDA as net loss, plus: interest expense (net), provision (benefit) for income taxes, depreciation and amortization, stock-based compensation, and other income (expense), net. Please see Adjusted EBITDA below for more information and for a reconciliation of Adjusted EBITDA to net loss, the most directly comparable financial measure calculated and presented in accordance with U.S. generally accepted accounting principles, or GAAP.

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	2012	2011	Year Ended December 31,		2008
			2010	2009	
			(In thousands)		
Consolidated Balance Sheet Data:					
Cash and cash equivalents	\$ 58,493	\$ 108,699	\$ 31,441	\$ 26,381	\$ 33,395
Restricted cash	1,145	1,502	5,000	5,000	5,000
Property and equipment, net	41,236	33,830	28,181	26,742	20,093
Software development costs, net	51,151	45,093	37,013	27,003	14,890
Working deficit	(41,312)	(42,035)	(57,985)	(38,676)	(17,376)
Total assets	542,470	600,557	390,548	381,871	325,936
Total long-term debt		5,000	44,403	48,727	54,045
Convertible preferred stock			21,187	21,187	21,187
Redeemable convertible preferred stock			371,126	343,021	269,534
Total stockholders' equity (deficit)	332,447	346,639	(185,981)		