

Bridgeline Software, Inc.  
Form 10QSB  
August 14, 2008

---

---

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

---

FORM 10-QSB

---

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2008

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

Commission File Number: 333-139298

---

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

---

Delaware  
(State or other jurisdiction of  
incorporation or organization)

52-2263942  
(I.R.S. Employer  
Identification No.)

10 Sixth Road  
Woburn, MA  
(Address of principal executive offices)

01801  
(Zip Code)

(781) 376-5555  
(Registrant's telephone number, including area code)

Edgar Filing: Bridgeline Software, Inc. - Form 10QSB

(Former name, former address and former fiscal year, if changed since last report)

---

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

Common Stock, par value \$0.001 per share, outstanding as of August 11, 2008: 10,611,969

Transitional Small Business Disclosure Format (check one): Yes  No

---

---

Bridgeline Software, Inc.

Quarterly Report on Form 10-QSB  
For the Quarterly Period ended June 30, 2008

Index

		Page
Part I	Financial Information	
Item 1.	Financial Statements (unaudited)	
	Consolidated Balance Sheets as of June 30, 2008 and September 30, 2007	4
	Consolidated Statements of Operations for the three and nine months ended June 30, 2008 and 2007	5
	Consolidated Statements of Cash Flows for the nine months ended June 30, 2008 and 2007	6
	Notes to Consolidated Financial Statements	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	14
Item 3.	Controls and Procedures	23
Part II	Other Information	
Item 1.	Legal Proceedings	25
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	25
Item 3.	Defaults Upon Senior Securities	26
Item 4.	Submission of Matters to a Vote of Security Holders	26
Item 5.	Other Information	26
Item 6.	Exhibits	26
Signatures		28

Bridgeline Software, Inc.  
Quarterly Report on Form 10-QSB  
For the Quarterly Period ended June 30, 2008

Statements contained in this Report on Form 10-QSB that are not based on historical facts are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of forward-looking terminology such as “should,” “could,” “may,” “will,” “expect,” “believe,” “estimate,” “anticipate,” “intends,” “continue,” or similar terms or variations of those terms or the negative of those terms. These statements appear in a number of places in this Form 10-QSB and include statements regarding the intent, belief or current expectations of Bridgeline Software, Inc. Forward-looking statements are merely our current predictions of future events. Investors are cautioned that any such forward-looking statements are inherently uncertain, are not guaranties of future performance and involve risks and uncertainties. Actual results may differ materially from our predictions. Important factors that could cause actual results to differ from our predictions include our limited operating history, our license renewal rate, our inability to manage our future growth efficiently or profitably, our inability to find, complete and integrate additional acquisitions, the acceptance of our products, the performance of our products, our dependence on our management team and key personnel, our ability to hire and retain future key personnel or the impact of competition and our ability to maintain margins or market share. Although we have sought to identify the most significant risks to our business, we cannot predict whether, or to what extent, any of such risks may be realized, nor is there any assurance that we have identified all possible issues which we might face. We assume no obligation to update our forward-looking statements to reflect new information or developments. We urge readers to review carefully the risk factors described in our Registration Statement on Form SB-2 as well as in the other documents that we file with the Securities and Exchange Commission. You can read these documents at [www.sec.gov](http://www.sec.gov).

Where we say “we,” “us,” “our,” “Company” or “Bridgeline Software” we mean Bridgeline Software, Inc.

## PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.  
Bridgeline Software, Inc.

Consolidated Balance Sheets  
(Dollars in thousands except per share data)  
(unaudited)

	June 30, 2008	September 30, 2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,274	\$ 5,219
Accounts receivable, net of allowance of \$180 and \$101	2,872	2,892
Unbilled receivables	1,691	355
Prepaid expenses and other current assets	545	192
Total current assets	7,382	8,658
Property and equipment, net	1,197	961
Definite-lived intangible assets	2,177	1,441
Goodwill	16,972	14,426
Other assets	629	273
Total assets	\$ 28,357	\$ 25,759
Liabilities and stockholders' equity		
Current liabilities:		
Capital lease obligations – current	\$ 115	\$ 76
Accounts payable	989	652
Deferred revenue	590	725
Accrued liabilities	1,293	1,266
Total current liabilities	2,987	2,719
Capital lease obligations, less current portion	133	146
Other long term liabilities	19	19
Total liabilities	3,139	2,884
Commitments and contingencies		
Stockholders' equity:		
Preferred stock - \$.001 par value; 1,000,000 shares authorized; none issued and outstanding	—	—
Common stock - \$.001 par value; 20,000,000 shares authorized, 9,489,159 and 8,648,950 shares issued and outstanding, respectively	10	9
Additional paid-in capital	31,121	28,908
Accumulated deficit	(5,844)	(6,060)
Accumulated other comprehensive income	(69)	18
Total stockholders' equity	25,218	22,875
Total liabilities and stockholders' equity	\$ 28,357	\$ 25,759

The accompanying notes are an integral part of these consolidated financial statements

Bridgeline Software, Inc.

Consolidated Statements of Operations  
(Dollars in thousands except per share data)  
(unaudited)

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
Revenue:				
Web development services	\$ 4,585	\$ 1,823	\$ 12,494	\$ 5,507
Managed services	735	556	2,028	1,153
Product license & subscription	380	90	779	341
Total revenue	5,700	2,469	15,301	