

inContact, Inc.
Form 10-Q
November 09, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the Quarterly Period Ended September 30, 2016

Commission File No. 1-33762

inContact, Inc.

(Exact name of registrant as specified in its charter)

Delaware 87-0528557
(State or other jurisdiction of (IRS Employer

incorporation or organization) Identification No.)

75 West Towne Ridge Parkway, Tower 1, Sandy, UT 84070

(Address of principal executive offices and Zip Code)

(801) 320-3200

(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Outstanding as of October 31, 2016
Common Stock, \$0.0001 par value	62,622,908 shares

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INCONTACT, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS—(Unaudited)

(in thousands, except per share data)

	September 30, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$40,873	\$29,050
Restricted cash	-	81
Investments	38,299	75,109
Accounts and other receivables, net of allowance for uncollectible accounts of \$2,140		
and \$2,555, respectively	40,940	37,185
Other current assets	10,883	9,243
Total current assets	130,995	150,668
Property and equipment, net	53,336	42,569
Intangible assets, net	27,021	19,232
Goodwill	49,016	39,247
Other assets	3,866	2,421
Total assets	\$264,234	\$254,137
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	\$13,748	\$11,607
Accrued liabilities	12,221	12,828
Accrued commissions	5,187	4,615
Current portion of deferred revenue	14,254	11,530
Total current liabilities	45,410	40,580
Deferred revenue	7,567	6,082
Deferred rent and lease incentive obligation	6,657	3
Deferred tax liability, net	466	230
Long-term debt	85,215	81,985
Total liabilities	145,315	128,880
Commitments and contingencies (see Note 10)		
Stockholders' equity:		
Common stock, \$0.0001 par value; 100,000 shares authorized; 62,612 and 61,826		
shares issued and outstanding as of September 30, 2016 and December 31, 2015,		
respectively	6	6
Additional paid-in capital	264,616	253,986
Accumulated deficit	(145,702)	(128,654)

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Accumulated other comprehensive loss	(1)	(81)
Total stockholders' equity	118,919	125,257
Total liabilities and stockholders' equity	\$264,234	\$254,137

See accompanying notes to Condensed Consolidated Financial Statements.

INCONTACT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS and COMPREHENSIVE LOSS

(Unaudited)

(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net revenue:				
Software	\$44,222	\$36,709	\$128,130	\$103,227
Network connectivity	22,796	19,369	65,073	57,260
Total net revenue	67,018	56,078	193,203	160,487
Costs of revenue:				
Software	18,534	14,815	52,473	42,872
Network connectivity	12,805	12,278	39,727	36,072
Total costs of revenue	31,339	27,093	92,200	78,944
Gross profit	35,679	28,985	101,003	81,543
Operating expenses:				
Selling and marketing	19,025	17,810	55,352	49,549
Research and development	9,268	7,328	27,097	21,021
General and administrative	12,377	7,750	32,326	25,699
Total operating expenses	40,670	32,888	114,775	96,269
Loss from operations	(4,991)	(3,903)	(13,772)	(14,726)
Other income (expense):				
Interest expense	(1,816)	(1,738)	(5,400)	(3,940)
Interest income	151	125	478	183
Other income (expense)	(105)	1	(111)	1
Total other income (expense)	(1,770)	(1,612)	(5,033)	(3,756)
Loss before income taxes	(6,761)	(5,515)	(18,805)	(18,482)
Income tax benefit (expense)	(100)	(163)	2,296	(474)
Net loss	\$(6,861)	\$(5,678)	\$(16,509)	\$(18,956)
Other comprehensive loss, net of taxes:				
Net change in unrealized gain (loss) in				
available for sale investments	69	(15)	80	(35)
Comprehensive loss	\$(6,792)	\$(5,693)	\$(16,429)	\$(18,991)
Net loss per common share:				
Basic and diluted	\$(0.11)	\$(0.09)	\$(0.26)	\$(0.31)
Weighted average common shares outstanding:				
Basic and diluted	62,977	61,688	62,631	61,407

See accompanying notes to Condensed Consolidated Financial Statements.

INCONTACT, INC.

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY—(Unaudited)

(in thousands)

	Common Stock		Additional Paid-in Capital	Treasury Stock		Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount		Shares	Amount			
Balance at December 31, 2015	61,826	\$ 6	\$ 253,986	-	\$-	\$ (128,654)	\$ (81)	\$ 125,257
Common stock received for settlement of taxes and forfeited restricted stock	-	-	-	(153)	(1,347)	-	-	(1,347)
Common stock issued for options exercised	412	-	2,791	118	1,068	(461)	-	3,398
Common stock issued under the employee stock purchase plan	96	-	753	9	129	(56)	-	826
Issuance of common stock for acquisition of a business	64	-	344	-	-	-	-	344
Stock-based compensation	-	-	6,870	-	-	-	-	6,870
Vesting of restricted stock units	214	-	(122)	26	144	(22)	-	-
Other comprehensive income	-	-	-	-	-	-	80	80
Net loss	-	-	-	-	-	-	-	-