

INTUIT INC
Form 10-K
September 13, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended July 31, 2012

OR

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number 0-21180

INTUIT INC.

(Exact name of registrant as specified in its charter)

Delaware

(State of incorporation)

77-0034661

(IRS Employer Identification No.)

2700 Coast Avenue, Mountain View, CA 94043

(Address of principal executive offices, including zip code)

(650) 944-6000

(Registrant's telephone number, including area code)

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

Title of Each Class

Common Stock, \$0.01 par value

Name of Exchange on Which Registered

NASDAQ Global Select Market

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 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

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required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T 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 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 the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition 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
(Do not check if a smaller reporting company)

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

The aggregate market value of Intuit Inc. outstanding common stock held by non-affiliates of Intuit as of January 31, 2012, the last business day of our most recently completed second fiscal quarter, based on the closing price of \$56.44 reported by the NASDAQ Global Select Market on that date, was \$15.7 billion.

There were 295,371,402 shares of Intuit voting common stock outstanding as of August 31, 2012.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its Annual Meeting of Stockholders to be held on January 17, 2013 are incorporated by reference in Part III of this Annual Report on Form 10-K.

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FISCAL 2012 FORM 10-K

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EX-101.INS XBRL Instance Document

EX-101.SCH XBRL Taxonomy Extension Schema

EX-101.CAL XBRL Taxonomy Extension Calculation Linkbase

EX-101.LAB XBRL Taxonomy Extensions Label Linkbase

EX-101.PRE XBRL Taxonomy Extension Presentation Linkbase

EX-101.DEF XBRL Taxonomy Extension Definition Linkbase

Intuit, the Intuit logo, QuickBooks, TurboTax, Lacerte, ProSeries, Quicken and Mint, among others, are registered trademarks and/or registered service marks of Intuit Inc., or one of its subsidiaries, in the United States and other countries. Other parties' marks are the property of their respective owners.

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This Annual Report on Form 10-K contains forward-looking statements that involve risks and uncertainties. Please see the section entitled “Forward-Looking Statements and Risk Factors” in Item 1A of this Report for important information to consider when evaluating these statements.

PART I
ITEM 1
BUSINESS

CORPORATE BACKGROUND

General

Intuit Inc. is a leading provider of innovative business and financial management solutions for small businesses, consumers, accounting professionals and financial institutions. Our flagship products and services that include QuickBooks, TurboTax and Quicken help customers solve important business and financial management problems, such as running a small business, paying bills, filing income taxes, or managing personal finances. ProSeries and Lacerte are Intuit’s leading tax preparation offerings for professional accountants. Our Intuit Financial Services business provides digital banking solutions to banks and credit unions that help them make it easier for their customers to manage money and pay bills.

Our products and services are available in the United States, Canada, the United Kingdom, India and Singapore, helping to simplify the business of life for more than 60 million people.

We had revenue of \$4.2 billion in our fiscal year ended July 31, 2012, and had approximately 8,500 employees in major offices in the United States, Canada, India, the United Kingdom and other locations at that time.

Intuit was incorporated in California in March 1984. We reincorporated in Delaware and completed our initial public offering in March 1993. Our principal executive offices are located at 2700 Coast Avenue, Mountain View, California, 94043, and our main telephone number is 650-944-6000. Our corporate website, www.intuit.com, provides materials for investors and information relating to Intuit’s corporate governance. The content on any website referred to in this filing is not incorporated by reference into this filing unless expressly noted otherwise. When we refer to “we,” “our” or “Intuit” in this Annual Report on Form 10-K, we mean the current Delaware corporation (Intuit Inc.) and its California predecessor, as well as all of our consolidated subsidiaries.

Available Information

We file reports required of public companies with the Securities and Exchange Commission (SEC). These include annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and other reports, and amendments to these reports. The public may read and copy the materials we file with or furnish to the SEC at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 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 also maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. We make available free of charge on the Investor Relations section of our corporate website all of the reports we file with or furnish to the SEC as soon as reasonably practicable after the reports are filed or furnished. Copies of this Annual Report on Form 10-K may also be obtained without charge by contacting Investor Relations, Intuit Inc., P.O. Box 7850, Mountain View, California 94039-7850 or by calling 650-944-6000.

BUSINESS OVERVIEW

Intuit's Mission

We seek to be a premier innovative growth company that improves our customers' financial lives so profoundly they can't imagine going back to the old way.

Our customers include consumers and small businesses, and those who serve them – accountants, financial institutions and health care providers. We help simplify the business of life in four ways:

- Improving financial strength – Helping consumers make and save money and small businesses to grow and profit.
- Increasing productivity – Turning drudgery into time for what matters most.
- Maintaining compliance – Helping customers comply with regulations.
- Building confidence – Sharing the wisdom and experience of others.

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As emerging technology and market trends change the way people live and work, we change, too. We've adapted our product line, moving from the desktop to the Web and mobile devices. By offering many services online, we're connecting customers to our solutions and with each other in ways that add more value to our products and services.

We apply this vision globally, helping our customers expand their business to overseas markets, creating and selling our own products internationally, and extending our hiring horizons beyond geographic borders.

Our Business Portfolio

We organize our portfolio of businesses into four principal categories — Small Business Group, Tax, Financial Services and Other Businesses. These categories include seven financial reporting segments.

Small Business Group: This category includes three segments – Financial Management Solutions, Employee Management Solutions, and Payment Solutions – targeting the small business market.

Our Financial Management Solutions segment includes QuickBooks financial and business management software and services; QuickBooks technical support; financial supplies; and Demandforce, which provides online marketing and customer communication solutions.

Our Employee Management Solutions segment provides payroll products and services.

Our Payment Solutions segment provides merchant services, including credit and debit card processing; electronic check conversion and automated clearing house services; Web-based transaction processing services for online merchants; and GoPayment mobile payment processing services.

Tax: This category includes two segments — Consumer Tax and Accounting Professionals.

Our Consumer Tax segment includes TurboTax income tax preparation products and services for consumers and small businesses.

Our Accounting Professionals segment includes Lacerte, ProSeries and Intuit Tax Online professional tax products and services. This segment also includes QuickBooks Premier Accountant Edition and the QuickBooks ProAdvisor Program for accounting professionals.

Financial Services: This segment consists primarily of digital (online and mobile) banking solutions for financial institutions provided by our Intuit Financial Services business.

Other Businesses: This segment includes our global businesses, primarily in Canada, the United Kingdom, India and Singapore; our personal finance offerings, Quicken and Mint; and Intuit Health online patient-to-provider communication solutions.

Our Growth Strategy

We innovate to drive growth, adapting our approach to meet changing demographic, technology, market, and geographic trends. We build, and enable others to build, innovative offerings to solve our customers' problems, based upon our three-point growth strategy.

Driving growth in our core businesses. Our leading offerings include TurboTax, QuickBooks, QuickBooks Payroll, payment solutions, ProSeries, Lacerte, and our online and mobile banking platform. We acquire new users by expanding our categories and increasing awareness. We keep existing customers by delivering greater benefits and ease of use. We also generate new revenue by expanding usage to other offerings in our portfolio.

Building adjacent businesses and entering new geographies. By pursuing partnerships, completing acquisitions and creating new offerings, we're extending our core and accelerating our entry into new businesses. Demandforce, for example, helps small businesses get and keep customers with software as a service marketing and communication

solutions. In addition, we're expanding our horizons by offering solutions such as QuickBooks Online to customers around the world.

Accelerating our transition to connected services. Our connected services strategy provides new ways for people and businesses to connect and share information with each other, whether on the desktop, the Web, or mobile devices. We design products with a “mobile-first” approach, recognizing customers' increasing demand for anytime, anywhere, any

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device access to their information. Our TurboTax solutions, for example, let customers prepare and file their entire tax returns online, via tablet, mobile phone, or the desktop.

And we seek to use data to delight customers by eliminating the need to enter data, helping them make better decisions and improve transactions and interactions.

This strategy recognizes the emergence and influence of the digital generation, the increasing relevance of social networks, and customers' growing reliance on the Web, mobile devices and information-based technology to manage important tasks. It also acknowledges the potential of new market opportunities in rapidly developing economies. The end result is a global market that is shifting from traditional services that are paper-based, human-produced, and brick-and-mortar bound, to one where people understand, demand, and embrace the benefits of connected services.

We continue to make significant progress in this environment. Connected services generated \$2.7 billion or 64 percent of our total revenue in fiscal 2012, compared with 50 percent of our total revenue five years ago. Within connected services, software as a service offerings by themselves produced about \$1.6 billion, or nearly 40 percent of our total revenue in fiscal 2012.

Summary

Generations age. Borders blur. Technology advances. As the way we live and work evolves, we adapt our strategy to meet and lead these changes. Yet our commitment remains consistent: Developing innovative products and services that are so convenient and easy to use that customers actively recommend them to others. It's been our success formula for more than a quarter-century as we've worked to solve people's important business and financial management problems. And we'll maintain that commitment as we continue to evolve, working to help people solve each other's problems, connecting people to people and to solutions, wherever they are, whenever they want them.

PRODUCTS AND SERVICES

We offer our products and services in the seven business segments described in "Business Overview" above. The following table shows the classes of similar products or services, consistent with our reportable segments, that accounted for 10% or more of total net revenue within the last three fiscal years.

	Fiscal 2012		Fiscal 2011		Fiscal 2010	
Financial Management Solutions	17	%	17	%	16	%
Employee Management Solutions	12	%	12	%	12	%
Payment Solutions	10	%	9	%	9	%
Consumer Tax	35	%	34	%	34	%
Accounting Professionals	10	%	11	%	11	%
Financial Services	9	%	9	%	10	%

Our products and services are sold mainly in the United States and are described below. International total net revenue was less than 5% of consolidated total net revenue for fiscal 2012, 2011 and 2010. For financial information about these segments, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 and Note 15 to the financial statements in Item 8 of this Report.

Financial Management Solutions

QuickBooks. Our QuickBooks product line brings bookkeeping capabilities and business management tools to small business users in an easy-to-use design that does not require them to be familiar with debit and credit accounting. We offer a range of desktop and online products and services to suit the needs of different types of businesses. Our desktop software products include QuickBooks Pro and QuickBooks Pro for Mac, which provide accounting functionality for small businesses; QuickBooks Premier, which provides small businesses with advanced accounting functionality and business planning tools; and QuickBooks Enterprise Solutions, designed for larger businesses. Our Premier and Enterprise products also come in a range of industry-specific editions, including Contractor, Manufacturing and Wholesale, Nonprofit, Professional Services, and Retail. Our online offerings include QuickBooks Simple Start Online, which provides accounting functionality suitable for very small, less complex businesses. QuickBooks Online Essentials and QuickBooks Online Plus provide online accounting

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functionality suitable for progressively larger businesses. All three offerings allow multiple users to access the application from any location via the Internet using a personal computer, tablet device or smartphone.

QuickBooks Technical Support. We offer several technical support options to our QuickBooks customers. These include support plans that are sold separately and priced based on the length of the plan. We also offer a limited amount of free technical support assistance to customers, a free self-help information section on our QuickBooks.com website and free access to the QuickBooks Community, an online forum where QuickBooks users can share information with each other.

Demandforce. Our Demandforce offerings help small businesses communicate with their customers, build their online reputations, and leverage a network of local businesses for more effective online marketing. Features include e-mail and text message appointment reminders and confirmations; electronic marketing offers and newsletters; online customer reviews and referrals; and tools for tracking and measuring the effectiveness of electronic marketing efforts.

Financial Supplies. We offer a range of financial supplies designed for small businesses and individuals that use QuickBooks and Quicken. These include standard paper checks and Secure Plus checks with CheckLock™ fraud protection features; envelopes, invoices and deposit slips; and business identity products such as business cards and stationery. We also offer tax forms, tax return presentation folders and other supplies for professional tax preparers.

QuickBase. Our QuickBase offering is a software as a service platform that allows users to select ready-made online workgroup applications or create custom solutions for their businesses. The most common solutions include project collaboration, sales team management, and employee management. QuickBase customers pay a monthly or annual subscription fee that varies based on the number of users and the amount of data and file storage they need.

Intuit Partner Platform: The Intuit Partner Platform provides the tools developers need to create Web and mobile applications that add value to QuickBooks. The platform allows developers to build applications that integrate with QuickBooks data and solve the unique needs of our customers. Developers can create applications on the Intuit Partner Platform using any development platform they choose, and must pass a standards and security check before offering their programs to customers. All applications are available through the Intuit App Center at apps.com. Here QuickBooks users can find, buy and use applications connected to the platform. A growing number of companies offer applications built for the platform, including Bill.com, eBay, and Salesforce.com.

Employee Management Solutions

QuickBooks Payroll. QuickBooks Payroll is a family of products sold on a subscription basis to small businesses that use QuickBooks and prepare their own payroll or want some assistance with preparing their payroll. It is also sold to accountants who use QuickBooks and help their clients manage their payrolls. The product family includes:

- QuickBooks Basic Payroll, which provides payroll tax tables and payroll reports;
- QuickBooks Enhanced Payroll, which provides payroll tax tables, payroll reports, federal and state payroll tax forms, and eFile & Pay for federal and state payroll taxes;
- QuickBooks Enhanced Payroll for Accountants, which has several accountant-specific features in addition to the features in QuickBooks Enhanced Payroll; and
- QuickBooks Online Payroll, for use with QuickBooks Online.

We also offer QuickBooks Assisted Payroll, through which we provide the back-end aspects of payroll processing, including tax payments and filings, for customers who process their payrolls using QuickBooks. Direct deposit is included with QuickBooks Online Payroll and available with each of the other offerings for an additional fee.

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Intuit Online Payroll. Intuit Online Payroll provides small business payroll services that do not require the use of QuickBooks. This offering is sold on a subscription basis and includes online payroll tax calculation, payroll reports, federal and state payroll tax forms, electronic payment of federal and state payroll taxes, and direct deposit of paychecks. We also offer an Intuit Online Payroll mobile app for smartphones.

Intuit Full Service Payroll. This offering is also sold on a subscription basis and provides comprehensive payroll