

PERFICIENT INC
Form 10-Q
November 03, 2011

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 September 30, 2011

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 October 31, 2011, there were 30,603,433 shares of Common Stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Perficient, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

	September 30, 2011	December 31, 2010
	(In thousands, except share information)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,959	\$ 12,707
Short-term investments	--	11,301
Total cash, cash equivalents, and short-term investments	1,959	24,008
Accounts receivable, net	62,626	48,496
Prepaid expenses	1,823	1,270
Other current assets	4,662	2,584
Total current assets	71,070	76,358
Long-term investments	--	2,254
Property and equipment, net	3,654	2,355
Goodwill	131,961	115,227
Intangible assets, net	11,818	8,829
Other non-current assets	2,926	2,655
Total assets	\$ 221,429	\$ 207,678
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 4,033	\$ 6,072
Other current liabilities	21,922	22,654
Total current liabilities	25,955	28,726
Other non-current liabilities	1,687	1,788
Total liabilities	\$ 27,642	\$ 30,514
Stockholders' equity:		
Common stock (par value \$.001 per share; 50,000,000 shares authorized and 35,347,645 shares issued and 28,250,078 shares outstanding as of September 30, 2011; 33,373,410 shares issued and 27,275,936 shares outstanding as of December 31, 2010)	\$ 35	\$ 33
Additional paid-in capital	243,155	224,966
Accumulated other comprehensive loss	(294)	(225)
Treasury stock, at cost (7,097,567 shares as of September 30, 2011; 6,097,474 shares as of December 31, 2010)	(51,730)	(42,205)
Retained earnings (deficit)	2,621	(5,405)

Total stockholders' equity	193,787	177,164
Total liabilities and stockholders' equity	\$ 221,429	\$ 207,678

See accompanying notes to interim unaudited condensed consolidated financial statements.

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Revenues	(In thousands, except per share data)			
Services	\$ 62,486	\$ 47,733	\$ 171,911	\$ 138,325
Software and hardware	3,868	4,395	10,618	13,620
Reimbursable expenses	3,820	2,520	9,477	7,078
Total revenues	70,174	54,648	192,006	159,023
Cost of revenues (exclusive of depreciation and amortization, shown separately below)				
Project personnel costs	39,292	30,464	109,024	88,991
Software and hardware costs	3,425	3,810	9,223	12,017
Reimbursable expenses	3,820	2,520	9,477	7,078
Other project related expenses	1,320	1,403	4,454	4,115
Total cost of revenues	47,857	38,197	132,178	112,201
Gross margin	22,317	16,451	59,828	46,822
Selling, general and administrative	13,797	11,705	38,283	34,532
Depreciation	484	225	1,207	567
Amortization	1,984	975	4,663	2,989
Acquisition costs	1	--	1,231	406
Adjustment to fair value of contingent consideration	334	15	852	(15)
Income from operations	5,717	3,531	13,592	8,343
Net interest income (expense)	(1)	37	67	107
Net other income (expense)	13	31	(6)	27
Income before income taxes	5,729	3,599	13,653	8,477
Provision for income taxes	2,263	1,346	5,627	3,304
Net income	\$ 3,466	\$ 2,253	\$ 8,026	\$ 5,173
Basic net income per share	\$ 0.12	\$ 0.08	\$ 0.29	\$ 0.19
Diluted net income per share	\$ 0.12	\$ 0.08	\$ 0.28	\$ 0.18
Shares used in computing basic net income per share	27,744	26,594	27,679	26,932
Shares used in computing diluted net income per share	29,518	27,964	29,054	28,394

See accompanying notes to interim unaudited condensed consolidated financial statements.

Perficient, Inc.
Condensed Consolidated Statement of Stockholders' Equity
Nine Months Ended September 30, 2011
(Unaudited)
(In thousands)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Treasury Stock	Retained Earnings (Deficit)	Total Stockholders' Equity
Balance at December 31, 2010	27,276	\$ 33	\$ 224,966	\$ (225)	\$ (42,205)	\$ (5,405)	\$ 177,164
Proceeds from the exercise of stock options and sales of stock through the Employee Stock Purchase Plan	758	1	3,604	--	--	--	3,605
Net tax benefit from stock option exercises and restricted stock vesting	--	--	988	--	--	--	988
Stock compensation related to restricted stock vesting and retirement savings plan contributions	497	--	6,760	--	--	--	6,760
Purchases of treasury stock	(1,000)	--	--	--	(9,525)	--	(9,525)
Issuance of stock for acquisitions	719	1	6,837	--	--	--	6,838
Net unrealized loss on investments	--	--	--	(19)	--	--	(19)
Foreign currency translation adjustment	--	--	--	(50)	--	--	(50)
Net income	--	--	--	--	--	8,026	8,026
Total comprehensive income	--	--	--	--	--	--	7,957
Balance at September 30,	28,250	\$ 35	\$ 243,155	\$ (294)	\$ (51,730)	\$ 2,621	\$ 193,787

2011

See accompanying notes to interim unaudited condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2011	2010
	(In thousands)	
OPERATING ACTIVITIES		
Net income	\$ 8,026	\$ 5,173
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation	1,207	567
Amortization	4,663	2,989
Deferred income taxes	1,251	(160)
Non-cash stock compensation and retirement savings plan contributions	6,760	7,530
Tax benefit from stock option exercises and restricted stock vesting	(1,554)	(929)
Adjustment to fair value of contingent consideration	852	(15)
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(9,310)	(3,888)
Other assets	(2,379)	588
Accounts payable	(2,532)	616
Other liabilities	(5,111)	2,312
Net cash provided by operating activities	1,873	14,783
INVESTING ACTIVITIES		
Proceeds from sale and maturity of investments	13,555	--
Purchase of investments	--	(4,909)
Purchase of property and equipment	(2,393)	(816)
Capitalization of software developed for internal use	(111)	(124)
Purchase of businesses	(19,020)	(1,785)
Net cash used in investing activities	(7,969)	(7,634)
FINANCING ACTIVITIES		
Proceeds from short-term borrowings	14,000	--
Payments on short-term borrowings	(14,000)	--
Payment of credit facility financing fees	(299)	--
Tax benefit on stock option exercises and restricted stock vesting	1,554	929
Proceeds from the exercise of stock options and sales of stock through the Employee Stock Purchase Plan	3,605	1,025
Purchase of treasury stock	(9,525)	(13,262)
Net cash used in financing activities	(4,665)	(11,308)
Effect of exchange rate on cash and cash equivalents	13	45
Change in cash and cash equivalents	(10,748)	(4,114)
Cash and cash equivalents at beginning of period	12,707	17,975
Cash and cash equivalents at end of period	\$ 1,959	\$ 13,861

Supplemental disclosures:

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Cash paid for income taxes	\$	5,691	\$	2,925
Non-cash activity:				
Stock issued for purchase of businesses	\$	6,838	\$	1,103
Estimated fair value of contingent consideration for purchase of business	\$	2,206	\$	2,631

See accompanying notes to interim unaudited condensed consolidated financial statements.

PERFICIENT, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

1. Basis of Presentation

The accompanying