

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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FILER

WEBSIDESTORY INC

CIK: **1091158** | IRS No.: **330727173** | State of Incorpor.: **CA** | Fiscal Year End: **1231**
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SIC: **7389** Business services, nec

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **May 2, 2005**

WEBSIDESTORY, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

0-31613
(Commission
File Number)

33-0072173
(IRS Employer
Identification No.)

10182 Telesis Court, 6th Floor, San Diego, California
(Address of Principal Executive Offices)

92121
(Zip Code)

Registrant's telephone number, including area code: **(858) 546-0400**

Not Applicable

(Former Name or Former Address, if Changed Since Last Report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On May 2, 2005, WebSideStory, Inc. issued a press release announcing its financial results for the quarter ended March 31, 2005. A copy of this press release is attached hereto as Exhibit 99.1.

In accordance with General Instruction B.2. of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

- (a) Financial Statements of Business Acquired – *Not Applicable*
- (b) Pro Forma Financial Information – *Not Applicable*
- (c) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated May 2, 2005.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 2, 2005

WEBSIDESTORY, INC.

By: /s/ Thomas D. Willardson

Thomas D. Willardson
Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated May 2, 2005.

WEBSIDESTORY ANNOUNCES RECORD FIRST QUARTER 2005 RESULTS, RAISES REVENUE GUIDANCE

Q1 Subscription Revenue Up 40% Over Last Year; Record Net Income

(SAN DIEGO, CA-May 2) WebSideStory, Inc. (Nasdaq: WSSI - News), a leading provider of on-demand digital marketing services, today announced results of operations for the quarter ended March 31, 2005 and raised its quarterly revenue guidance through the end of 2005. Financial highlights for the quarter include:

- First quarter 2005 revenue was \$6,957,000, an increase of 38% over the \$5,040,000 reported in the same period in 2004. First quarter 2005 subscription revenue was \$6,946,000, an increase of 40% over the \$4,966,000 reported in the same period in 2004.
- On a non-GAAP basis, first quarter 2005 pro forma net income before stock-based compensation expenses was \$1,204,000. On a GAAP basis, first quarter 2005 net income was \$1,022,000, an increase of approximately 700% over the \$128,000 reported in the same period in 2004. First quarter 2005 net income included stock-based compensation expenses of \$182,000.
- On a non-GAAP basis, first quarter 2005 pro forma earnings per share before the stock-based compensation was \$0.07. On a GAAP basis, first quarter 2005 earnings per share was \$0.06. Earnings per share included stock-based compensation expenses of \$182,000, or approximately \$0.01 per share. All per share numbers are expressed on a weighted average diluted share basis.

"We are proud to report another solid quarter of growth and profitability", said Jeff Lunsford, chairman and CEO. "We achieved record first quarter bookings, over 50% higher than last year's, and signed up over 100 new customers, demonstrating growing acceptance of the WebSideStory Active Marketing Suite as the preferred digital marketing suite. The strong bookings performance in Q1 is leading us to raise revenue guidance for the rest of this year."

Other operating and strategic highlights in the first quarter included:

- Signing of the 20th HBX Stream partner;
- Significant new contracts with Knight Ridder, Comcast and Classified Ventures;
- Signing of a definitive agreement to acquire Avivo Corporation (d.b.a. Atomz), expanding the company's on-demand offerings into site search and web content management; and
- Continued expansion in Europe and Asia.

Tom Willardson, chief financial officer, stated, "We are providing guidance as a combined WebSideStory-Atomz entity assuming a May 4 closing. However, so that investors can clearly evaluate the health of our core business pre-acquisition, we are disclosing that revenue guidance for WebSideStory on a standalone basis would have been \$7.8 to \$7.9 million for Q2. The midpoint of this range represents 49% growth over Q2 of 2004, reflecting accelerating top line growth."

Financial Guidance

WebSideStory provides the following guidance, which assumes the acquisition of Atomz assuming a May 4 close (in millions except per share data):

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	Q2-05	Q3-05	Q4-05	Q1-06
<S>	<C>	<C>	<C>	<C>
Revenue (millions)	\$9.2-\$9.4	\$11.0-11.3	\$11.9-12.3	\$12.7-13.5

Non-GAAP, pro forma earnings before stock-based compensation and amortization of intangibles per share \$0.09-0.10 \$0.11-0.12

</TABLE>

	<C>	<C>
<S>	<C>	<C>
Stock-based compensation and amortization of intangibles per share	(\$0.03)	(\$0.03)

GAAP Earnings per share \$0.06-0.07 \$0.08-0.09
</TABLE>

Note on the Use of Non-GAAP Financial Measures

Some of the financial measures in this press release, including the guidance on future periods, are presented on a pro forma basis. These pro forma numbers are considered non-GAAP financial measures within the meaning of SEC Regulation G. WebSideStory believes that this presentation is useful to investors, because it describes the operating performance of the company and helps investors gauge the company's ability to generate cash flow, excluding some non-cash charges that are included in the most directly comparable measures calculated and presented in accordance with GAAP. Company management uses these non-GAAP measures as important indicators of the company's past performance and to plan and forecast performance in future periods. Investors should not consider non-GAAP financial measures in isolation from, or in substitution for, financial information presented in compliance with GAAP.

Conference Call and Webcast Information

Management will host a quarterly conference call and simultaneous webcast to discuss the results, later today, on Monday, May 2, 2005, at 1:30 p.m. Pacific Time. To participate in the call, investors should dial 888 396-2356 (domestic) or 617 847-8709 (international) 10 minutes prior to the scheduled call. The pass code is 98849558. Additionally, a live audio-only webcast of the call may be accessed via the Internet at www.websidestory.com. An archived version of the webcast will also be available for at least twelve months, beginning two hours after completion of the call, at the same location.

Forward-Looking Statements

Statements in this press release that are not a description of historical facts are forward-looking statements. For example, statements about financial condition, possible or assumed future results of operations, growth opportunities, and plans and objectives of management are all forward-looking statements. In addition, statements about the anticipated synergies of WebSideStory's and Atomz's business and about the projected future financial performance of Atomz's and WebSideStory's business are also forward-looking statements. You should not regard any forward-looking statement as a representation by WebSideStory that any of its plans will be achieved. Actual results may differ materially from those set forth in this release due to the risks and uncertainties inherent in WebSideStory's business. Such risks include, without limitation: WebSideStory's limited experience in an emerging market with unproven business and technology models, the risk of incurring higher than expected costs associated with integrating the operations of Atomz with those of WebSideStory, WebSideStory's reliance on its web analytics services for the majority of its revenue, the risk that the acquisition of Atomz may not occur or that sales of Atomz's services will not be as high as anticipated, WebSideStory's recent achievement of profitability and the risk that it may not maintain its profitability, the highly competitive markets in which WebSideStory operates that may make it difficult for the company to retain customers, the risk that WebSideStory's customers fail to renew their agreements or that Atomz's customers fail to renew their agreements following the acquisition, the risk that WebSideStory's services may become obsolete in a market with rapidly changing technology and industry standards, and the risk that WebSideStory may incur unanticipated or unknown losses or liabilities if it completes the acquisition of Atomz, as well as the other risks described in WebSideStory's filings with the Securities and Exchange Commission, including WebSideStory's annual report on Form 10-K for the year ended December 31, 2004. Do not place undue reliance on these forward-looking statements, which speak only as of the date of this news release. All forward-looking statements are qualified in their entirety by this cautionary statement and WebSideStory undertakes no obligation to revise or update this news release to reflect events or circumstances after the date of this news release.

About WebSideStory

WebSideStory is a leading provider of on-demand web analytics services. WebSideStory's services collect data from web browsers, process that data and deliver reports of online behavior to its customers on demand. More than 700 enterprises currently use WebSideStory's services to understand how Internet users respond to web site design and content, online marketing campaigns and e-commerce offerings. As a result, WebSideStory's customers can make more effective marketing decisions and improve the merchandising, sales, support and design of their web sites. For more information, contact WebSideStory, Inc. Voice: 858.546.0040. Fax: 858.546.0480. Address: 10182 Telesis Court, 6th Floor, San Diego, CA 92121. E-mail: wsspress@websidestory.com. web site: <http://www.websidestory.com/>. HBX is a trademark, and WebSideStory is a registered trademark of WebSideStory. Other trademarks belong to their respective owners.

About Atomz

Atomz is a leading provider of on-demand digital marketing applications. Its hosted services include site search and web content management. More than 300 enterprises currently use Atomz's services to manage and improve their web sites. For more information about Atomz's services visit the company's web site at www.atomz.com. Atomz is a trademark of Avivo Corporation.

Contact Information

For additional information, please contact: Thomas Willardson, CFO (858) 546-0040 ext. 387.

Financial Statements

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WEBSIDESTORY, INC.

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands, except share and per share data)

	THREE MONTHS ENDED	
	MARCH 31, 2005	MARCH 31, 2004
	Unaudited <C>	Unaudited <C>
Revenues		
Subscriptions	\$ 6,946	\$ 4,966
Advertising	11	74
Total revenues	6,957	5,040
Cost of revenues		
Cost of revenue	998	750
Stock-based compensation	2	5
Total cost of revenues	1,000	755
Gross profit	5,957	4,285
Operating expenses		
Sales and marketing	2,944	2,162
Technology development	787	1,008
General and administrative	1,152	707
Stock-based compensation *	180	267
Total operating expenses	5,063	4,144
Income from operations	894	141
Interest expense	(2)	-
Interest income	183	17
Income before provision for income taxes	1,075	158
Provision for income taxes	53	30
Net income	\$ 1,022	\$ 128
Accretion of discount on redeemable preferred stock	-	(398)
Net income (loss) attributable to common stockholders	\$ 1,022	\$ (270)
Net income (loss) per share attributable to common shareholders:		
Basic	\$ 0.07	\$ (0.06)
Diluted	\$ 0.06	\$ (0.06)
Weighted average number of shares used in per share amounts		
Basic	15,446,842	4,463,183
Diluted	16,921,915	4,463,183

(*) Stock-based compensation		
Sales and marketing	\$ 34	\$ 12

Technology development	2	60
General and administrative	144	\$ 195
	\$ 180	\$ 267

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<CAPTION>
WEBSIDESTORY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	MARCH 31, 2005	DECEMBER 31, 2004
	<C> Unaudited	<C>
<S> Assets		
Current assets		
Cash and cash equivalents	\$ 7,722	\$ 5,710
Investments	14,305	16,323
Accounts receivable	3,885	3,704
Prepaid expenses and other current assets	1,453	834
Total current assets	27,365	26,571
Property and equipment, net	1,895	1,884
Investments	9,514	8,676
Other assets	648	341
	\$ 39,422	\$ 37,472

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities		
Accounts payable	\$ 710	\$ 307
Accrued liabilities	2,269	2,083
Deferred revenue	6,456	6,364
Capital lease short term	20	18
Note payable	109	27
Total current liabilities	9,564	8,799
Deferred rent	287	320
Capital lease long term	92	100
Other liabilities	54	54
Total liabilities	9,997	9,273
Commitments and contingencies		
Stockholders' equity		
Preferred stock, 10,000,000 shares authorized and no shares issued and outstanding at March 31, 2005 and December 31, 2004	-	-
Common stock, \$0.001 par value; 75,000,000 shares authorized, 15,638,279 and 15,624,856 shares issued and outstanding at March 31, 2005 and December 31, 2004, respectively.	16	16
Additional paid in capital	82,945	82,895
Unearned stock-based compensation	(594)	(779)
Accumulated other comprehensive income	250	281
Accumulated deficit	(53,192)	(54,214)
Total stockholders' equity	29,425	28,199
	\$ 39,422	\$ 37,472

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	Three months ended	
	March 31, 2005	March 31, 2004
	Unaudited	Unaudited
	<C>	<C>
RECONCILIATION OF GAAP NET INCOME TO NON-GAAP PRO FORMA NET INCOME (in thousands)		
<S> Net income (loss) attributable to common stockholders	\$ 1,022	\$ (270)
Stock-based compensation	182	272
Non-GAAP Pro forma net income	\$ 1,204	\$ 2

RECONCILIATION OF GAAP EARNINGS PER SHARE TO NON-GAAP PRO FORMA EARNINGS PER SHARE

GAAP earnings (loss) per share		
Basic	\$ 0.07	\$ (0.06)
Diluted	\$ 0.06	\$ (0.06)
Stock-based compensation per share	\$ 0.01	\$ 0.06
Non-GAAP Pro forma net income per share attributable to common stockholders:		
Basic	\$ 0.08	\$ 0.00
Diluted	\$ 0.07	\$ 0.00
Weighted-average number of shares used in per share amounts:		
Basic	15,446,842	4,463,183
Diluted	16,921,915	4,463,183

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