

CHANNELADVISOR CORP
Form 10-Q
November 06, 2014
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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 September 30, 2014

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 001-35940

CHANNELADVISOR CORPORATION
(Exact name of registrant as specified in its charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	56-2257867 (I.R.S. Employer Identification No.)
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2701 Aerial Center Parkway, Morrisville, NC (Address of principal executive offices) (919) 228-4700	27560 (Zip Code)
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(Registrant's telephone number, including area code)

N/A
(Former name, former address and former
fiscal year, if changed since last report)

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 Website, 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 Securities Exchange Act of 1934.

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

The number of outstanding shares of the registrant's common stock, par value \$0.001 per share, as of the close of business on October 28, 2014 was 24,889,830.

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Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

ChannelAdvisor Corporation and Subsidiaries

Condensed Consolidated Balance Sheets

(in thousands, except share and per share data)

	September 30, 2014 (unaudited)	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$82,280	\$104,406
Accounts receivable, net of allowance of \$504 and \$561 as of September 30, 2014 and December 31, 2013, respectively	12,466	13,951
Prepaid expenses and other current assets	4,509	3,571
Total current assets	99,255	121,928
Property and equipment, net	13,646	9,088
Goodwill	16,106	16,106
Intangible assets, net	374	670
Restricted cash	635	685
Other assets	250	309
Total assets	\$130,266	\$148,786
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$1,361	\$4,237
Accrued expenses	8,029	7,492
Deferred revenue	16,441	14,093
Other current liabilities	2,526	1,723
Total current liabilities	28,357	27,545
Long-term capital leases, net of current portion	2,171	1,558
Other long-term liabilities	2,624	1,903
Total liabilities	33,152	31,006
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value, 5,000,000 shares authorized, no shares issued and outstanding as of September 30, 2014 and December 31, 2013, respectively	—	—
Common stock, \$0.001 par value, 100,000,000 shares authorized, 24,853,614 and 23,643,872 shares issued and outstanding as of September 30, 2014 and December 31, 2013, respectively	25	24
Additional paid-in capital	225,457	218,330
Accumulated other comprehensive loss	(287	) (471
Accumulated deficit	(128,081	) (100,103
Total stockholders' equity	97,114	117,780
Total liabilities and stockholders' equity	\$130,266	\$148,786

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

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ChannelAdvisor Corporation and Subsidiaries
 Unaudited Condensed Consolidated Statements of Operations
 (in thousands, except share and per share data)

	Three Months Ended September		Nine Months Ended September	
	30, 2014	2013	30, 2014	2013
Revenue	\$20,966	\$16,620	\$61,074	\$47,518
Cost of revenue	6,018	4,555	18,169	12,971
Gross profit	14,948	12,065	42,905	34,547
Operating expenses:				
Sales and marketing	13,865	9,316	42,131	26,398
Research and development	4,263	2,991	12,572	8,882
General and administrative	5,677	3,499	15,850	8,641
Total operating expenses	23,805	15,806	70,553	43,921
Loss from operations	(8,857	) (3,741	) (27,648	) (9,374
Other (expense) income:				
Interest expense, net	(55	) (520	) (157	) (2,606
Other income, net	(86	) 4	(86	) 17
Total other (expense) income	(141	) (516	) (243	) (2,589
Loss before income taxes	(8,998	) (4,257	) (27,891	) (11,963
Income tax expense	6	35	87	56
Net loss				