

BRIGHTCOVE INC
Form 10-Q
August 03, 2012
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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 June 30, 2012

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: 001-35429

BRIGHTCOVE INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

20-1579162
(I.R.S. Employer
Identification No.)

290 Congress Street

Boston, MA 02210

(Address of principal executive offices)

(888) 882-1880

(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 (§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.

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 July 31, 2012 there were 27,339,227 shares of the registrant's common stock, \$0.001 par value per share, issued and outstanding.

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BRIGHTCOVE INC.

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Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****Brightcove Inc.****Condensed Consolidated Balance Sheets****(unaudited)****(in thousands, except share and per share data)**

	June 30, 2012	December 31, 2011
Assets		
Current assets:		
Cash and equivalents	\$ 44,607	\$ 17,227
Short-term investments	8,987	
Accounts receivable, net of allowance of \$468 and \$266, at June 30, 2012 and December 31, 2011, respectively (includes related party amounts of \$605 and \$667 at June 30, 2012 and December 31, 2011, respectively)	17,465	14,693
Prepaid expenses and other current assets	3,654	3,334
Total current assets	74,713	35,254
Long-term investments	5,035	
Property and equipment, net	8,871	6,079
Goodwill	2,372	2,372
Deferred initial public offering costs		2,544
Restricted cash	233	233
Other assets	449	856
Total assets	\$ 91,673	\$ 47,338
Liabilities, redeemable convertible preferred stock and stockholders equity (deficit)		
Current liabilities:		
Accounts payable	\$ 1,411	\$ 2,026
Accrued expenses	8,779	8,773
Current portion of long-term debt		833
Deferred revenue	15,970	13,418
Total current liabilities	26,160	25,050
Deferred revenue, net of current portion	263	354
Long-term debt		6,167
Other liabilities	327	77
Redeemable convertible preferred stock warrants		424
Total liabilities	26,750	32,072
Contingencies (<i>Note 15</i>)		
Redeemable convertible preferred stock		120,351
Stockholders equity (deficit):		
Preferred stock-undesignated, \$0.001 par value; 5,000,000 shares authorized at June 30, 2012; 0 shares issued		

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Common stock, \$0.001 par value; 100,000,000 and 68,000,000 shares authorized at June 30, 2012 and December 31, 2011, respectively; 27,329,950 and 5,224,532 shares issued and outstanding at June 30, 2012 and December 31, 2011, respectively	27	5
Additional-paid-in-capital	163,225	
Accumulated other comprehensive income	962	1,056
Accumulated deficit	(100,601)	(107,254)
Total stockholders' equity (deficit) attributable to Brightcove Inc.	63,613	(106,193)
Non-controlling interest in consolidated subsidiary	1,310	1,108
Total stockholders' equity (deficit)	64,923	(105,085)
Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)	\$ 91,673	\$ 47,338

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

Table of Contents**Brightcove Inc.****Condensed Consolidated Statements of Operations****(unaudited)****(in thousands, except share and per share data)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenue: (1)				
Subscription and support revenue	\$ 20,718	\$ 14,478	\$ 39,554	\$ 26,970
Professional services and other revenue	902	802	2,010	1,384
Total revenue	21,620	15,280	41,564	28,354
Cost of revenue: (2)				
Cost of subscription and support revenue	5,233	3,760	10,428	7,039
Cost of professional services and other revenue	1,211	1,176	2,380	2,273
Total cost of revenue	6,444	4,936	12,808	9,312
Gross profit	15,176	10,344	28,756	19,042
Operating expenses: (2)				
Research and development	4,564	3,755	8,741	7,198
Sales and marketing	9,745	8,406	18,753	15,372
General and administrative	4,274	3,253	7,911	5,978
Merger-related	479		479	
Total operating expenses	19,062	15,414	35,884	28,548
Loss from operations	(3,886)	(5,070)	(7,128)	(9,506)
Other expense, net	(273)	(261)	(536)	(139)
Loss before income taxes and non-controlling interest in consolidated subsidiary	(4,159)	(5,331)	(7,664)	(9,645)
Provision for income taxes	29	51	58	83
Consolidated net loss	(4,188)	(5,382)	(7,722)	(9,728)
Net income attributable to non-controlling interest in consolidated subsidiary	(150)	(76)	(202)	(145)
Net loss attributable to Brightcove Inc.	(4,338)	(5,458)	(7,924)	(9,873)
Accretion of dividends on redeemable convertible preferred stock		(1,409)	(733)	(2,819)
Net loss attributable to common stockholders	\$ (4,338)	\$ (6,867)	\$ (8,657)	\$ (12,692)
Net loss per share attributable to common stockholders - basic and diluted	\$ (0.16)	\$ (1.42)	\$ (0.40)	\$ (2.65)
Weighted-average number of common shares used in computing net loss per share attributable to common stockholders - basic and diluted	27,256,330	4,832,610	21,549,537	4,795,440

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(1) Includes related party revenue (Note 18)	\$ 899	\$ 856	\$ 1,779	\$ 1,676
(2) Stock-based compensation included in above line items:				
Cost of subscription and support revenue	\$ 35	\$ 13	\$ 55	\$ 23
Cost of professional services and other revenue	25	35	47	59
Research and development	136	91	217	177
Sales and marketing	363	300	615	555
General and administrative	704	602	1,276	1,217

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

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Brightcove Inc.

Condensed Consolidated Statements of Comprehensive Loss

(unaudited)

(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Consolidated net loss	\$ (4,188)	\$ (5,382)	\$ (7,722)	\$ (9,728)
Other comprehensive income (loss):				