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): July 30, 2014

BLACKBAUD, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

000-50600 (Commission File Number)

11-2617163 (IRS Employer ID Number)

2000 Daniel Island Drive, Charleston, South Carolina (Address of principal executive offices)

Registrant's telephone number, including area code: (843) 216-6200

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:

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))

29492

(Zip Code)

Item 2.02. Results of Operations and Financial Condition.

On July 30, 2014, Blackbaud, Inc. issued a press release reporting unaudited financial results for the quarter ended June 30, 2014. A copy of this press release is attached hereto as <u>Exhibit 99.1</u>.

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

| Exhibit No. | Description |
|-------------|--|
| 99.1 | Press release dated July 30, 2014 reporting unaudited financial results for the quarter ended June 30, 2014. |

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.

BLACKBAUD, INC.

Date: July 30, 2014

/s/ Anthony W. Boor

Anthony W. Boor Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

Blackbaud, Inc. Announces Second Quarter 2014 Results

Achieves 11.1% Revenue and 40.1% Net Income Growth; Non-GAAP Organic Revenue Growth of 6.5% Increases Full-Year Financial Goals for Revenue and Non-GAAP Income From Operations

Charleston, S.C. (July 30, 2014) - Blackbaud, Inc. (NASDAQ:BLKB), a leading global provider of software and services for nonprofits, today announced financial results for its second quarter ended, June 30, 2014.

Second Quarter 2014 Highlights

- Non-GAAP organic revenue growth of 6.5%
- Total revenue growth of 11.1% to \$139.4 million
- Recurring revenue represented 72.8% of total revenue
- Net income increased by 40.1% to \$9.3 million
- Diluted earnings per share increased by 33.3%
- Cash flow from operations of \$31.8 million

Mike Gianoni, President and CEO, commented, "Our team delivered another solid performance in the second quarter of 2014. The company maintained its acceleration of non-GAAP organic revenue growth and we are pleased that our second quarter growth was driven by all business units. Subscriptions growth continues to lead the acceleration, achieving nearly 14% non-GAAP organic growth and 25% GAAP growth this quarter."

"The company is well-aligned to execute on our four primary priorities in the back half of 2014: accelerating organic growth, optimizing our product portfolio, increasing recurring revenue and increasing operating efficiencies, and we expect to continue to heighten our focus on operational excellence. Our second quarter and year-to-date results were strong, we believe our momentum is building, and we remain highly-focused on solid execution and increasing value for our shareholders. We are also pleased to now include the WhippleHill cloud-based solutions for our K12 marketplace clients. This represents a market expansion opportunity for us to increase revenue and reach in this important sector of our business," concluded Mr. Gianoni.

Second Quarter 2014 GAAP Financial Results

Blackbaud generated total revenue of \$139.4 million for the second quarter of 2014, an increase of 11.1% compared to \$125.5 million for the second quarter of 2013. Income from operations and net income were \$16.0 million and \$9.3 million, respectively, compared to \$14.3 million and \$6.6 million, respectively, for the second quarter of 2013. Diluted earnings per share was \$0.20 for the second quarter of 2014, compared to \$0.15 in the same period last year.

Second Quarter 2014 Non-GAAP Financial Results

Blackbaud achieved non-GAAP organic revenue growth of 6.5%, which includes \$5.1 million of incremental revenue in the second quarter of 2013 as if the company had applied gross revenue accounting for our payments solutions in 2013 on a basis consistent with the current period and excludes incremental acquisition-related revenue. Non-GAAP income from operations was \$27.0 million for the second quarter of 2014, up from \$26.4 million in the same period last year. Non-GAAP net income was \$15.8 million for the second quarter of 2014, up from \$15.0 million in the same period last year. Non-GAAP diluted earnings per share was \$0.35 for the second quarter of 2014, up from \$0.33 in the same period last year. An explanation of these measures is included below under the heading "Non-GAAP Financial Measures."

Tony Boor, Senior Vice President and CFO, commented, "Our second quarter and year-to-date performance is a reflection of the investments we have made in areas targeted to accelerate growth, increase total recurring revenue, and continue to increase our operational efficiencies. In the second quarter, we continued to make our previously-announced 2014 investments; which impacted our operating margin when compared to the same period last year, and are designed to drive significant returns to our shareholders in the future. With a strong balance sheet and cash flows, we believe the company is positioned with the systems and financial flexibility to drive sustainable increased growth over the long-term."

Full-Year Financial Goals Update

Blackbaud announced today that it is increasing its 2014 full-year financial goal for revenue to a range from \$545.0 million to \$560.0 million with a midpoint of \$552.5 million and for non-GAAP income from operations to a range from \$94.0 million to \$100.0 million with a midpoint of \$97.0 million. The updated range midpoints for revenue and non-GAAP income from operations represent increases of \$10.0 million and \$2.0 million, respectively, from previously provided 2014 full-year goals. The increases were a result of the company's better than originally expected second quarter and year to date financial performance which is expected to continue for the remainder of 2014 and as a result of modest incremental revenue expected from the acquisition of WhippleHill.

Balance Sheet and Cash Flow

The company ended the second quarter with \$24.8 million in cash, compared to \$32.6 million on March 31, 2014. The company generated \$31.8 million in cash flow from operations during the second quarter, used net cash of \$32.6 million for the acquisition of WhippleHill Communications, Inc. ("WhippleHill"), and returned \$5.5 million to stockholders by way of dividend. Additional details related to the acquisition of WhippleHill can be found in the company's filings with the SEC at www.blackbaud.com/investorrelations.

Dividend

Blackbaud announced today that its Board of Directors has approved a third quarter 2014 dividend of \$0.12 per share payable on September 15, 2014 to stockholders of record on August 28, 2014.

Conference Call Details

Blackbaud will host a conference call tomorrow, July 31, 2014, at 8:00 a.m. (Eastern Time) to discuss the company's financial results, operations and related matters. To access this call, dial 1-888-490-2760 (domestic) or 1-719-785-1756 (international) and enter passcode 539156. To access a replay of this conference call, which will be available through August 14, 2014, dial 1-888-203-1112 (domestic) or 1-719-457-0820 (international), and enter passcode 1778181. A live webcast of this conference call will be available on the "Investor Relations" page of the company's website at www.blackbaud.com/investorrelations and a replay will be archived on the website as well.

Investors and others should note that we announce material financial information to our investors using our website, <u>www.blackbaud.com</u>, SEC filings, press releases, public conference calls and webcasts. We use these channels as well as social media to communicate with our customers and public about our company, our services and other issues. It is possible that the information we post on social media could be deemed material information. Therefore, we encourage investors, the media, and others interested in our company to review the information we post on the social media channels listed on the "Investor Relations" page of the company's website at <u>www.blackbaud.com/investorrelations</u>.

About Blackbaud

Serving the nonprofit and education sectors for more than 30 years, Blackbaud (NASDAQ:BLKB) combines technology and expertise to help organizations achieve their missions. Blackbaud works with more than 30,000 customers in over 60 countries that support higher education, healthcare, human services, arts and culture, faith, the environment, private K12 education, animal welfare and other charitable causes. The company offers a full spectrum of cloud-based and on-premise software solutions and related services for organizations of all sizes including: <u>fundraising</u>, <u>eMarketing</u>, <u>advocacy</u>, <u>constituent relationship</u> <u>management</u> (CRM), <u>financial management</u>, <u>payment solutions</u>, <u>analytics</u>, <u>education solutions</u> and vertical-specific solutions. Using Blackbaud technology, these organizations raise more than \$100 billion each year. Recognized as a top company by Forbes, InformationWeek, and Software Magazine and honored by Best Places to Work, Blackbaud is headquartered in Charleston, South Carolina and has operations in the United States, Australia, Canada, the Netherlands, Ireland and the United Kingdom. For more information, visit <u>www.blackbaud.com</u>.

Forward-looking Statements

Except for historical information, all of the statements, expectations, and assumptions contained in this news release are forward-looking statements which are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements regarding: estimates for achievement of 2014 full-year financial goals; expectations for continued performance in 2014 that is better than originally expected; expectations for incremental revenue from the acquisition of

WhippleHill; the primary priorities for the back half of 2014 including accelerating organic growth, optimizing the product portfolio, increasing recurring revenue and increasing operating efficiencies; the expectation of a heightened focus on operational excellence; the building of momentum in our financial results; market expansion opportunities; and investments in 2014. These statements involve a number of risks and uncertainties. Although Blackbaud attempts to be accurate in making these forward-looking statements, it is possible that future circumstances might differ from the assumptions on which such statements are based. In addition, other important factors that could cause results to differ materially include the following: management of integration of acquired companies; uncertainty regarding increased business and renewals from existing customers; a shifting revenue mix that may impact gross margin; continued success in sales growth; risks related to our dividend policy and stock repurchase program, including the possibility that we might discontinue payment of dividends; and the other risk factors set forth from time to time in the SEC filings for Blackbaud, copies of which are available free of charge at the SEC's website at <u>www.sec.gov</u> or upon request from Blackbaud's investor relations department. Blackbaud assumes no obligation and does not intend to update these forward-looking statements, except as required by law. All Blackbaud product names appearing herein are trademarks or registered trademarks of Blackbaud, Inc.

Non-GAAP Financial Measures

Blackbaud has provided in this release financial information that has not been prepared in accordance with GAAP. This information includes non-GAAP organic revenue growth, non-GAAP revenue, non-GAAP gross profit, non-GAAP gross margin, non-GAAP income from operations, non-GAAP operating margin, non-GAAP net income and non-GAAP diluted earnings per share. Blackbaud uses these non-GAAP financial measures internally in analyzing its financial results and believes they are useful to investors, as a supplement to GAAP measures, in evaluating Blackbaud's ongoing operational performance. Blackbaud believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing its financial results from period to period with other companies in Blackbaud's industry, many of which present similar non-GAAP financial measures to investors. These non-GAAP financial measures may not be completely comparable to similarly titled measures of other companies due to potential differences in the exact method of calculation between companies. Non-GAAP financial measures discussed above exclude items such as write-downs of acquisition-related deferred revenue, stock-based compensation expense, amortization of intaggibles arising from business combinations, impairment of capitalized software development costs due to a business combination, acquisition-related integration costs, acquisition-related expenses, CEO transition costs, restructuring costs and loss on debt extinguishment and termination of derivative instruments, because they are not directly related to our performance in any particular period, but are for our long-term benefit over multiple periods. In addition, we discuss non-GAAP revenue, which presents prior period revenue on a basis consistent with the current period by reflecting certain revenue in the 2013 period on a gross basis rather than a net basis. We believe that these non-GAAP financial measures reflect our ongoing

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Investors are encouraged to review the reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures. A reconciliation of our non-GAAP financial measures to their most directly comparable GAAP measures has been provided in the financial statement tables included below in this press release.

Investors are also encouraged to refer to previously released financial information on the "Investor Relations" page of our website at <u>www.blackbaud.com/investorrelations</u> for analysis of Blackbaud's historical financial statements for the four quarters and year ended December 31, 2013 that is intended to assist with the evaluation of the company and its performance in light of the change in presentation of our payments solutions from a net to gross basis. That financial information includes non-GAAP operating results as if the previously disclosed change in presentation effective October 1, 2013 had instead occurred on January 1, 2013, which provides the 2013 period base revenue used in calculating non-GAAP organic revenue growth. That financial information also includes operating results as if the previously disclosed change in presentation effective October 1, 2013 had not occurred.

Investor Contact:

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Media Contact:

Nicole McGougan Blackbaud, Inc. 843-654-3307 <u>nicole.mcgougan@blackbaud.com</u>

Blackbaud, Inc. Consolidated balance sheets (Unaudited)

| (in thousands, except share amounts) | | June 30, 2014 | | December 31, 2013 |
|--|----|------------------|----|----------------------|
| Assets | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ | 24,847 | \$ | 11,889 |
| Donor restricted cash | | 44,339 | | 107,362 |
| Accounts receivable, net of allowance of \$5,259 and \$5,613 at June 30, 2014 and December 31, 2013, respectively | | 84,425 | | 66,969 |
| Prepaid expenses and other current assets | | 28,271 | | 30,115 |
| Deferred tax asset, current portion | | 10,241 | | 13,434 |
| Total current assets | | 192,123 | | 229,769 |
| Property and equipment, net | | 47,390 | | 49,550 |
| Goodwill | | 277,200 | | 264,599 |
| Intangible assets, net | | 150,877 | | 143,441 |
| Other assets | | 20,668 | | 19,251 |
| Total assets | \$ | 688,258 | \$ | 706,610 |
| Liabilities and stockholders' equity | | | | |
| Current liabilities: | | | | |
| Trade accounts payable | \$ | 8,904 | \$ | 10,244 |
| Accrued expenses and other current liabilities | - | 45,160 | - | 40,443 |
| Donations payable | | 44,339 | | 107,362 |
| Debt, current portion | | 4,375 | | 17,158 |
| Deferred revenue, current portion | | 190,228 | | 181,475 |
| Total current liabilities | | 293,006 | | 356,682 |
| Debt, net of current portion | | 167,770 | | 135,750 |
| Deferred tax liability | | 36,323 | | 36,880 |
| Deferred revenue, net of current portion | | 10,187 | | 9,099 |
| Other liabilities | | 7,994 | | 6,655 |
| Total liabilities | | 515,280 | | 545,066 |
| Commitments and contingencies | | , | | |
| Stockholders' equity: | | | | |
| Preferred stock; 20,000,000 shares authorized, none outstanding | | _ | | |
| Common stock, \$0.001 par value; 180,000,000 shares authorized, 55,776,295 and 55,699,817 shares issued at June 30, 2014 and December 31, 2013, respectively | | 56 | | 56 |
| Additional paid-in capital | | 230,944 | | 220,763 |
| Treasury stock, at cost; 9,599,751 and 9,573,102 shares at June 30, 2014 and December 31, 2013, respectively | | (184,173) | | (183,288) |
| Accumulated other comprehensive loss | | (1,297) | | (1,385) |
| Retained earnings | | 127,448 | | 125,398 |
| Total stockholders' equity | | 172,978 | | 161,544 |
| Total liabilities and stockholders' equity | \$ | 688,258 | \$ | 706,610 |

Blackbaud, Inc. Consolidated statements of comprehensive income (Unaudited)

| | Three months ended June 30, | | | | Six months ended June 30, | | | | |
|---|-----------------------------|------------|----|------------|---------------------------|------------|----|------------|--|
| in thousands, except share and per share amounts) | | 2014 | | 2013 | | 2014 | | 2013 | |
| Revenue | | | | | | | | | |
| License fees | \$ | 4,541 | \$ | 5,990 | \$ | 8,448 | \$ | 8,970 | |
| Subscriptions | | 64,985 | | 51,964 | | 123,253 | | 99,720 | |
| Services | | 31,795 | | 31,368 | | 59,925 | | 60,206 | |
| Maintenance | | 36,527 | | 34,122 | | 72,179 | | 68,270 | |
| Other revenue | | 1,540 | | 2,024 | | 3,205 | | 3,925 | |
| Total revenue | | 139,388 | | 125,468 | | 267,010 | | 241,091 | |
| Cost of revenue | | | | | | | | | |
| Cost of license fees | | 497 | | 643 | | 1,027 | | 1,368 | |
| Cost of subscriptions | | 31,749 | | 21,605 | | 61,873 | | 41,988 | |
| Cost of services | | 25,540 | | 26,503 | | 51,803 | | 51,902 | |
| Cost of maintenance | | 5,983 | | 6,561 | | 11,397 | | 12,435 | |
| Cost of other revenue | | 927 | | 1,301 | | 1,926 | | 2,498 | |
| Total cost of revenue | | 64,696 | | 56,613 | | 128,026 | | 110,191 | |
| Gross profit | | 74,692 | | 68,855 | | 138,984 | | 130,900 | |
| Operating expenses | | | | | | | | | |
| Sales and marketing | | 26,433 | | 24,423 | | 51,549 | | 48,815 | |
| Research and development | | 18,064 | | 16,483 | | 34,558 | | 32,912 | |
| General and administrative | | 13,781 | | 12,849 | | 26,599 | | 25,591 | |
| Restructuring | | | | 146 | | _ | | 3,356 | |
| Amortization | | 418 | | 636 | | 1,005 | | 1,314 | |
| Total operating expenses | | 58,696 | | 54,537 | | 113,711 | | 111,988 | |
| Income from operations | | 15,996 | | 14,318 | | 25,273 | | 18,912 | |
| Interest income | | 13 | | 20 | | 29 | | 37 | |
| Interest expense | | (1,328) | | (1,497) | | (2,787) | | (3,191 | |
| Loss on debt extinguishment and termination of derivative instruments | | _ | | _ | | (996) | | _ | |
| Other income (expense), net | | 225 | | (309) | | (11) | | (206 | |
| Income before provision for income taxes | | 14,906 | | 12,532 | | 21,508 | | 15,552 | |
| Income tax provision | | 5,626 | | 5,909 | | 8,414 | | 6,263 | |
| Net income | \$ | 9,280 | \$ | 6,623 | \$ | 13,094 | \$ | 9,289 | |
| Earnings per share | | | | | | | | | |
| Basic | \$ | 0.21 | \$ | 0.15 | \$ | 0.29 | \$ | 0.21 | |
| Diluted | \$ | 0.20 | \$ | 0.15 | \$ | 0.29 | \$ | 0.21 | |
| Common shares and equivalents outstanding | Ψ | 0.20 | Ψ | 0.15 | Ψ | 0.25 | Ψ | 0.21 | |
| Basic weighted average shares | | | | 44,538,444 | | 45,141,878 | | 44,506,157 | |
| | | 45,155,955 | | | | | | | |
| Diluted weighted average shares | | 45,660,910 | | 45,349,666 | | 45,607,106 | | 45,190,158 | |
| Dividends per share | \$ | 0.12 | \$ | 0.12 | \$ | 0.24 | \$ | 0.24 | |
| Other comprehensive (loss) income | | | | | | | | | |
| Foreign currency translation adjustment | | (385) | | (266) | | 170 | | 19 | |
| Unrealized (loss) gain on derivative instruments, net of tax | | (394) | | 429 | | (82) | | 548 | |
| Total other comprehensive (loss) income | | (779) | | 163 | | 88 | | 567 | |
| Comprehensive income | \$ | 8,501 | \$ | 6,786 | \$ | 13,182 | \$ | 9,856 | |

Blackbaud, Inc. Consolidated statements of cash flows (Unaudited)

| | | | ended June 30, | | |
|---|---------------------------------------|-----------|----------------|--|--|
| (in thousands) | | 2014 | 2013 | | |
| Cash flows from operating activities | · | | | | |
| Net income | \$ | 13,094 \$ | 9,289 | | |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | | |
| Depreciation and amortization | | 21,194 | 21,576 | | |
| Provision for doubtful accounts and sales returns | | 2,966 | 1,246 | | |
| Stock-based compensation expense | | 8,044 | 9,895 | | |
| Excess tax benefits from stock-based compensation | | (2,067) | | | |
| Deferred taxes | | 1,757 | 4,933 | | |
| Impairment of capitalized software development costs due to business combination | | 770 | | | |
| Amortization of deferred financing costs and discount | | 343 | 306 | | |
| Loss on debt extinguishment and termination of derivative instruments | | 996 | | | |
| Other non-cash adjustments | | 1,488 | 91 | | |
| Changes in operating assets and liabilities, net of acquisition of businesses: | | | | | |
| Accounts receivable | | (15,096) | (11,966 | | |
| Prepaid expenses and other assets | | 2,941 | 8,319 | | |
| Trade accounts payable | | (1,333) | (4,586 | | |
| Accrued expenses and other liabilities | | 4,419 | (9,731 | | |
| Donor restricted cash | | 62,609 | 41,505 | | |
| Donations payable | | (62,609) | (41,505 | | |
| Deferred revenue | | 5,588 | 8,100 | | |
| Net cash provided by operating activities | | 45,104 | 37,472 | | |
| Cash flows from investing activities | | | | | |
| Purchase of property and equipment | | (5,423) | (10,068 | | |
| Purchase of net assets of acquired companies, net of cash acquired | | (32,762) | (876 | | |
| Capitalized software development costs | | (3,831) | (1,643 | | |
| Net cash used in investing activities | | (42,016) | (12,587 | | |
| Cash flows from financing activities | | | | | |
| Proceeds from issuance of debt | | 201,000 | 27,900 | | |
| Payments on debt | | (180,002) | (47,900 | | |
| Debt issuance costs | | (2,484) | | | |
| Proceeds from exercise of stock options | | 107 | 221 | | |
| Excess tax benefits from stock-based compensation | | 2,067 | | | |
| Dividend payments to stockholders | | (11,081) | (10,959 | | |
| Net cash provided by (used in) financing activities | | 9,607 | (30,738 | | |
| ffect of exchange rate on cash and cash equivalents | · · · · · · · · · · · · · · · · · · · | 263 | (338 | | |
| fet increase (decrease) in cash and cash equivalents | | 12,958 | (6,191 | | |
| Cash and cash equivalents, beginning of period | | 11,889 | 13,491 | | |
| Cash and cash equivalents, end of period | \$ | 24,847 \$ | 7,300 | | |

Blackbaud, Inc. Reconciliation of GAAP to Non-GAAP financial measures (Unaudited)

| One open sign of a set | | Three months ended June 30, | | | Six months ended June 30, | | | | |
|---|---|---------------------------------|----|---------|---------------------------|---------|----------|----------|--|
| And generation 5 74.002 5 90.000 5 90.000 GAAP generation 50% 50% 50% 50% Non-GAAP algoments | (in thousands, except per share amounts) | 2014 | | 2013 | | 2014 | | 2013 | |
| Adv. protein angle 14% 50% 50% 50% Na G.A.M spins margin - - 7 - 681 Add. Stackin Source organization consists contributions 5,50 5,571 110,79 - 683 Add. Stackin Source organization consists contributions 5,500 5,571 110,797 - 683 Add. Stackin Source organization consists contributions 5 30,793 5 7,503 5 110,705 110,500 Net GAAM groups margint* 60,75 5 130,800 5 10,500 5,705 130,800 5 10,500 110,500 <td>Revenue</td> <td>\$ 139,388</td> <td>\$</td> <td>125,468</td> <td>\$</td> <td>267,010</td> <td>\$</td> <td>241,091</td> | Revenue | \$ 139,388 | \$ | 125,468 | \$ | 267,010 | \$ | 241,091 | |
| And: ADV adjutation existed electric events with down - - - - - 601 Add: Successes 1,000 5,000 1,000 2,007 1,000 | GAAP gross profit | \$ 74,692 | \$ | 68,855 | \$ | 138,984 | \$ | 130,900 | |
| Nn CAP adjustments: - 277 - 683 Ab2 Adjustation related identing transmerging 5.33 5.53 10.97 1.109 Ab2 Anguitation related instructions combanism 5.33 5.53 12.266 1.1050 Ab2 Anguitation relations combanism 5.33 5.53 5 15.56 1.1050 Nn GAAP adjustments 6.23 7.020 12.266 1.1050 1.1050 Nn GAAP adjustments 6.23 5 1.538 5 1.538 5 1.539 1.539 1.539 1.539 1.539 1.539 1.539 1.539 1.539 1.539 | GAAP gross margin | 54% | | 55% | | 52% | | 54% | |
| AMB According overlaw with down — 77 — 905 AMB Stockbase comparison argoine 933 976 10,207 11,100 AMB American of miniphle from homisers combinations | | | | | | | | | |
| Add: According on provide one provi | | _ | | 277 | | _ | | 866 | |
| Ab2. Aquitation of languals incur baien containations5.3005.5705.57010.76711.090Ab2. Aquitation related integration contained of graph contained and graph contained of graph contained cont | | 953 | | | | 1.829 | | | |
| Add: Appaintence and languages costs — 258 — 258 Tasti Non-GAAP appintum 5 50.005 \$ 7,402 \$ 10,363 \$ 10,36 | | | | | | , | | | |
| Total Nar-GAAP adjustners6.2837.0827.0827.0827.08287.08287.08284.4562Nor-GAAP gross margin*557.59757.08784.45627.08784.4562GAAP spectrating margin*11161116111611169.088.0928. | | _ | | | | _ | | | |
| Non-GAAP gross produSApply and sS7,5937S15,500 | | 6,283 | | 7,082 | | 12,596 | | | |
| Non GAAP procemental manyin 50% 60% 57% 60% GAAP income from operations 11% 11% 11.11% 9% 85 11.11% 9% 85 11.11% 9% 85 11.11% 9% 85 11.11% 9% 85 11.11% 9% 85 11.11% 9% 85 11.11% 9% 85 11.11% 9% 85 11.11% 9% 85 11.11% 9% 85 11.11% 9% 85 11.11% 9% 85 11.11% 9% 85 11.11% 9% 86 11.11% 9% 86 11.11% 9% 86 11.11% 11.21% 11.21% 9.124% 11.21% 11.21% 11.21% 11.21% 11.21% 11.21% 11.21% 11.21% 11.21% 11.21% 11.24% 11.21% 11.21% 11.21% 11.21% 11.21% 11.21% 11.21% 11.21% 11.21% 11.21% 11.21% 11.21% 11.21% 11.21% 11.2 | | \$ 80,975 | \$ | 75,937 | \$ | 151,580 | \$ | 145,562 | |
| S 15.996 S 14.318 S 25.273 S 18.012 GAAP operating margin 11% <td></td> <td> 58%</td> <td></td> <td>60%</td> <td></td> <td>57%</td> <td>60%</td> | | 58% | | 60% | | 57% | 60% | | |
| GAAP operating margin 11% 11% 9% 6% Add: Analysistanests: 277 8.041 9.055 966 Add: Add adjustanests: 4.330 4.727 8.041 9.028 Add: Stock-based cooperation exprise 4.330 4.727 8.041 9.028 Add: Amerization of painupted observer evene write-down 5.748 0.026 11.772 12.481 Add: Analysistane related integration costs 97 412 97 1.248 Add: Coopitation observers 65 - 65 - Add: Coopitation observers 65 - 410 1.277 8.041 9.085 Add: Coopitation observers 65 - 410 1.277 8.041 9.085 45.07 45.907 5.059 45.907 5.059 7.018 5.020 5.020 5.020 5.020 5.020 5.020 5.020 5.020 5.020 5.020 5.020 5.020 5.020 5.020 5.020 5.020 5.020 5.020 5.020 | | | | | | | | | |
| Non-GAP algistances: - | GAAP income from operations | \$ | \$ | | \$ | | \$ | | |
| Add: Acquisition-related deferred revenue write-down — 277 — 866 Add: Suck-based compension related independent on basines combination 57.84 63.05 11.72 12.44 Add: Insurfaced requences on the basines combination 770 — 770 — Add: CR0 transition related infiguration costs 97 412 97 1.246 Add: CR0 transition related infiguration costs — 312 470 688 Add: CR0 transition costs — — 312 470 588 Add: CR0 transition costs — — 312 470 537 Add: CR0 transition costs — — 312 470 537 Add: Restructuring cost — — 312 470 548 Add: CR0 transition costs 11.010 12.070 21.618 22.926 GAAP income from operations 5 2.9280 5 6.623 5 3.021 Stars used in computing GAAP dilucted armings per share 45.061 45.150 45.150 6 2.216 Add: Total Nac-GAAP dilusted armings per share | GAAP operating margin | 11% | | 11% | | 9% | | 8% | |
| Add: Stock-based compensation expense 4,330 4,717 8,041 9,895 Add: Anomization of imagibles from busines combination 5,748 6,266 11,772 12,441 Add: Anomization of imagibles from busines combination 770 - 770 - Add: Acquisition-related integration coss 97 412 97 1,2461 Add: Acquisition-related integration coss 97 412 97 1,2461 Add: Acquisition-related integration coss - 312 870 633 Add: Comparison coss - 312 870 633 Add: Acquisition coss - 11,010 12,070 21,618 28,046 Non-GAAP income from operations 11,010 12,070 21,618 28,046 Non-GAAP income from operations 11,010 12,070 21,618 29,046 Stares used in computing CAAP diluted earnings per share 45,661 45,350 46,027 51,000 GAAP diluted earnings per share 11,010 12,070 21,618 28,046 Add: Loss on debt extinguishments affecting income from operations 11,010 12,070 21,618 <td>Non-GAAP adjustments:</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> | Non-GAAP adjustments: | | | | | | | | |
| Add: Anontization of intangibles from basiness combinations 5,748 6,206 11,772 12,444 Add: Application of capalitized software development costs due to basiness combination 770 — 770 — Add: Application costs 97 412 973 1,246 Add: Application costs 65 — 65 — 325 Add: Application costs — 312 870 635 Add: Application costs — 312 870 635 Add: Application ocots — 312 870 635 Add: Application ocots — 312 870 21,618 28,466 Non-GAAP adjustments 11,010 12,070 21,618 28,466 Non-GAAP operating margin ¹⁰ 1976 21,801 5 45,300 GAAP net income \$ 0,280 \$ 6,623 \$ 13,004 \$ 9,280 Non-GAAP adjustments | Add: Acquisition-related deferred revenue write-down | — | | 277 | | — | | 866 | |
| Add: Inpairment of capitalized software development costs due to business combination 770 − 770 − Add: Acquisition-related express 65 − 1.24 77 1.24 Add: Acquisition-related express 65 − 312 870 6.39 Add: Acquisition-related express - 11.01 12.070 21.618 28.406 Non-GAAP diputaments \$ 77.00 \$ 28.406 \$ 47.318 Non-GAAP income from operations \$ 27.000 \$ 6.6623 \$ 13.99 \$ 9.229 GAAP entit income \$ 9.200 \$ 6.6623 \$ 13.99 \$ 9.229 GAAP entit income \$ 9.200 \$ 6.6623 \$ 13.99 \$ 9.229 GAAP entit income \$ 9.200 \$ 0.15 \$ 0.219 \$ 0.219 GAAP editional carmings per share \$ 0.501 \$ 0.209 \$ 0.219 Add: Total Non-GAAP adjustments 11.010 12.070 21.618 28.406 | Add: Stock-based compensation expense | 4,330 | | 4,717 | | 8,044 | | 9,895 | |
| Add: Acquisition-related integration costs 97 412 97 1.246 Add: Acquisition-related lengences 55 - 65 - Add: Copulation-related lengences - 312 870 633 Add: Copulation costs - - 312 870 633 Add: Copulation costs - - 445 - 3,356 Total Non-GAAP adjustments 11,100 12,070 21,618 28,468 Non-GAAP adjustments 119% 218 47,318 28,468 Shares used in computing GAAP adjustments 5 26,611 45,330 45,807 45,199 GAAP ret income 5 0,20 5 0,21 5 0,22 5 0,21 Non-GAAP adjustments - - - 90 - - 1.01 12,070 21,618 28,060 - 1.03,00 - 1.03,00 - 1.03,00 - - - - - - 1.03,00 - 1.03,00 - 1.03,00 - 1.03,00 - 1.03,00 | Add: Amortization of intangibles from business combinations | 5,748 | | 6,206 | | 11,772 | | 12,404 | |
| Add: Acquisition-related exprnses 65 — 65 — Add: CBC masking costs — 312 870 639 Add: Restructuring costs — 1101 12070 21.618 282.066 Nen-GAAP income from operations \$ 27.006 \$ 25.838 \$ 46.891 \$ 47.318 Nen-GAAP operating margin? 19% 21% 18% 20.06 \$ 45.861 \$ 45.861 \$ 45.861 \$ 45.861 \$ 45.861 \$ 9.209 \$ 0.623 \$ 1.010 10.07 21.618 28.006 \$ 0.20 \$ 0.015 \$ 9.209 \$ 45.861 45.807 45.190 \$ 0.21 \$ 0.20 \$ 0.15 \$ 0.20 \$ 0.21 \$ 0.20 \$ 0.20 \$ 0.21 \$ 0.21 \$ 0.21 \$ 0.20 \$ 0.21 \$ 0.20 \$ 0.21 \$ 0.20 \$ 0.21 \$ 0.21 \$ 0.21 \$ | Add: Impairment of capitalized software development costs due to business combination | 770 | | _ | | 770 | | — | |
| Add: CEO transition costs - 312 870 639 Add: Rentructing costs - - 146 - 3.356 Total Non-GAAP adjustments 11,010 12,070 21,618 28,406 Non-GAAP inconce from operations \$ 27,068 \$ 2,683 \$ 4,7318 Non-GAAP adjustments 10% 210% \$ 18% 20% \$ 18% 20% GAAP net income \$ 9,280 \$ 6,623 \$ 13,02 \$ 9,280 \$ 0,663 \$ 9,280 \$ 0,663 \$ 9,280 \$ 0,200 \$ 0,15 \$ 0,200 \$ 0,15 \$ 0,200 \$ 0,15 \$ 0,20 \$ 0,15 \$ 0,20 \$ 0,15 \$ 0,20 \$ 0,21 \$ 2,2,406 Add: Total Non-GAAP adjustments - <td>Add: Acquisition-related integration costs</td> <td>97</td> <td></td> <td>412</td> <td></td> <td>97</td> <td></td> <td>1,246</td> | Add: Acquisition-related integration costs | 97 | | 412 | | 97 | | 1,246 | |
| Add: Restructuring costs | Add: Acquisition-related expenses | 65 | | - | | 65 | | _ | |
| Total Non-GAAP adjustments 11,010 12,070 21,618 28,406 Non-GAAP income from operations \$ 27,006 \$ 26,338 \$ 46,901 \$ 47,318 Non-GAAP operating margin® 19% 21% 118% 20% 118% 20% GAAP net income \$ 9,200 \$ 6,623 \$ 11,004 \$ 9,209 Shares used in computing GAAP diluted earnings per share 45,661 45,350 \$ 0,20 \$ 0,15 \$ 0,20 \$ 0,21 Non-GAAP adjustments: | Add: CEO transition costs | — | | 312 | | 870 | | 639 | |
| Non-GAAP income from operations S 27,00 S 26,388 S 46,891 S 47,318 Non-GAAP operating margin** 19% 21% 21% 20% GAAP net income \$ 9,260 \$ 6,623 \$ 1,304 \$ 9,289 Shares used in computing GAAP diluted earnings per share 45,661 45,350 45,607 45,100 GAAP diluted earnings per share 45,661 45,350 \$ 0,29 \$ 0,21 Non-GAAP adjustments affecting income from operations 11,100 12,070 \$ 28,466 Add: Icas on delt excinguithment and termination of derivative instruments - - 996 - Less: Tax inspace related to Non-GAAP adjustment and termination of derivative instruments - - 996 - Less: Tax inspace related to Non-GAAP adjustment and termination of derivative instruments - - 996 - Less: Tax inspace related to Non-GAAP adjustments - - 996 - - Share used in computing Non-GAAP diluted earnings per share | Add: Restructuring costs | _ | | 146 | | _ | | 3,356 | |
| Non-GAAP operating margin" 19% 21% 18% 20% GAAP net income \$ 9,280 \$ 6,623 \$ 13,094 \$ 9,289 Shares used in computing GAAP diluted earnings per share 45,661 45,350 45,607 45,190 GAAP adjustments: \$ 0,20 \$ 0,15 \$ 0,29 \$ 0,21 \$ 0,22 \$ 0,21 Non-GAAP adjustments affecting income from operations 11,010 12,070 221,618 28,406 Add: Loss on debt extinguishments affecting income from operations 11,010 12,070 21,618 28,406 Add: Loss on debt extinguishments affecting income from operations 11,010 12,070 221,618 28,406 Add: Loss on debt extinguishments affecting income from operations 11,010 12,070 24,618 28,406 Add: Loss on debt extinguishments affecting income from operations 11,010 12,070 24,618 28,406 Add: Loss on debt extinguishments - - 996 - - Less: Tax impact related to Non-GAAP diluted earnings per share 45,661 45,607 45,109 5 26,915 | Total Non-GAAP adjustments | 11,010 | | 12,070 | | 21,618 | | 28,406 | |
| GAAP net income \$ 9,280 \$ 6,623 \$ 13,094 \$ 9,289 Shares used in computing GAAP diluted earnings per share 45,661 45,330 45,607 45,190 GAAP diluted earnings per share \$ 0,20 \$ 0,15 \$ 0,29 \$ 0,21 Non-GAAP adjustments: 2 0,20 \$ 0,15 \$ 0,29 \$ 0,21 Non-GAAP adjustments: 2 0,20 \$ 0,15 \$ 0,29 \$ 0,21 Non-GAAP adjustments: 2 0,01 2 1,618 2 8,406 Add: Loss on debt extinguishment and termination of derivative instruments - - - 996 - - Less: Tak impact related to Non-GAAP adjustments (10,880) (3,649) (4,733) (10,880) 10,880 - 5 0,33 \$ 0,59 \$ 0,59 | Non-GAAP income from operations | \$ 27,006 | \$ | 26,388 | \$ | 46,891 | \$ | 47,318 | |
| Shares used in computing GAAP diluted earnings per share 45,661 45,330 45,607 45,190 GAAP diluted earnings per share \$ 0.20 \$ 0.15 \$ 0.29 \$ 0.21 Non-GAAP adjustments: | Non-GAAP operating margin ⁽¹⁾ | 19% | | 21% | | 18% | | 20% | |
| GAAP diluted earnings per share 5 0.20 S 0.15 S 0.29 S 0.21 Non-GAAP adjustments: | GAAP net income | \$ 9,280 | \$ | 6,623 | \$ | 13,094 | \$ | 9,289 | |
| Non-GAAP adjustments: 11,010 12,070 21,618 28,406 Add: Total Non-GAAP adjustments affecting income from operations 11,010 12,070 21,618 28,406 Add: Loss on debt extinguishment and termination of derivative instruments — — 996 — Less: Tax impact related to Non-GAAP adjustments (4,480) (3,684) (8,793) (10,880) Non-GAAP net income \$ 15,810 \$ 15,009 \$ 26,915 \$ 26,815 Shares used in computing Non-GAAP adjustments \$ 0.35 \$ 0.33 \$ 0.59 \$ 0.59 Stares used in computing Non-GAAP adjustments: \$ 0.35 \$ 0.33 \$ 0.59 \$ 0.59 Detail of certain Non-GAAP adjustments: \$ 175 \$ 189 \$ 3.64 \$ 415 Cost of subscriptions \$ 175 \$ 189 \$ 415 256 Subtotal 953 976 1,829 2,107 2,107 2,1 | Shares used in computing GAAP diluted earnings per share | 45,661 | | 45,350 | | 45,607 | | 45,190 | |
| Non-GAAP adjustments: 11,010 12,070 21,618 28,406 Add: Total Non-GAAP adjustments affecting income from operations 11,010 12,070 21,618 28,406 Add: Loss on debt extinguishment and termination of derivative instruments — — 996 — Less: Tax impact related to Non-GAAP adjustments (4,480) (3,684) (8,793) (10,880) Non-GAAP net income \$ 15,810 \$ 15,009 \$ 26,915 \$ 26,815 Shares used in computing Non-GAAP adjustments \$ 0.35 \$ 0.33 \$ 0.59 \$ 0.59 Stares used in computing Non-GAAP adjustments: \$ 0.35 \$ 0.33 \$ 0.59 \$ 0.59 Detail of certain Non-GAAP adjustments: \$ 175 \$ 189 \$ 3.64 \$ 415 Cost of subscriptions \$ 175 \$ 189 \$ 415 256 Subtotal 953 976 1,829 2,107 2,107 2,1 | GAAP diluted earnings per share | \$ 0.20 | \$ | 0.15 | \$ | 0.29 | \$ | 0.21 | |
| Add: Total Non-GAAP adjustments affecting income from operations 11.010 12.070 21.618 28.066 Add: Loss on debt extinguishment and termination of derivative instruments — — — 996 — Less: Tax impact related to Non-GAAP adjustments (4.480) (3.684) (8.793) (10.880) Non-GAAP net income \$ 15.810 \$ 15.009 \$ 26.915 \$ 26.915 Shares used in computing Non-GAAP diluted earnings per share 45.661 45.350 45.607 45.190 Non-GAAP diluted earnings per share \$ 0.35 \$ 0.33 \$ 0.59 \$ 0.59 Detail of certain Non-GAAP adjustments: * * * 45.601 45.607 45.190 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ | 01 | | | | | | | | |
| Add: Loss on debt extinguishment and termination of derivative instruments – – 996 – Less: Tax impact related to Non-GAAP adjustments (4.480) (3.684) (8.793) (10.880) Non-GAAP net income \$ 15.810 \$ 15.009 \$ 26.915 \$ 26.915 Shares used in computing Non-GAAP diluted earnings per share 45.661 45.350 45.607 45.190 Non-GAAP diluted earnings per share \$ 0.35 \$ 0.33 \$ 0.59 \$ 0.59 Detail of certain Non-GAAP adjustments: 3.017 \$ 189 \$ 0.44 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ 0.59 \$ 1.55 \$ 0.59 \$ 1.55 \$ 1.63 \$ 1.55 \$ | Non-GAAP adjustments: | | | | | | | | |
| Less: Tax impact related to Non-GAAP adjustments (4.480) (3.684) (6.793) (10.880) Non-GAAP net income \$ 15.810 \$ 15.009 \$ 26,915 \$ 26,815 Shares used in computing Non-GAAP diluted earnings per share 45,661 45,350 45,607 45,190 Non-GAAP diluted earnings per share \$ 0.33 \$ 0.33 \$ 0.59 \$ 0.59 Detail of certain Non-GAAP adjustments: \$ 0.59 \$ 1.50 \$ 1.50 \$ 1.50 \$ 1.50 \$ 1.50 \$ </td <td>Add: Total Non-GAAP adjustments affecting income from operations</td> <td>11,010</td> <td></td> <td>12,070</td> <td></td> <td>21,618</td> <td></td> <td>28,406</td> | Add: Total Non-GAAP adjustments affecting income from operations | 11,010 | | 12,070 | | 21,618 | | 28,406 | |
| Non-GAAP net income \$ 15,810 \$ 15,009 \$ 26,915 \$ 26,815 Shares used in computing Non-GAAP diluted earnings per share 45,661 45,350 45,607 45,190 Non-GAAP diluted earnings per share \$ 0.33 \$ 0.59 \$ 0.59 Non-GAAP diluted earnings per share \$ 0.33 \$ 0.59 \$ 0.59 Detail of certain Non-GAAP adjustments: \$ 0.33 \$ 0.59 \$ 0.59 Stock-based compensation expense: Cost of revenue \$ 175 \$ 189 \$ 364 \$ 415 Cost of subscriptions \$ 175 \$ 189 \$ 341 256 Subtotal 953 976 1,829 2,107 \$ \$ 1,432 2,107 Operating expenses \$ 588 545 1,059 1,243 \$ Subtotal 953 962 1,622 1,424 2,215 \$ | Add: Loss on debt extinguishment and termination of derivative instruments | _ | | _ | | 996 | | _ | |
| Shares used in computing Non-GAAP diluted earnings per share 45,661 45,350 45,607 45,190 Non-GAAP diluted earnings per share \$ 0.33 \$ 0.33 \$ 0.59 \$ 0.59 Detail of certain Non-GAAP adjustments: 0.59 \$ 1.65 \$ 1.65 \$ 1.65 \$ 1.65 \$ 1.65 \$ 1.65 \$ 1.65 \$ 1.243 \$ 2.15 \$ <t< td=""><td>Less: Tax impact related to Non-GAAP adjustments</td><td> (4,480)</td><td></td><td>(3,684)</td><td></td><td>(8,793)</td><td></td><td>(10,880)</td></t<> | Less: Tax impact related to Non-GAAP adjustments | (4,480) | | (3,684) | | (8,793) | | (10,880) | |
| Non-GAAP diluted earnings per share \$ 0.33 \$ 0.59 \$ 0.59 Detail of certain Non-GAAP adjustments: Stock-based compensation expense: Stock-based compensation expense: <td>Non-GAAP net income</td> <td>\$ 15,810</td> <td>\$</td> <td>15,009</td> <td>\$</td> <td>26,915</td> <td>\$</td> <td>26,815</td> | Non-GAAP net income | \$ 15,810 | \$ | 15,009 | \$ | 26,915 | \$ | 26,815 | |
| Non-GAAP diluted earnings per share \$ 0.33 \$ 0.59 \$ 0.59 Detail of certain Non-GAAP adjustments: Stock-based compensation expense: Stock-based compensation expense: <td></td> <td>45.001</td> <td></td> <td>45.250</td> <td></td> <td>45 607</td> <td></td> <td>45 100</td> | | 45.001 | | 45.250 | | 45 607 | | 45 100 | |
| Detail of certain Non-GAAP adjustments: Stock-based compensation expense: Cost of revenue Cost of subscriptions \$ 175 \$ 189 \$ 364 \$ 415 Cost of services 582 593 1,124 1,436 Cost of maintenance 196 194 341 256 Subtotal 953 976 1,829 2,107 Operating expenses 588 545 1,059 1,243 Research and development 762 1,062 1,424 2,215 General and administrative 2,027 2,134 3,732 4,330 Subtotal 3,377 3,741 6,215 7,788 | | | * | | _ | | <u> </u> | | |
| Stock-based compensation expense: Cost of revenue Cost of subscriptions \$ 175 \$ 189 \$ 364 \$ 415 Cost of services 582 593 1,124 1,436 Cost of maintenance 196 194 341 256 Subtotal 953 976 1,829 2,107 Operating expenses 588 545 1,059 1,243 Research and development 762 1,062 1,424 2,215 General and administrative 2,027 2,134 3,732 4,330 Subtotal 3,377 3,741 6,215 7,788 | Non-GAAP diluted earnings per share | \$ 0.35 | \$ | 0.33 | \$ | 0.59 | \$ | 0.59 | |
| Cost of revenue \$ 175 \$ 189 \$ 364 \$ 415 Cost of subscriptions 582 593 1,124 1,436 Cost of services 582 593 1,124 1,436 Cost of maintenance 196 194 341 256 Subtotal 953 976 1,829 2,107 Operating expenses 953 976 1,829 2,107 Sales and marketing 588 545 1,059 1,243 Research and development 762 1,062 1,424 2,215 General and administrative 2,027 2,134 3,732 4,330 Subtotal 3,377 3,741 6,215 7,788 | Detail of certain Non-GAAP adjustments: | | | | | | | | |
| Cost of subscriptions \$ 175 \$ 189 \$ 364 \$ 415 Cost of services 582 593 1,124 1,436 Cost of naintenance 196 194 341 256 Subtotal 953 976 1,829 2,107 Operating expenses 953 976 1,829 2,107 Sales and marketing 588 545 1,059 1,243 Research and development 762 1,062 1,424 2,215 General and administrative 2,027 2,134 3,732 4,330 Subtotal 3,377 3,741 6,215 7,788 | Stock-based compensation expense: | | | | | | | | |
| Cost of services 582 593 1,124 1,436 Cost of maintenance 196 194 341 256 Subtotal 953 976 1,829 2,107 Operating expenses 588 545 1,059 1,243 Research and development 588 545 1,059 1,243 General and administrative 2,027 2,134 3,732 4,330 Subtotal 3,377 3,741 6,215 7,788 | Cost of revenue | | | | | | | | |
| Cost of maintenance 196 194 341 256 Subtotal 953 976 1,829 2,107 Operating expenses 588 545 1,059 1,243 Research and development 762 1,062 1,424 2,215 General and administrative 2,027 2,134 3,732 4,330 Subtotal 3,377 3,741 6,215 7,788 | Cost of subscriptions | \$ 175 | \$ | 189 | \$ | 364 | \$ | 415 | |
| Subtotal 953 976 1,829 2,107 Operating expenses 588 545 1,059 1,243 Sales and marketing 588 545 1,059 1,243 Research and development 762 1,062 1,424 2,215 General and administrative 2,027 2,134 3,732 4,330 Subtotal 3,377 3,741 6,215 7,788 | Cost of services | 582 | | 593 | | 1,124 | | 1,436 | |
| Operating expenses Sales and marketing 588 545 1,059 1,243 Research and development 762 1,062 1,424 2,215 General and administrative 2,027 2,134 3,732 4,330 Subtotal 3,377 3,741 6,215 7,788 | Cost of maintenance | 196 | | 194 | | 341 | | 256 | |
| Sales and marketing 588 545 1,059 1,243 Research and development 762 1,062 1,424 2,215 General and administrative 2,027 2,134 3,732 4,330 Subtotal 3,377 3,741 6,215 7,788 | Subtotal | 953 | | 976 | | 1,829 | | 2,107 | |
| Research and development 762 1,062 1,424 2,215 General and administrative 2,027 2,134 3,732 4,330 Subtotal 3,377 3,741 6,215 7,788 | Operating expenses | | | | | | | | |
| General and administrative 2,027 2,134 3,732 4,330 Subtotal 3,377 3,741 6,215 7,788 | Sales and marketing | 588 | | 545 | | 1,059 | | 1,243 | |
| Subtotal 3,377 3,741 6,215 7,788 | Research and development | 762 | | 1,062 | | 1,424 | | 2,215 | |
| | General and administrative | 2,027 | | 2,134 | | 3,732 | | 4,330 | |
| Total stock-based compensation expense \$ 4,330 \$ 4,717 \$ 8,044 \$ 9,895 | Subtotal | 3,377 | | 3,741 | | 6,215 | | 7,788 | |
| | Total stock-based compensation expense | \$ 4,330 | \$ | 4,717 | \$ | 8,044 | \$ | 9,895 | |

Amortization of intangibles from business combinations:

| Cost of revenue | | | | | |
|--|-------------|-------------|----|--------|--------------|
| Cost of license fees | \$ 87 | \$ 126 | \$ | 174 | \$ 247 |
| Cost of subscriptions | 4,434 | 4,678 | | 8,994 | 9,312 |
| Cost of services | 676 | 633 | | 1,332 | 1,266 |
| Cost of maintenance | 115 | 114 | | 230 | 228 |
| Cost of other revenue | 18 | 19 | | 37 | 37 |
| Subtotal | 5,330 | 5,570 | : | 10,767 | 11,090 |
| Operating expenses | 418 | 636 | | 1,005 | 1,314 |
| Total amortization of intangibles from business combinations | \$ 5,748 | \$ 6,206 | \$ | 11,772 | \$ 12,404 |

(1) For purposes of calculating non-GAAP gross margin and non-GAAP operating margin for the three and six months ended June 30, 2013, non-GAAP revenue includes a write-down of acquisition-related deferred revenue of \$277 thousand and \$866 thousand, respectively.