

REALPAGE INC
Form 10-Q
May 07, 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 March 31, 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: 001-34846

RealPage, Inc.

(Exact name of registrant as specified in its charter)

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<p>Delaware (State or other jurisdiction of incorporation or organization)</p> <p>4000 International Parkway Carrollton, Texas (Address of principal executive offices)</p>	<p>75-2788861 (I.R.S. Employer Identification No.)</p> <p>75007-1951 (Zip Code)</p> <p>(972) 820-3000 (Registrant's telephone number, including area code)</p>
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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 (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 at April 13, 2012
Common Stock, \$0.001 par value	73,430,342

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(in thousands, except share data)

	March 31, 2012 (Unaudited)	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 49,575	\$ 51,273
Restricted cash	22,557	19,098
Accounts receivable, less allowance for doubtful accounts of \$1,192 and \$979 at March 31, 2012 and December 31, 2011, respectively	42,648	43,883
Deferred tax asset, net of valuation allowance	225	272
Other current assets	10,069	10,232
Total current assets	125,074	124,758
Property, equipment, and software, net	28,224	27,974
Goodwill	131,901	129,292
Identified intangible assets, net	110,507	112,308
Deferred tax asset, net of valuation allowance	2,008	2,539
Other assets	4,439	3,194
Total assets	\$ 402,153	\$ 400,065
Liabilities and stockholders equity		
Current liabilities:		
Accounts payable	\$ 8,043	\$ 12,218
Accrued expenses and other current liabilities	29,029	25,816
Current portion of deferred revenue	55,075	57,325
Customer deposits held in restricted accounts	22,478	19,017
Total current liabilities	114,625	114,376
Deferred revenue	9,579	8,693
Revolving credit facility	45,000	50,312
Other long-term liabilities	3,649	3,803
Total liabilities	172,853	177,184
Commitments and contingencies (Note 8)		
Stockholders equity:		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized and zero shares issued and outstanding at March 31, 2012 and December 31, 2011, respectively		
Common stock, \$0.001 par value: 125,000,000 shares authorized, 73,916,813 and 73,115,779 shares issued and 73,433,527 and 72,701,571 shares outstanding at March 31, 2012 and December 31, 2011, respectively	74	73
Additional paid-in capital	322,712	316,964
Treasury stock, at cost: 483,286 and 414,208 shares at March 31, 2012 and December 31, 2011, respectively	(4,184)	(3,138)

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Accumulated deficit	(89,241)	(90,961)
Accumulated other comprehensive loss	(61)	(57)
Total stockholders' equity	229,300	222,881
Total liabilities and stockholders' equity	\$ 402,153	\$ 400,065

See accompanying notes.

Table of Contents**REALPAGE, INC.****Condensed Consolidated Statements of Operations**

(in thousands, except per share amounts)

(Unaudited)

	Three Months Ended March 31,	
	2012	2011
Revenue:		
On demand	\$ 70,718	\$ 52,937
On premise	1,416	1,645
Professional and other	2,283	2,966
Total revenue	74,417	57,548
Cost of revenue(1)	30,613	24,683
Gross profit	43,804	32,865
Operating expense:		
Product development(1)	11,313	10,316
Sales and marketing(1)	16,806	12,794
General and administrative(1)	12,303	9,776
Total operating expense	40,422	32,886
Operating income (loss)	3,382	(21)
Interest expense and other, net	(636)	(1,166)
Income (loss) before income taxes	2,746	(1,187)
Income tax expense (benefit)	1,026	(539)
Net income (loss)	\$ 1,720	\$ (648)
Net income (loss) per share		
Basic	\$ 0.02	\$ (0.01)
Diluted	\$ 0.02	\$ (0.01)
Weighted average shares used in computing net income (loss) per share		
Basic	70,590	66,800
Diluted	73,170	66,800

(1) Includes stock-based compensation expense as follows:

Cost of revenue	\$ 689	\$ 298
Product development	1,062	980
Sales and marketing	737	2,733
General and administrative	1,500	842

See accompanying notes.

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REALPAGE, INC.

Condensed Consolidated Statements of Comprehensive Income (Loss)

(in thousands)

(Unaudited)

	Three Months Ended March 31,	
	2012	2011
Net Income (Loss)	\$ 1,720	\$ (648)
Other comprehensive loss foreign currency translation adjustment	(4)	(12)
Comprehensive Income (Loss)	\$ 1,716	\$ (660)

See accompanying notes.

Table of Contents**REALPAGE, INC.****Condensed Consolidated Statements of Stockholders Equity****(in thousands)****(Unaudited)**

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive		Treasury Shares		Total Stockholders Equity
	Shares	Amount		Loss	Accumulated Deficit	Shares	Amount	
Balance as of December 31, 2011	73,116	\$ 73	\$ 316,964	\$ (57)	\$ (90,961)	(414)	\$ (3,138)	\$ 222,881
Foreign currency translation				(4)				(4)
Net income					1,720			1,720
Exercise of stock options	340	1	1,760					1,761
Treasury stock purchase, at cost						(69)	(1,046)	(1,046)
Issuance of restricted stock	461							
Stock-based compensation			3,988					3,988
Balance as of March 31, 2012	73,917	\$ 74	\$ 322,712	\$ (61)	\$ (89,241)	(483)	\$ (4,184)	\$ 299,300

See accompanying notes.

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REALPAGE, INC.

Condensed Consolidated Statements of Cash Flows

(in thousands)

(Unaudited)