

CHORDIANT SOFTWARE INC

Form 10-Q

August 09, 2005

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2005

OR

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

For the transition period from _____ to _____

Commission File Number 000-29357

Chordiant Software, Inc.

(Exact name of Registrant as specified in its Charter)

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Delaware
(State or Other Jurisdiction of

93-1051328
(I.R.S. Employer

Incorporation or Organization)

Identification Number)

20400 Stevens Creek Boulevard, Suite 400

Cupertino, CA 95014

(Address of Principal Executive Offices including Zip Code)

(408) 517-6100

(Registrant's Telephone Number, Including Area Code)

(Former name, former address and former fiscal year if changed since last report)

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

The number of shares of the Registrant's common stock outstanding as of July 29, 2005 was 77,330,407.

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CHORDIANT SOFTWARE, INC.

QUARTERLY REPORT ON FORM 10-Q FOR THE PERIOD ENDED JUNE 30, 2005

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****CHORDIANT SOFTWARE, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS****(In thousands)**

	June 30, 2005	September 30, 2004
	(Unaudited)	(Restated)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 32,739	\$ 55,748
Marketable securities	4,100	4,000
Restricted cash	1,785	279
Accounts receivable, net, including \$360 and \$1,085 due from related parties at June 30, 2005 and September 30, 2004, respectively.	23,719	20,161
Prepaid expenses and other current assets	4,463	3,097
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Total current assets	66,806	83,285
Restricted cash	559	2,057
Property and equipment, net	2,790	3,237
Goodwill	31,978	24,874
Intangible assets, net	5,451	244
Other assets	3,525	1,643
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Total assets	\$ 111,109	\$ 115,340
	<hr/>	<hr/>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 5,000	\$ 6,394
Accrued expenses	9,277	11,681
Deferred revenue, including related party balances of \$747 and \$368 at June 30, 2005 and September 30, 2004, respectively.	25,166	18,459
Current portion of capital lease obligations	209	191
	<hr/>	<hr/>
Total current liabilities	39,652	36,725
Deferred revenue, long-term	301	2,122
Restructuring costs, net of current portion	2,316	
Long term portion of capital lease obligations	150	317
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Total liabilities	42,419	39,164
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Stockholders' equity:		
Common stock	77	72
Additional paid-in capital	272,117	262,703

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Deferred stock-based compensation	(3,915)	(339)
Accumulated deficit	(202,164)	(189,349)
Accumulated other comprehensive income	2,575	3,089
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Total stockholders' equity	68,690	76,176
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Total liabilities and stockholders' equity	\$ 111,109	\$ 115,340
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The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents**CHORDIANT SOFTWARE, INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

(In thousands, except per share data, unaudited)

	Three Months Ended		Nine months Ended	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
Revenues:				
License, including related party items aggregating \$305 and \$307 for the three months ended June 30, 2005 and 2004 and \$5,612 and \$5,762 for the nine months ended June 30, 2005 and 2004, respectively.	\$ 9,228	\$ 5,391	\$ 25,029	\$ 23,944
Service, including related party items aggregating \$668 and \$1,561 for the three months ended June 30, 2005 and 2004 and \$1,999 and \$2,724 for the nine months ended June 30, 2005 and 2004, respectively.	12,393	11,433	37,440	32,729
Total revenues	21,621	16,824	62,469	56,673
Cost of revenues:				
License	338	301	702	1,217
Service	7,134	6,499	21,985	19,021
Stock based compensation	85	(42)	77	843
Amortization of intangible assets	303	252	765	1,732
Total cost of revenues	7,860	7,010	23,529	22,813
Gross profit	13,761	9,814	38,940	33,860
Operating expenses:				
Sales and marketing	7,051	5,666	21,144	17,375
Research and development	5,194	4,222	15,040	12,853
General and administrative	4,563	1,695	13,505	4,864
Stock based compensation	272	(79)	307	3,092
Amortization of intangible assets		16	117	206
Purchased in-process research and development			1,940	
Restructuring expense (reversal)			(97)	996
Total operating expenses	17,080	11,520	51,956	39,386
Loss from operations	(3,319)	(1,706)	(13,016)	(5,526)
Interest income, net	147	144	539	371
Other income (expense), net	186	120	(45)	87
Net loss before income taxes	(2,986)	(1,442)	(12,522)	(5,068)
Provision for income taxes	138	100	293	765
Net loss	\$ (3,124)	\$ (1,542)	\$ (12,815)	\$ (5,833)
Other comprehensive income:				
Foreign currency translation gain (loss)	(588)	(201)	(514)	911

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Comprehensive loss	\$ (3,712)	\$ (1,743)	\$ (13,329)	\$ (4,922)
Net loss per share basic and diluted	\$ (0.04)	\$ (0.02)	\$ (0.17)	\$ (0.09)
Weighted average shares used in computing basic and diluted loss per share	75,080	70,345	73,966	66,132

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents**CHORDIANT SOFTWARE, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(In thousands, unaudited)**

	Nine months Ended	
	June 30, 2005	June 30, 2004
Cash flows from operating activities:		
Net loss	\$ (12,815)	\$ (5,833)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,063	1,391
Amortization of intangibles	883	1,938
Purchased in-process research and development	1,940	
Non-cash stock-based compensation expense	374	3,416
Provision for doubtful accounts	86	22
Warrants issued to customers	(42)	109
Gain (loss) on disposal of assets	(46)	11
Other non-cash charges	127	25
Changes in assets and liabilities net of effect of acquisition:		
Accounts receivable	(3,430)	(5,009)
Prepaid expenses and other current assets	(1,470)	(508)
Other assets	(1,916)	281
Accounts payable	(3,481)	1,845
Accrued expenses and restructuring costs	1,534	5
Deferred revenue	4,677	4,985
Other liabilities		