

inContact, Inc.
Form 10-Q
November 05, 2010
[Table of Contents](#)

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, 2010

Commission File No. 1-33762

inContact, Inc.

(Exact name of registrant as specified in its charter)

Edgar Filing: inContact, Inc. - Form 10-Q

Delaware
(State or other jurisdiction of

87-0528557
(IRS Employer

incorporation or organization)

Identification No.)

7730 S. Union Park Avenue, Suite 500, Midvale, UT 84047

(Address of principal executive offices and Zip Code)

(801) 320-3200

(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 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 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, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
 Non-accelerated file 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, 2010
Common Stock, \$0.0001 par value	35,129,337 shares

Table of Contents

TABLE OF CONTENTS

ITEM NUMBER AND CAPTION

PART I FINANCIAL INFORMATION

Item 1. Financial Statements	
<u>Condensed Consolidated Balance Sheets as of September 30, 2010 and December 31, 2009 (unaudited)</u>	3
<u>Condensed Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2010 and 2009 (unaudited)</u>	4
<u>Condensed Consolidated Statement of Stockholders' Equity for the Nine Months Ended September 30, 2010 (unaudited)</u>	5
<u>Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2010 and 2009 (unaudited)</u>	6
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	7
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	16
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	23
<u>Item 4. Controls and Procedures</u>	23
<u>PART II OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	24
<u>Item 1A. Risk Factors</u>	24
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	24
<u>Item 6. Exhibits</u>	24
<u>Signatures</u>	25

Table of Contents**INCONTACT, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS - (Unaudited)***(in thousands except share and per share data)*

	September 30, 2010	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,887	\$ 10,852
Restricted cash	80	80
Auction rate preferred securities		125
Accounts and other receivables, net of allowance for doubtful accounts of \$1,124 and \$1,371, respectively	9,993	9,165
Other current assets	2,141	1,584
Total current assets	21,101	21,806
Restricted cash	166	166
Property and equipment, net of accumulated depreciation of \$16,750 and \$13,258, respectively	10,911	10,378
Intangible assets, net	2,076	2,501
Goodwill	3,937	3,577
Other assets	362	501
Total assets	\$ 38,553	\$ 38,929
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Trade accounts payable	\$ 6,847	\$ 6,120
Accrued liabilities	2,596	2,773
Accrued commissions	995	1,136
Current portion of deferred revenue	950	1,085
Current portion of long-term debt and capital lease obligations	1,330	1,844
Total current liabilities	12,718	12,958
Long-term debt and capital lease obligations	7,152	8,476
Deferred rent	309	369
Deferred revenue	21	134
Warrant liability	77	496
Total liabilities	20,277	22,433
Commitments and contingencies		
Stockholders equity:		
Common stock, \$0.0001 par value; 100,000,000 shares authorized; 35,098,338 and 34,776,823 shares issued and outstanding as of September 30, 2010 and December 31, 2009, respectively	3	3
Preferred Stock, 15,000,000 shares authorized; no shares issued and outstanding as of September 30, 2010 and December 31, 2009		
Additional paid-in capital	82,872	81,212

Edgar Filing: inContact, Inc. - Form 10-Q

Accumulated deficit	(64,599)	(64,719)
Total stockholders' equity	18,276	16,496
Total liabilities and stockholders' equity	\$ 38,553	\$ 38,929

See accompanying notes to condensed consolidated financial statements.

Table of Contents**INCONTACT, INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS - (Unaudited)***(in thousands except per share data)*

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
Net revenue:				
Software	\$ 8,279	\$ 7,357	\$ 24,936	\$ 21,189
Telecom	12,002	13,590	36,910	42,188
Total net revenue	20,281	20,947	61,846	63,377
Costs of revenue:				
Software	3,029	2,430	8,706	6,986
Telecom	8,444	9,824	26,329	31,204
Total costs of revenue	11,473	12,254	35,035	38,190
Gross profit	8,808	8,693	26,811	25,187
Operating expenses:				
Selling and marketing	5,120	4,583	13,873	13,108
Research and development	1,503	1,331	3,906	3,480
General and administrative	3,490	3,123	9,089	10,859
Total operating expenses	10,113	9,037	26,868	27,447
Income (loss) from operations	(1,305)	(344)	(57)	(2,260)
Other income (expense):				
Interest income		1	1	2
Interest expense	(82)	(144)	(198)	(527)
Other expense	(1)		(4)	
Change in fair value of warrants	83	(54)	419	(430)
Total other income (expense)		(197)	218	(955)
Income (loss) before income taxes	(1,305)	(541)	161	(3,215)
Income tax expense	14	12	41	39
Net income (loss)	\$ (1,319)	\$ (553)	\$ 120	\$ (3,254)
Net income (loss) per common share:				
Basic	\$ (0.04)	\$ (0.02)	\$ 0.00	\$ (0.10)
Diluted	\$ (0.04)	\$ (0.02)	\$ 0.00	\$ (0.10)

Weighted average common shares outstanding:

Edgar Filing: inContact, Inc. - Form 10-Q

Basic	35,069	31,316	34,951	31,184
Diluted	35,069	31,316	35,912	31,184

See accompanying notes to condensed consolidated financial statements.

Table of Contents**INCONTACT, INC.****CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY (Unaudited)***(in thousands)*

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total
Balance at December 31, 2009	34,777	\$ 3	\$ 81,212	\$ (64,719)	\$ 16,496
Common stock issued for options and warrants exercised	283		645		645
Issuance of restricted stock for services	38		109		109
Stock-based compensation			906		906
Net income				120	120
Balance at September 30, 2010	35,098	\$ 3	\$ 82,872	\$ (64,599)	\$ 18,276

See accompanying notes to condensed consolidated financial statements.

Table of Contents

INCONTACT, INC.

CONDENSED CONSOLIDATED STATEMENTS