

PERFICIENT INC
Form 10-Q
May 06, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 March 31, 2010

OR

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

For the transition period from to

Commission file number: 001-15169
PERFICIENT, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

No. 74-2853258
(I.R.S. Employer Identification No.)

520 Maryville Centre Drive,
Suite 400
Saint Louis, Missouri 63141
(Address of principal executive offices)
(314) 529-3600

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements during 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

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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 (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of May 3, 2010, there were 30,633,688 shares of Common Stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Perficient, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

| | March 31, 2010 | December 31, 2009 |
|--|---|-------------------------|
| | (In thousands, except share information) | |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 17,472 | \$ 17,975 |
| Short-term investments | 5,400 | 6,327 |
| Total cash, cash equivalents and short-term investments | 22,872 | 24,302 |
| Accounts receivable, net | 37,764 | 38,244 |
| Prepaid expenses | 1,202 | 1,258 |
| Other current assets | 911 | 1,534 |
| Total current assets | 62,749 | 65,338 |
| Long-term investments | 7,454 | 3,652 |
| Property and equipment, net | 1,477 | 1,278 |
| Goodwill | 106,664 | 104,168 |
| Intangible assets, net | 8,328 | 7,605 |
| Other non-current assets | 3,203 | 2,769 |
| Total assets | \$ 189,875 | \$ 184,810 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 3,752 | \$ 3,657 |
| Other current liabilities | 12,610 | 11,476 |
| Total current liabilities | 16,362 | 15,133 |
| Other non-current liabilities | 1,397 | 1,329 |
| Total liabilities | \$ 17,759 | \$ 16,462 |
| Stockholders' equity: | | |
| Common stock (par value \$.001 per share; 50,000,000 shares authorized and 31,843,367 shares issued and 27,189,143 shares outstanding as of March 31, 2010; 31,621,089 shares issued and 27,082,569 shares outstanding as of December 31, 2009) | \$ 32 | \$ 32 |
| Additional paid-in capital | 211,886 | 208,003 |
| Accumulated other comprehensive loss | (247) | (273) |
| Treasury stock, at cost (4,654,224 shares as of March 31, 2010; 4,538,520 shares as of December 31, 2009) | (28,538) | (27,529) |
| Accumulated deficit | (11,017) | (11,885) |
| Total stockholders' equity | 172,116 | 168,348 |
| Total liabilities and stockholders' equity | \$ 189,875 | \$ 184,810 |

See accompanying notes to interim unaudited condensed consolidated financial statements.

Perficient, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

| | Three Months Ended March 31, | |
|--|---|----------------|
| | 2010 | 2009 |
| | (In thousands, except share and per share information) | |
| Revenues | | |
| Services | \$ 42,661 | \$ 44,980 |
| Software and hardware | 4,073 | 3,919 |
| Reimbursable expenses | 2,181 | 2,393 |
| Total revenues | 48,915 | 51,292 |
| Cost of revenues (exclusive of depreciation and amortization, shown separately below) | | |
| Project personnel costs | 28,370 | 30,830 |
| Software and hardware costs | 3,681 | 3,607 |
| Reimbursable expenses | 2,181 | 2,393 |
| Other project related expenses | 1,264 | 1,123 |
| Total cost of revenues | 35,496 | 37,953 |
| Gross margin | 13,419 | 13,339 |
| Selling, general and administrative | 10,382 | 10,511 |
| Depreciation | 147 | 475 |
| Amortization | 942 | 1,111 |
| Acquisition costs | 406 | -- |
| Income from operations | 1,542 | 1,242 |
| Net interest income | 29 | 98 |
| Net other income | 4 | 176 |
| Income before income taxes | 1,575 | 1,516 |
| Provision for income taxes | 707 | 601 |
| Net income | \$ 868 | \$ 915 |
| Basic net income per share | \$ 0.03 | \$ 0.03 |
| Diluted net income per share | \$ 0.03 | \$ 0.03 |
| Shares used in computing basic net income per share | 27,018,206 | 28,262,954 |
| Shares used in computing diluted net income per share | 28,481,632 | 28,774,210 |

See accompanying notes to interim unaudited condensed consolidated financial statements.

Perficient, Inc.
Condensed Consolidated Statement of Stockholders' Equity
Three Months Ended March 31, 2010
(Unaudited)
(In thousands)

| | Common Stock Shares | Common Stock Amount | Additional Paid-in Capital | Accumulated Other Comprehensive Loss | Treasury Stock | Accumulated Deficit | Total Stockholders' Equity |
|---|---------------------------|---------------------------|----------------------------------|---|-------------------|------------------------|----------------------------------|
| Balance at December 31, 2009 | 27,083 | \$ 32 | \$ 208,003 | \$ (273) | \$ (27,529) | \$ (11,885) | \$ 168,348 |
| Proceeds from the exercise of stock options and sales of stock through the Employee Stock Purchase Plan | 44 | -- | 166 | -- | -- | -- | 166 |
| Net tax benefit from stock option exercises and restricted stock vesting | -- | -- | 138 | -- | -- | -- | 138 |
| Stock compensation related to restricted stock vesting and retirement savings plan contributions | 45 | -- | 2,476 | -- | -- | -- | 2,476 |
| Purchases of treasury stock | (116) | -- | -- | -- | (1,009) | -- | (1,009) |
| Issuance of stock for Kerdock acquisition | 133 | -- | 1,103 | -- | -- | -- | 1,103 |
| Foreign currency translation adjustment | -- | -- | -- | 26 | -- | -- | 26 |
| Net income | -- | -- | -- | -- | -- | 868 | 868 |
| Total comprehensive income | -- | -- | -- | -- | -- | -- | 894 |
| Balance at March 31, 2010 | 27,189 | \$ 32 | \$ 211,886 | \$ (247) | \$ (28,538) | \$ (11,017) | \$ 172,116 |

See accompanying notes to interim unaudited condensed consolidated financial statements.

Perficient, Inc.
 Condensed Consolidated Statements of Cash Flows
 (Unaudited)

| | Three Months Ended March 31, | |
|---|---------------------------------|--------|
| | 2010 | 2009 |
| | (In thousands) | |
| OPERATING ACTIVITIES | | |
| Net income | \$ 868 | \$ 915 |
| Adjustments to reconcile net income to net cash provided by operations: | | |
| Depreciation | 147 | 475 |
| Amortization | 942 | 1,111 |
| Deferred income taxes | 232 | 559 |
| Non-cash stock compensation and retirement savings plan contributions | | |