

CVENT INC
Form 10-Q
August 05, 2016
Table of Contents

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, 2016

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: 001-36043

Cvent, Inc.
(Exact name of registrant as specified in its charter)

Delaware 54-1954458
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification Number)
1765 Greensboro Station Place, 7th Floor 22102
Tysons Corner, VA
(Address of principal executive offices) (Zip Code)
(703) 226-3500
(Registrant's telephone number, including area code)

(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 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

Table of Contents

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of August 2, 2016, there were 42,357,947 shares of the registrant's common stock outstanding.

Table of Contents

CVENT, INC.

QUARTERLY REPORT ON FORM 10-Q

FOR THE QUARTER ENDED JUNE 30, 2016

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1. <u>Financial Statements</u>	<u>5</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>19</u>
Item 3. <u>Quantitative and Qualitative Disclosure about Market Risk</u>	<u>30</u>
Item 4. <u>Controls and Procedures</u>	<u>32</u>

PART II. OTHER INFORMATION

Item 1. <u>Legal Proceedings</u>	<u>34</u>
Item 1A. <u>Risk Factors</u>	<u>34</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>34</u>
Item 3. <u>Defaults Upon Senior Securities</u>	<u>35</u>
Item 4. <u>Mine Safety Disclosures</u>	<u>35</u>
Item 5. <u>Other Information</u>	<u>35</u>
Item 6. <u>Exhibits</u>	<u>35</u>

SIGNATURES

EXHIBIT INDEX

EX-31.1

EX-31.2

EX-32.1

EX-32.2

Table of Contents

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, including the sections entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Quantitative and Qualitative Disclosure About Market Risk” under Items 2 and 3, respectively, of Part I of this report, and the sections entitled “Legal Proceedings,” “Risk Factors,” and “Unregistered Sales of Equity Securities and Use of Proceeds” under Items 1, 1A and 2, respectively, of Part II of this report, contains forward-looking statements. These statements may relate to, but are not limited to, expectations of future operating results or financial performance, macroeconomic trends that we expect may influence our business, plans for capital expenditures, expectations regarding the adoption of our cloud-based solutions and introduction of new products, regulatory compliance and changes in the regulatory landscape affecting our business, impact of litigation, plans for growth and future operations, effects of acquisitions, expectations and uncertainties regarding the pending acquisition of Cvent, effects of material weaknesses in the design and operating effectiveness of our internal control over financial reporting and ineffective disclosure controls and procedures, as well as assumptions relating to the foregoing. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. These risks and uncertainties include, but are not limited to, those listed or incorporated by reference under the section entitled “Risk Factors” in Item 1A of Part II of this Quarterly Report on Form 10-Q. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “intend,” “potential,” “continue,” “seek” or the negative of these terms or other comparable terminology. These statements are only predictions. Actual events and/or results may differ materially. We believe that it is important to communicate our future expectations. However, there may be events in the future that we are not able to accurately predict or control and that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the Securities and Exchange Commission, we do not plan to publicly update or revise any forward-looking statements, whether as a result of any new information, future events or otherwise. You should not place undue reliance on our forward-looking statements. You should be aware that the occurrence of any of the events described in the “Risk Factors” section and elsewhere in this Quarterly Report on Form 10-Q, in the Annual Report on Form 10-K, filed on March 1, 2016 and amended April 29, 2016, or in our Quarterly Report on Form 10-Q filed on May 5, 2016, could harm our business, prospects, operating results and financial condition. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Cvent, Inc.

Consolidated Balance Sheets

(in thousands, except share and per share data)

	June 30, 2016	December 31, 2015
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 162,858	\$ 118,662
Restricted cash	—	378
Short-term investments	13,743	26,799
Accounts receivable, net of reserve of \$281 and \$248, respectively	24,536	30,483
Prepaid expense and other current assets	11,803	17,175
Total current assets	212,940	193,497
Property and equipment, net	22,353	24,416
Capitalized software development costs, net	28,540	24,039
Intangible assets, net	14,942	17,055
Goodwill	38,900	38,940
Other assets, non-current, net	4,835	3,653
Total assets	\$ 322,510	\$ 301,600
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 3,827	\$ 1,692
Accrued expenses and other current liabilities	29,868	29,241
Deferred revenue	89,929	77,524
Total current liabilities	123,624	108,457
Deferred tax liabilities, non-current	2,479	2,347
Deferred rent, non-current	11,167	11,527
Other liabilities, non-current	7,182	4,988
Total liabilities	144,452	127,319
Commitments and contingencies (note 8)		
Stockholders' equity		
Preferred stock, \$0.001 par value, 100,000,000 shares authorized at June 30, 2016 and December 31, 2015; zero issued and outstanding at June 30, 2016 and December 31, 2015	—	—
Common stock, \$0.001 par value; 1,000,000,000 shares authorized at June 30, 2016 and December 31, 2015; 42,870,262 and 42,523,229 shares issued and 42,350,048 and 42,003,015 43	43	43
outstanding at June 30, 2016 and December 31, 2015, respectively		
Treasury stock	(3,966)	(3,966)
Additional paid-in capital, as adjusted (2015) (note 7)	231,022	219,914
Accumulated other comprehensive loss	(740)	(274)
Accumulated deficit, as adjusted (2015) (note 7)	(48,301)	(41,436)
Total stockholders' equity	178,058	174,281
Total liabilities and stockholders' equity	\$ 322,510	\$ 301,600
See accompanying notes to the consolidated financial statements		

Table of Contents

Cvent, Inc.

Consolidated Statements of Operations and Comprehensive Loss

(in thousands, except share and per share data)

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenue	\$59,619	\$47,323	\$111,937	\$88,429
Cost of revenue ¹	16,690	14,332	31,296	28,934
Gross profit	42,929	32,991	80,641	59,495
Operating expenses:				
Sales and marketing ¹	25,795	23,063	44,566	40,803
Research and development ¹	11,754	4,879	22,118	9,914
General and administrative ¹	9,635	8,551	18,703	16,518
Intangible asset amortization, excluding cost of revenue	736	519	1,473	812
Losses (gains) from foreign currency transactions	123	1,018	(91) 832
Total operating expenses	48,043	38,030	86,769	