

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

ECLIPSYS CORP

CIK: **1034088** | IRS No.: **650632092** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **8-K** | Act: **34** | File No.: **000-24539** | Film No.: **06999950**
SIC: **7373** Computer integrated systems design

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BOCA RATON FL 33487

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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): August 3, 2006

ECLIPSYS CORPORATION

(Exact Name of Registrant as Specified in Charter)

Delaware	000-24539	65-0632092
-----	-----	-----
(State or Other Juris- diction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1750 Clint Moore Road Boca Raton, Florida	33487
-----	-----
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (561) 322-4321

(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

=====

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On August 3, 2006, Eclipsys Corporation announced its financial results for the quarter ended June 30, 2006. The full text of the press release issued in connection with the announcement is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Form 8-K (including Exhibit 99.1) shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

The following exhibit relating to Item 2.02 shall be deemed to be furnished, and not filed:

- 99.1 Press Release entitled "Eclipsys Releases Financial Results for the Quarter Ended June 30, 2006," issued by the company on August 3, 2006.

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.

ECLIPSYS CORPORATION

Date: August 3, 2006

By: /s/ Robert J. Colletti

Robert J. Colletti
Senior Vice President and
Chief Financial Officer

EXHIBIT INDEX

Exhibit No.

Description

99.1

Press release entitled "Eclipsys Releases Financial Results for the Quarter Ended June 30, 2006," issued by the company on August 3, 2006.C

ECLIPSYS RELEASES FINANCIAL RESULTS FOR QUARTER ENDED JUNE 30, 2006

BOCA RATON, Fla., Aug. 3 /PRNewswire-FirstCall/ -- Eclipsys Corporation(R) (Nasdaq: ECLP), The Outcomes Company(R), today released results for the quarter ended June 30, 2006.

(Logo: <http://www.newscom.com/cgi-bin/prnh/20050209/FLW006LOGO>)

Second-quarter Results

Revenues for the quarter ended June 30, 2006, increased \$6.5 million to \$102.3 million, compared to revenues of \$95.9 million for the quarter ended June 30, 2005. On a GAAP basis, the second-quarter earnings were \$1.1 million or \$0.02 per common share on a basic and diluted basis compared to a net loss of (\$2.5) million, or (\$0.05) per common share on a basic and diluted basis in the second-quarter of 2005. Second-quarter 2006 earnings included the expense associated with adopting Statement of Financial Accounting Standards (SFAS) No. 123R, Share-Based Payment, which requires the expensing of stock options. The adoption of SFAS 123R resulted in second-quarter 2006 expense of \$3.3 million, or \$0.06 per common share on a basic and diluted basis.

The restructuring to reduce costs and redirect spending into client related functions, which we began in the first quarter, was completed in the second quarter with a charge for the period of \$1.3 million, or \$0.03 per common share. For comparative purposes, excluding the expense associated with SFAS 123R adoption and the restructuring charge, non-GAAP net income for the quarter was \$5.8 million, or \$0.11 per diluted common share compared with a net loss of (\$1.8) million, or (\$0.04) per common share on a basic and diluted basis in the second-quarter of 2005. For year-over-year comparisons, it should be noted that SFAS 123R was first implemented for the quarter ended March 31, 2006, and prior periods do not include its effect.

The following table summarizes selected financial data:

<TABLE>
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	In thousands, except per share data					
	Three months ended June 30,			Six months ended June 30,		
	2006	2005	\$ Change	2006	2005	\$ Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues	\$ 102,330	\$ 95,865	\$ 6,465	\$ 203,114	\$ 180,300	\$ 22,814
Net income (loss)	1,146	(2,485)	3,631	(6,901)	(9,646)	2,745
Earnings (loss) per common share, basic and diluted	\$ 0.02	\$ (0.05)	\$ 0.07	\$ (0.14)	\$ (0.20)	\$ 0.06

</TABLE>

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<CAPTION>

	Non-GAAP Results*			Non-GAAP Results*		
	Three months ended June 30,			Six months ended June 30,		
	2006	2005	\$ Change	2006	2005	\$ Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues	\$ 102,330	\$ 95,865	\$ 6,465	\$ 203,114	\$ 180,300	\$ 22,814
Net income (loss)*	5,837	(1,751)	7,588	7,867	(8,496)	16,363
Earnings (loss)						

per common share, basic and diluted*	\$ 0.11	\$ (0.04)	\$ 0.15	\$ 0.15	\$ (0.18)	\$ 0.33
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* Excludes the effect of restructuring charge and implementation of SFAS 123R. A reconciliation of GAAP to non-GAAP results is included in the attached table.

Operating cash flows improved to \$8.6 million for the quarter, compared to \$1.7 million in second-quarter 2005. Cash, cash equivalents and marketable securities were \$121.0 million as of June 30, 2006. Days sales outstanding (DSOs) were 66 days, a sequential decrease of 7 days. Deferred revenue (including current and long-term) was \$111.6 million as of June 30, 2006, compared to \$112.9 million as of March 31, 2006.

"In the second quarter, we posted a significant increase in earnings while at the same time making great strides in the transformation of the company" said R. Andrew Eckert, Eclipsys president and chief executive officer. "We took four important steps to strengthen our business. First, we have upgraded our sales and marketing capabilities from top to bottom in order to win both new customers and expand our product footprint at existing clients. Second, we have increased our clinical implementation capacity to deliver on our commitment to reduce our over-reliance on outside resources as well as enhance client delivery. Third, with the Sysware transaction we have begun to establish an offshore presence, which should help us increase profitability at a faster rate than revenue growth. Finally, to better meet the needs of the rapidly growing ambulatory and broader community healthcare markets, we increased the reach of our ambulatory care offering by signing an OEM agreement with athenahealth, Inc. While we didn't meet our software revenue goals in the second quarter, we've been working hard to position both the organization and product portfolio to accelerate our second half performance."

Full year Guidance

The company is updating its full year guidance. We anticipate that revenues will be in the range of \$422 million to \$432 million and GAAP earnings per diluted common share in the range of \$0.13 to \$0.19. Excluding the full year restructuring charge and FAS123R this range is \$0.52 to \$0.58 per diluted common share. Table 3 includes a reconciliation of GAAP EPS to the non-GAAP measure used above.

Investor Teleconference August 3

Eclipsys senior executives will discuss the results during an investor community teleconference scheduled for 8:00 a.m. Eastern time on Thursday, August 3. Persons interested in participating in the teleconference should call (888) 423-3276 approximately 15 minutes before the conference is slated to begin. For listen-only mode, participants should go to www.eclipsys.com prior to the conference call to register and download the necessary audio software. An audio replay will be available in the investor relations section of www.eclipsys.com for approximately 48 hours beginning at 12 noon Eastern on August 3.

Non-GAAP Measures

The financial results reported in this press release have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). In addition to the GAAP results, the Company has provided net income and earnings per share information for the three months and six months ended June 30, 2006 on a non-GAAP basis to exclude the effect of the restructuring charge and implementation of SFAS 123R. These non-GAAP financial measures should not be considered a substitute for, or superior to, any measure derived in

accordance with GAAP. These non-GAAP financial measures may also be inconsistent with the manner in which similar measures are derived or used by other companies. The restructuring charge and implementation of FAS 123R make comparison of the Company's results with prior periods more difficult and investors have indicated that they consider this supplemental non-GAAP information useful in evaluating our results of operations and future prospects. The Company believes that the non-GAAP financial measures provided, when considered in conjunction with comparable GAAP financial measures, facilitate understanding and evaluation of the Company's operating performance and future prospects, as well as comparisons of our results with our prior period results that did not include these charges and with results of other companies on a more consistent basis. Internally, the Company uses this non-GAAP information for forecasting and to help make management decisions, as an indicator of business performance, and to evaluate management's effectiveness and help determine bonuses for management and others. The Company has provided reconciling information in the attachment to this release.

About Eclipsys

Eclipsys is a leading provider of advanced integrated information software, clinical content and professional services that help healthcare organizations improve clinical, financial, operational and customer-satisfaction outcomes. For more information, see www.eclipsys.com or email info@eclipsys.com.

Statements in this news release or the investor call referenced herein concerning the company's sales and marketing initiatives, evolving India operations, future financial results, operating performance, development efforts, and the benefits provided by Eclipsys software and services are forward-looking statements and actual results may differ from those projected due to a variety of risks and uncertainties. Future performance expectations are predicated upon achievement of various sales and performance targets that may be difficult to meet. Sales may be slower than expected due to market conditions, competition, and other factors. Costs may be greater than anticipated due to the potential need to increase spending to ensure performance in accordance with commitments to clients and other factors. Software development may take longer and cost more than expected, and incorporation of anticipated features and functionality may be delayed, due to various factors including programming and integration challenges and resource constraints. The market is highly competitive. Eclipsys has recently released new software that has not yet been widely implemented. Implementation and customization of Eclipsys software is complex and time-consuming. Results depend upon a variety of factors and can vary by client. Each client's circumstances are unique and may include unforeseen issues that make it more difficult than anticipated to implement or derive benefit from software, implementation or consulting services. The success and timeliness of the company's services will depend at least in part upon client involvement, which can be difficult to control. Eclipsys is required to meet specified performance standards, and clients can terminate contracts, assess penalties or reduce contract scope under certain circumstances. More information about company risks is available in recent Form 10-K and other filings made by Eclipsys from time to time with the Securities and Exchange Commission. Special attention is directed to the portions of those documents entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Eclipsys Corporation and The Outcomes Company are registered trademarks of Eclipsys Corporation. Sunrise and XA are trademarks of Eclipsys Corporation. Other product and company names in this news release are trademarks and/or registered trademarks of their respective companies.

Eclipsys

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Eclipsys Corporation and Subsidiaries

Consolidated Statements of Operations - Unaudited
(000's Omitted, Except per Share Data)

<TABLE>
<CAPTION>

<S>	Three Months Ended			
	June 30, 2006	June 30, 2005	Change \$	Change %
	<C>	<C>	<C>	<C>
Revenues:				
Systems and services	\$ 97,754	\$ 91,557	\$ 6,197	6.8%
Hardware	4,576	4,308	268	6.2%
Total revenues	102,330	95,865	6,465	6.7%
Costs and expenses:				
Cost of systems and services revenues	59,097	55,248	3,849	7.0%
Cost of hardware revenues	3,851	3,557	294	8.3%
Sales and marketing	14,473	16,196	(1,723)	-10.6%
Research and development	14,296	13,974	322	2.3%
General and administrative	5,559	6,511	(952)	-14.6%
Depreciation and amortization	3,894	3,583	311	8.7%
Restructuring charge	1,349	-	1,349	n/a
Total costs and expenses	102,519	99,069	3,450	3.5%
Loss from operations before interest and income taxes	(189)	(3,204)	3,015	94.1%
Interest income, net	1,335	719	616	85.7%
Income (loss) from operations before income taxes	1,146	(2,485)	3,631	146.1%
Provision for income taxes	-	-	-	
Net income (loss)	\$ 1,146	\$ (2,485)	\$ 3,631	146.1%
Earnings (loss) per common share:				
Basic earnings (loss) per common share	\$ 0.02	\$ (0.05)	\$ 0.07	
Diluted earnings (loss) per common share	\$ 0.02	\$ (0.05)	\$ 0.07	
Weighted average common shares outstanding:				
Basic	51,598	47,629		
Diluted	53,100	47,629		

</TABLE>

Eclipsys Corporation and Subsidiaries
Consolidated Statements of Operations - Unaudited
(000's Omitted, Except per Share Data)

<TABLE>
<CAPTION>

<S>	Six Months Ended			
	June 30, 2006	June 30, 2005	Change \$	Change %
	<C>	<C>	<C>	<C>
Revenues:				
Systems and services	\$ 193,977	\$ 174,685	\$ 19,292	11.0%
Hardware	9,137	5,615	3,522	62.7%
Total revenues	203,114	180,300	22,814	12.7%
Costs and expenses:				

Cost of systems and services revenues	115,555	107,513	8,042	7.5%
Cost of hardware revenues	7,502	4,658	2,844	61.1%
Sales and marketing	30,742	34,372	(3,630)	-10.6%
Research and development	31,258	26,550	4,708	17.7%
General and administrative	11,199	10,867	332	3.1%
Depreciation and amortization	7,696	7,266	430	5.9%
Restructuring charge	8,547	-	8,547	n/a
Total costs and expenses	212,499	191,226	21,273	11.1%
Loss from operations before interest and income taxes	(9,385)	(10,926)	1,541	14.1%
Interest income, net	2,484	1,280	1,204	94.1%
Loss before income taxes	(6,901)	(9,646)	2,745	28.5%
Provision for income taxes	-	-	-	
Net loss	\$ (6,901)	\$ (9,646)	\$ 2,745	28.5%
Loss per common share:				
Basic and diluted loss per common share	\$ (0.14)	\$ (0.20)	\$ 0.06	
Weighted average common shares outstanding:				
Basic and diluted	51,109	47,444		

Eclipsys Corporation and Subsidiaries
Consolidated Balance Sheets - Unaudited
(000's Omitted)

<TABLE>
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	June 30, 2006	December 31, 2005
	-----	-----
<S>	<C>	<C>
Assets		
Current assets:		
Cash and cash equivalents	\$ 28,588	\$ 76,693
Marketable securities	92,375	37,455
Accounts receivable, net	74,556	80,833
Inventory	1,611	2,289
Prepaid expense	23,235	17,909
Other current assets	906	2,184
Total current assets	221,271	217,363
Property and equipment, net	42,390	40,500
Capitalized software development costs, net	31,303	35,690
Acquired technology, net	432	584
Intangibles assets, net	2,515	2,940
Deferred tax asset	4,812	4,124
Goodwill	6,669	6,624
Other assets	17,985	20,964
Total assets	\$ 327,377	\$ 328,789
Liabilities and Stockholders' Equity		
Current liabilities:		
Deferred revenue	\$ 97,562	\$ 107,960
Accounts payable	12,636	26,103
Accrued compensation costs	10,017	15,974
Deferred tax liability	4,812	4,124
Other current liabilities	18,970	10,413

Total current liabilities	143,997	164,574
Deferred revenue	14,057	16,772
Other long-term liabilities	156	1,252
Total liabilities	158,210	182,598
Stockholders' equity:	169,167	146,191
Total liabilities and stockholders' equity	\$ 327,377	\$ 328,789

</TABLE>

Eclipsys Corporation and Subsidiaries
Consolidated Statements of Cash Flows - Unaudited
(000's Omitted)

<TABLE>
<CAPTION>

	Six Months Ended June 30,	
	2006	2005
<S>	<C>	<C>
Operating activities:		
Net loss	\$ (6,901)	\$ (9,646)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	18,371	16,106
Provision for bad debts	818	1,050
Stock compensation expense	6,904	1,150
Changes in operating assets and liabilities:		
Decrease / (Increase) in accounts receivable	5,252	(1,135)
Decrease / (Increase) in other current assets	2,077	(2,337)
Decrease / (Increase) in inventory	678	(28)
Increase in other assets	(3,857)	(9,920)
Decrease in deferred revenue	(12,794)	(1,755)
(Decrease) / Increase in accrued compensation	(5,957)	3,763
(Decrease) / Increase in other current liabilities	(4,960)	(3,745)
(Decrease) / Increase in other long-term liabilities	(1,095)	1,143
Total adjustments	5,438	4,292
Net cash used in operating activities	(1,463)	(5,354)
Investing activities:		
Purchases of property and equipment	(9,160)	(6,316)
Purchase of marketable securities	(512,324)	(159,866)
Proceeds from sale of marketable securities	457,403	122,712
Capitalized software development costs	(4,626)	(9,634)
Deposit and Cash paid for acquisitions	(800)	(20)
Net cash used in investing activities	(69,507)	(53,124)
Financing activities:		
Proceeds from stock options exercised	22,227	7,623
Proceeds from issuance of common stock in stock purchase plan	223	-
Net cash provided by financing activities	22,450	7,623
Effect of exchange rates on cash and cash equivalents	415	89
Net decrease in cash and cash equivalents	(48,105)	(50,766)
Cash and cash equivalents - beginning		

of the period	76,693	122,031
Cash and cash equivalents -		
end of the period	\$ 28,588	\$ 71,265

</TABLE>

Eclipsys Corporation and Subsidiaries
Reconciliation of GAAP to Non-GAAP Results
(000's omitted, except per share data)

Table 1

	Three Months Ended June 30,	
	2006	2005
GAAP net income (loss)	\$ 1,146	\$ (2,485)
Add:		
Share-based compensation expense	3,342	734
Restructuring charge	1,349	-
Non-GAAP net income (loss)	\$ 5,837	\$ (1,751)
GAAP earnings (loss) per basic share	\$ 0.02	\$ (0.05)
Add:		
Share-based compensation expense	0.06	0.01
Restructuring charge	0.03	-
Non-GAAP earnings (loss) per basic and diluted common share	\$ 0.11	\$ (0.04)

Eclipsys Corporation and Subsidiaries
Reconciliation of GAAP to Non-GAAP Results
(000's omitted, except per share data)

Table 2

	Six Months Ended June 30,	
	2006	2005
GAAP net loss	\$ (6,901)	\$ (9,646)
Add:		
Share-based compensation expense	6,221	1,150
Restructuring charge	8,547	-
Non-GAAP net income (loss)	\$ 7,867	\$ (8,496)
GAAP loss per basic share	\$ (0.14)	\$ (0.20)
Add:		
Share-based compensation expense	0.12	0.02
Restructuring charge	0.17	-
Non-GAAP earnings (loss) per basic and diluted common share	\$ 0.15	\$ (0.18)

Eclipsys Corporation and Subsidiaries
Reconciliation of GAAP to Non-GAAP Guidance
(000's omitted, except per share data)

Table 3

2006 Annual Guidance

Revenues	\$422 to \$432 million
EPS, excluding restructure and FAS 123R	\$0.52 - \$0.58
EPS, including restructure	\$0.35 - \$0.41
EPS, including restructure and FAS 123R	\$0.13 - \$0.19

SOURCE Eclipsys Corporation

-0- 08/03/2006

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/Web site: <http://www.eclipsys.com> /