

Cornerstone OnDemand Inc
Form 10-Q
May 09, 2013

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 March 31, 2013

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 001-35098

Cornerstone OnDemand, Inc.
(Exact name of registrant as specified in its charter)
Delaware 13-4068197
(State or other jurisdiction of IRS Employer
incorporation or organization) Identification No.)
1601 Cloverfield Blvd.
Suite 620 South
Santa Monica, CA 90404
(Address of principal executive offices, including zip code)
Registrant's telephone number, including area code:
(310) 752-0200

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 (§ 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

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 the definitions 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 (a 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 May 3, 2013 |
|--------------|-------------------------------|
| Common Stock | 51,033,310 |

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PART I. FINANCIAL INFORMATION

ITEM 1. Condensed Consolidated Financial Statements

CORNERSTONE ONDEMAND, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except par values)
(unaudited)

| | March 31, 2013 | December 31, 2012 |
|--|-------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | \$76,170 | \$ 76,442 |
| Accounts receivable, net | 37,228 | 47,528 |
| Deferred commissions | 10,913 | 9,354 |
| Prepaid expenses and other current assets | 9,443 | 8,249 |
| Total current assets | 133,754 | 141,573 |
| Capitalized software development costs, net | 8,028 | 7,007 |
| Property and equipment, net | 8,571 | 7,947 |
| Intangible assets, net | 6,322 | 6,887 |
| Goodwill | 8,193 | 8,193 |
| Other assets, net | 251 | 227 |
| Total Assets | \$165,119 | \$ 171,834 |
| Liabilities and Stockholders' Equity | | |
| Liabilities: | | |
| Accounts payable | \$5,849 | \$ 4,849 |
| Accrued expenses | 11,325 | 14,986 |
| Deferred revenue, current portion | 87,781 | 87,759 |
| Capital lease obligations, current portion | 1,473 | 1,643 |
| Debt, current portion | 1,320 | 916 |
| Other liabilities | 3,455 | 3,885 |
| Total current liabilities | 111,203 | 114,038 |
| Other liabilities, non-current | 3,688 | 3,592 |
| Deferred revenue, net of current portion | 2,753 | 4,493 |
| Capital lease obligations, net of current portion | 937 | 1,227 |
| Long-term debt, net of current portion | 3,170 | 1,836 |
| Total liabilities | 121,751 | 125,186 |
| Commitments and contingencies (Note 9) | | |
| Stockholders' Equity: | | |
| Common stock, \$0.0001 par value; 1,000,000 shares authorized, 50,976 and 50,689 shares issued and outstanding at March 31, 2013 and December 31, 2012 | 5 | 5 |
| Additional paid-in capital | 248,708 | 242,767 |
| Accumulated deficit | (205,975) | (196,041) |
| Accumulated other comprehensive income (loss) | 630 | (83) |
| Total stockholders' equity | 43,368 | 46,648 |
| Total Liabilities and Stockholders' Equity | \$165,119 | \$ 171,834 |

See accompanying notes to unaudited condensed consolidated financial statements.

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CORNERSTONE ONDEMAND, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

| | Three Months Ended March 31, | |
|---|---------------------------------|------------|
| | 2013 | 2012 |
| Revenue | \$37,657 | \$24,002 |
| Cost of revenue | 11,252 | 6,844 |
| Gross profit | 26,405 | 17,158 |
| Operating expenses: | | |
| Sales and marketing | 23,010 | 16,237 |
| Research and development | 4,419 | 3,093 |
| General and administrative | 8,566 | 5,954 |
| Amortization of certain acquired intangible assets | 251 | — |
| Total operating expenses | 36,246 | 25,284 |
| Loss from operations | (9,841 |) (8,126 |
| Other income (expense): | | |
| Interest expense | (79 |) (143 |
| Other, net | (13 |) 239 |
| Other income (expense), net | (92 |) 96 |
| Loss before income tax provision | (9,933 |) (8,030 |
| Income tax provision | (1 |) (82 |
| Net loss | \$(9,934 |) \$(8,112 |
| Net loss per share, basic and diluted | \$(0.20 |) \$(0.16 |
| Weighted average common shares outstanding, basic and diluted | 50,798 | 49,384 |

See accompanying notes to unaudited condensed consolidated financial statements.

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CORNERSTONE ONDEMAND, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands)
(unaudited)

| | Three Months Ended | |
|---|--------------------|-------------|
| | March 31, | |
| | 2013 | 2012 |
| Net loss | \$ (9,934) | \$ (8,112) |
| Foreign currency translation adjustment, net of tax | 713 | (156) |
| Total comprehensive loss | \$ (9,221) | |