

LIVEPERSON INC  
Form 10-Q  
May 10, 2007

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 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 MARCH 31, 2007

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: 0-30141

**LIVEPERSON, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**DELAWARE**

(State or Other Jurisdiction of  
Incorporation or Organization)

**13-3861628**

(IRS Employer Identification  
No.)

**462 SEVENTH AVENUE**

**NEW YORK, NEW YORK**

(Address of Principal Executive  
Offices)

**10018**

(Zip Code)

**(212) 609-4200**

(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 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. (Check one).

Large accelerated filer  Accelerated filer  Non-accelerated filer

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 9, 2007, there were 42,978,479 shares of the issuer's common stock outstanding.



**LIVEPERSON, INC.**  
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### **FORWARD-LOOKING STATEMENTS**

STATEMENTS IN THIS REPORT ABOUT LIVEPERSON, INC. THAT ARE NOT HISTORICAL FACTS ARE FORWARD-LOOKING STATEMENTS BASED ON OUR CURRENT EXPECTATIONS, ASSUMPTIONS, ESTIMATES AND PROJECTIONS ABOUT LIVEPERSON AND OUR INDUSTRY. THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL FUTURE EVENTS OR RESULTS TO DIFFER MATERIALLY FROM SUCH STATEMENTS. ANY SUCH FORWARD-LOOKING STATEMENTS ARE MADE PURSUANT TO THE SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. IT IS ROUTINE FOR OUR INTERNAL PROJECTIONS AND EXPECTATIONS TO CHANGE AS THE YEAR OR EACH QUARTER IN THE YEAR PROGRESS, AND THEREFORE IT SHOULD BE CLEARLY UNDERSTOOD THAT THE INTERNAL PROJECTIONS AND BELIEFS UPON WHICH WE BASE OUR EXPECTATIONS MAY CHANGE PRIOR TO THE END OF EACH QUARTER OR THE YEAR. ALTHOUGH THESE EXPECTATIONS MAY CHANGE, WE ARE UNDER NO OBLIGATION TO INFORM YOU IF THEY DO. OUR COMPANY POLICY IS GENERALLY TO PROVIDE OUR EXPECTATIONS ONLY ONCE PER QUARTER, AND NOT TO UPDATE THAT INFORMATION UNTIL THE NEXT QUARTER. ACTUAL EVENTS OR RESULTS MAY DIFFER MATERIALLY FROM THOSE CONTAINED IN THE PROJECTIONS OR FORWARD-LOOKING STATEMENTS. FACTORS THAT COULD CAUSE OR CONTRIBUTE TO SUCH DIFFERENCES INCLUDE THOSE DISCUSSED IN PART II, ITEM 1A, "RISK FACTORS."

## PART I. FINANCIAL INFORMATION

## ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## LIVEPERSON, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS  
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	March 31, 2007 (Unaudited)	December 31, 2006 (Note 1(B))
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 23,888	\$ 21,729
Accounts receivable, net of allowances for doubtful accounts of \$125 and \$105 as of March 31, 2007 and December 31, 2006, respectively	4,857	4,269
Prepaid expenses and other current assets	1,185	1,317
Total current assets	29,930	27,315
Property and equipment, net	1,343	1,124
Intangibles, net	2,315	2,640
Goodwill	18,509	9,673
Deferred tax assets, net	2,518	1,580
Security deposits	284	299
Other assets	704	684
Total assets	\$ 55,603	\$ 43,315
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 766	\$ 813
Accrued expenses	2,899	3,754
Deferred revenue	3,939	3,256
Deferred tax liabilities, net	168	259
Total current liabilities	7,772	8,082
Other liabilities	704	684
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.001 par value per share; 5,000,000 shares authorized, 0 shares issued and outstanding at March 31, 2007 and December 31, 2006	—	—
Common stock, \$.001 par value per share; 100,000,000 shares authorized, 42,928,944 shares issued and outstanding at March 31, 2007 and 41,078,156 shares issued and outstanding at December 31, 2006	43	41
Additional paid-in capital	145,356	133,693
Accumulated deficit	(98,261)	(99,179)
Accumulated other comprehensive loss	(11)	(6)
Total stockholders' equity	47,127	34,549
Total liabilities and stockholders' equity	\$ 55,603	\$ 43,315

**SEE ACCOMPANYING NOTES TO UNAUDITED CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS.**

**LIVEPERSON, INC.****CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)  
UNAUDITED**

	<b>Three Months Ended March 31,</b>	
	<b>2007</b>	<b>2006</b>
Revenue	\$ 10,969	\$ 6,877
Operating expenses:		
Cost of revenue	2,789	1,462
Product development	1,820	880
Sales and marketing	3,402	2,646
General and administrative	2,020	1,501
Amortization of intangibles	242	232
Total operating expenses	10,273	6,721
Income from operations	696	156
Other income:		
Interest income	222	143
Net income	\$ 918	\$ 299
Basic net income per common share	\$ 0.02	\$ 0.01
Diluted net income per common share	\$ 0.02	\$ 0.01
Weighted average shares outstanding used in basic net income per common share calculation	41,297,515	