

# SECURITIES AND EXCHANGE COMMISSION

## FORM 8-K

Current report filing

Filing Date: **2005-05-02** | Period of Report: **2005-04-29**  
SEC Accession No. **0001042134-05-000024**

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### FILER

#### CHORDIANT SOFTWARE INC

CIK: **1042134** | IRS No.: **931051328** | State of Incorporation: **DE** | Fiscal Year End: **0930**  
Type: **8-K** | Act: **34** | File No.: **000-29357** | Film No.: **05791643**  
SIC: **7372** Prepackaged software

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<b>OMB APPROVAL</b>
<b>OMB Number:3235-0060</b>
<b>Expires: March 31, 2006</b>
<b>Estimated average burden</b>
<b>hours per response... 28.0</b>

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 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): April 29, 2005**

**CHORDIANT SOFTWARE, INC.**

**(Exact name of Registrant as specified in its charter)**

**Delaware**

**93-1051328**

**(State or other jurisdiction of incorporation)**

**(I.R.S. Employer Identification No.)**

Commission file number:

000-29357

20400 Stevens Creek Boulevard, Suite 400  
Cupertino, CA 95014

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (408) 517-6100

(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))

## Item 2.02 Results of Operations and Financial Condition.

On April 29, 2005, Chordiant Software, Inc. issued a press release announcing results for the quarter ended December 31, 2004. A copy of the press release is attached as Exhibit 99.1 to this current report on Form 8-K and is incorporated by reference herein.

## Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

99.1 Press release issued by Chordiant Software, Inc. dated April 29, 2005.

### SIGNATURE

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.

**Chordiant Software, Inc.**

Date: May 2, 2005

By: /s/ George de Urioste

George de Urioste

Chief Operating Officer and Chief Financial Officer

## CHORDIANT ANNOUNCES RESULTS

### FOR THE FIRST QUARTER FISCAL YEAR ENDED DECEMBER 31, 2004

**CUPERTINO, California - April 29, 2005** -- Chordiant Software, Inc. (Nasdaq: CHRDE) today announced financial results for the first quarter of fiscal year (FY) 2005 ended December 31, 2004, and filed its Quarterly Report on Form 10-Q with the Securities and Exchange Commission (SEC).

#### **First Quarter FY 2005 Results**

Total revenues for the first quarter of FY 2005 were \$21.7 million, which compares to revenues of \$19.6 million reported for the three months ended December 31, 2003. License revenues for the first quarter of FY 2005 were \$8.8 million, compared to \$9.2 million reported for the three months ended December 31, 2003. Service revenues for the first quarter of FY 2005 were \$12.8 million, compared to \$10.4 million reported for the three months ended December 31, 2003. In a press release dated February 15, 2005, Chordiant commented that it expected its revenue for the first quarter to be within its previously announced guidance range of \$22 million to \$24 million. In April 2005, a customer increased the scope of an implementation project. As a result, the percentage-of-completion method for recognizing revenue required a deferral of certain revenues that the Company had previously anticipated. The deferral became necessary as the Company had not yet filed its Form 10-Q for the first quarter of fiscal year 2005. Deferred revenue totaled \$20.2 million as of December 31, 2004. Chordiant had \$53.1 million in cash and cash equivalents, short-term restricted cash, and short-term investments at December 31, 2004.

Chordiant posted a U.S. GAAP (Generally Accepted Accounting Principles) net loss of \$4.1 million, or \$0.06 per share loss for the first quarter of FY 2005 ended December 31, 2004, compared to a GAAP net loss of \$3.9 million, or \$0.06 per share loss for the three months ended December 31, 2003. Chordiant reported a first quarter FY 2005 non-GAAP financial measure loss of \$2.3 million (which excludes stock-based compensation, amortization of intangible assets, purchased in-process research and development and restructuring expense), or a non-GAAP loss of \$0.03 per share, compared to a non-GAAP net income (which excludes, stock-based compensation and amortization of intangible assets) of \$1.3 million, or \$0.02 non-GAAP net income per share for the three months ended December 31, 2003.

#### **Non-GAAP Financial Measurements**

Chordiant believes that its non-GAAP financial measure results provide useful information to investors because they reveal results excluding non-recurring expenses that Chordiant believes are not indicative of its on-going operations. The non-GAAP financial measure information is provided as a complement to results provided in accordance with GAAP and should not be considered superior to or as a substitute for GAAP measures.

#### **Customer Success**

The Company indicated that during the first quarter of FY 2005 ended December 31, 2004, it had completed significant transactions with Barclays Group; Capital One Services, Inc.; a leading retail organization in the United Kingdom; and one of Germany's largest insurance companies.

#### **KiQ Limited Acquisition**

In late December, 2004, Chordiant completed its strategic acquisition of KiQ Limited, a privately held United Kingdom company. KiQ provided Chordiant with a decision management system that advances the state of analytics by exploiting the power of predictive data mining, analytical modeling, strategy formulation into real-time decision management and execution. The acquisition resulted in a "purchased in-process research and development" charge of approximately \$1.9 million in the first quarter of FY 2005 ended December 31, 2004.

#### **About Chordiant Software, Inc.**

Chordiant solutions automate and manage operational business processes for leading service-driven global organizations with a focus on retail finance and telecommunications.

Chordiant orchestrates the unique processes of an organization from the point of customer interaction, through the front and back offices to multiple transactional systems, corporate applications and data stores. Our solutions integrate existing infrastructure to orchestrate the assembly, enhancement and delivery of optimal role based business processes to the appropriate channels. Business value is realized through improved employee productivity, savings in operational costs, and increased business adaptability.

Headquartered in Cupertino, California, Chordiant maintains offices in Boston; Chicago; Mahwah, N.J.; Manchester, N.H.; New York City; London; Paris; Amsterdam; and Munich.

*Chordiant and the Chordiant logo are registered trademarks of Chordiant Software, Inc. All other trademarks and registered trademarks are the properties of their respective owners.*

**Chordiant Investor Relations Contact:**

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**CHORDIANT SOFTWARE, INC.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(In thousands, except per share data)**

	Three Months Ended	
	December 31, 2004	December 31, 2003
Revenues:		
License	\$ 8,842	\$ 9,248
Service	12,835	10,352
Total revenues	21,677	19,600
Cost of revenues:		
License	166	574

Service	7,503	6,237
Stock-based compensation	(56 )	676
Amortization of intangible assets	131	794
Total cost of revenues	7,744	8,281
Gross profit	13,933	11,319
Operating expenses:		
Sales and marketing	7,215	5,695
Research and development	4,865	4,176
General and administrative	3,912	1,291
Stock-based compensation	(105 )	2,671
Amortization of intangible assets	24	96
Purchased in-process research and development	1,940	--
Restructuring expense	(123 )	1,028
Total operating expenses	17,728	14,957
Loss from operations	(3,982 )	(3,638 )
Interest income, net	210	17

Other income (expense), net	(397)	)	141
Net loss before income taxes	(3,795)	)	(3,480)
Provision for income taxes	80	)	457
Net loss	\$ (4,062)	)	\$ (3,937)
Other comprehensive income:			
Foreign currency translation gain	638	)	1,135
Comprehensive loss	\$ (3,424)	)	\$ (2,802)
Net loss per share:			
Basic and diluted	\$ (0.06)	)	\$ (0.06)
Shares used in per share calculation:	72,223	)	61,560
Supplemental information [1]:			
Non-GAAP financial measures and reconciliation:			
Net loss	\$ (4,062)	)	\$ (3,937)
Less: Stock-based compensation	(161)	)	3,347
Less: Amortization of intangible assets	155	)	890
Less: Purchased in-process research and development	1,940	)	--
Less: Restructuring expense	(123)	)	1,028
Pro forma net income (loss):	\$(2,251)	)	\$1,328

Basic and diluted pro forma net income (loss) per share:		\$(0.03	)	\$0.02
Shares used in per share calculation [2]:	Basic	72,223		61,560
	Diluted	72,223		69,442

[1] The accompanying supplemental pro forma financial information represents a non-GAAP financial measure. A "non-GAAP financial measure" is defined as a numerical measure of a company's financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in the company's financial statements. Non-GAAP financial measures of net income or net loss is used by investors and analysts of Chordiant Software, Inc. (the "Company") as an alternative to GAAP measures when evaluating the Company's performance in comparison to other companies. The Company's management believes that the presentation of a non-GAAP financial measure of net income or net loss, excluding purchased in-process research and development, amortization of deferred stock-based compensation, amortization of intangible assets and restructuring expenses, provide useful information regarding the Company's financial performance and earnings potential by calculating and quantifying the effect of certain charges of net income or net loss per share calculated in accordance with GAAP and gives investors and analysts insight into profitability of the Company's operating business. Management also believes that the presentation of the non-GAAP financial measures is consistent with its past practice, as well as industry practice in general, and will enable investors and analysts to compare current non-GAAP measures with non-GAAP measures presented in prior periods. The above non-GAAP financial information may not be comparable to similarly titled measures used by other companies and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

[2] Diluted net loss per share for the three months ended December 31, 2004, is computed excluding total potential outstanding common shares of 14,199 as their effect is anti-dilutive.

**CHORDIANT SOFTWARE, INC.**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands)

	<u>December 31, 2004</u>	<u>September 30, 2004</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 47,287	\$ 55,748
Marketable securities	4,000	4,000
Restricted cash	1,780	279
Accounts receivable, net	17,928	20,161
Prepaid expenses and other current assets	3,841	3,097

Total current assets	74,836	83,285
Restricted cash	558	2,057
Property and equipment, net	3,172	3,237
Goodwill	32,028	24,874
Intangible assets, net	6,178	244
Other assets	2,419	1,643
	<hr/>	<hr/>
Total assets	\$ 119,191	\$ 115,340
	<hr/>	<hr/>

## LIABILITIES AND STOCKHOLDERS' EQUITY

### Current liabilities:

Accounts payable	\$ 6,656	\$ 6,394
Accrued expenses	13,981	11,681
Deferred revenue	18,582	18,459
Current portion of capital lease obligations	201	191
	<hr/>	<hr/>
Total current liabilities	39,420	36,725
Deferred revenue, long-term	1,622	2,122
Long-term portion of capital lease obligations	257	317
	<hr/>	<hr/>
Total liabilities	41,299	39,164
	<hr/>	<hr/>

Common stock	77	72
Additional paid-in capital	271,890	262,703
Deferred stock-based compensation	(4,391 )	(339 )
Accumulated deficit	(193,411 )	(189,349 )
Accumulated other comprehensive income	3,727	3,089
	<hr/>	<hr/>
Total stockholders' equity	77,892	76,176
	<hr/>	<hr/>
Total liabilities and stockholders' equity	\$ 119,191	\$ 115,340
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