

CIBER INC
Form 10-Q
May 05, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2010

OR

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

For the transition period from _____ to _____

Commission File Number: 001-13103

CIBER, INC.

(Exact name of Registrant as specified in its charter)

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Delaware

(State or other jurisdiction of incorporation or organization)

38-2046833

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

6363 South Fiddler s Green Circle, Suite 1400,

Greenwood Village, Colorado

(Address of Principal Executive Offices)

80111

(Zip Code)

(303) 220-0100

(Registrant s telephone number, including area code)

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

There were 69,200,770 shares of the registrant s Common Stock outstanding as of March 31, 2010.

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CIBER, Inc.

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Table of Contents**CIBER, Inc. and Subsidiaries****Consolidated Statements of Operations***(In thousands, except per share data)**(Unaudited)*

| | Three Months Ended March 31, | |
|--|-------------------------------------|-------------|
| | 2009 | 2010 |
| Consulting services | \$ 247,962 | \$ 251,647 |
| Other revenue | 10,513 | 11,043 |
| Total revenue | 258,475 | 262,690 |
| Cost of consulting services | 187,273 | 190,515 |
| Cost of other revenue | 6,320 | 6,636 |
| Selling, general and administrative expenses | 56,458 | 57,128 |
| Amortization of intangible assets | 1,408 | 1,254 |
| Operating income | 7,016 | 7,157 |
| Interest income | 169 | 95 |
| Interest expense | (1,570) | (2,013) |
| Other income, net | 1,098 | 61 |
| Income before income taxes | 6,713 | 5,300 |
| Income tax expense | 2,416 | 2,000 |
| Consolidated net income | 4,297 | 3,300 |
| Less: Net income (loss) noncontrolling interests | 32 | (225) |
| Net income CIBER, Inc. | \$ 4,265 | \$ 3,525 |
| Net income per share CIBER, Inc.: | | |
| Basic | \$ 0.07 | \$ 0.05 |
| Diluted | \$ 0.07 | \$ 0.05 |
| Weighted average shares outstanding: | | |
| Basic | 63,151 | 69,353 |
| Diluted | 63,178 | 69,633 |

See accompanying notes to unaudited consolidated financial statements.

Table of Contents**CIBER, Inc. and Subsidiaries****Consolidated Balance Sheets***(In thousands, except per share data)**(Unaudited)*

| | December 31, 2009 | March 31, 2010 |
|---|----------------------|-------------------|
| <u>Assets</u> | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 67,424 | \$ 50,827 |
| Accounts receivable, net of allowances of \$3,192 and \$3,546, respectively | 213,100 | 216,300 |
| Prepaid expenses and other current assets | 22,727 | 26,746 |
| Deferred income taxes | 6,627 | 8,003 |
| Total current assets | 309,878 | 301,876 |
| Property and equipment, at cost | 82,788 | 84,968 |
| Less accumulated depreciation | (57,958) | (60,500) |
| Property and equipment, net | 24,830 | 24,468 |
| Goodwill | 450,739 | 442,374 |
| Other intangible assets, net | 5,159 | 3,800 |
| Other assets | 12,650 | 10,323 |
| Total assets | \$ 803,256 | \$ 782,841 |
| <u>Liabilities and Equity</u> | | |
| Current liabilities: | | |
| Current portion of long-term debt | \$ 10,697 | \$ 10,817 |
| Accounts payable | 33,981 | 29,338 |
| Accrued compensation and related liabilities | 65,747 | 61,214 |
| Deferred revenue | 17,634 | 19,365 |
| Income taxes payable | 10,402 | 10,659 |
| Other accrued expenses and liabilities | 34,563 | 32,822 |
| Total current liabilities | 173,024 | 164,215 |
| Long-term debt | 87,500 | 83,245 |
| Deferred income taxes | 36,486 | 38,256 |
| Total liabilities | 297,010 | 285,716 |
| Commitments and contingencies | | |
| CIBER, Inc. shareholders' equity: | | |
| Preferred stock, \$0.01 par value, 1,000 shares authorized, no shares issued | | |
| Common stock, \$0.01 par value, 100,000 shares authorized, 74,487 shares issued | 745 | 745 |
| Additional paid-in capital | 322,999 | 323,520 |
| Retained earnings | 199,668 | 202,524 |
| Accumulated other comprehensive income | 12,193 | 288 |
| Treasury stock, 5,005 and 5,287 shares, at cost | (30,069) | (30,424) |
| Total CIBER, Inc. shareholders' equity | 505,536 | 496,653 |
| Noncontrolling interests | 710 | 472 |
| Total equity | 506,246 | 497,125 |

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| | | | | |
|------------------------------|----|---------|----|---------|
| Total liabilities and equity | \$ | 803,256 | \$ | 782,841 |
|------------------------------|----|---------|----|---------|

See accompanying notes to unaudited consolidated financial statements.

Table of Contents**CIBER, Inc. and Subsidiaries****Consolidated Statement of Changes in Equity***(In thousands)**(Unaudited)*

| | Common Stock | | Treasury Stock | | Additional | Retained | Accumulated | Noncontrolling | Total |
|---|--------------|--------|----------------|-------------|------------|------------|-------------|----------------|------------|
| | Shares | Amount | Shares | Amount | Paid-in | Earnings | Other | Interests | Equity |
| | | | | | Capital | | Income | | |
| Balances at January 1, 2010 | 74,487 | \$ 745 | (5,005) | \$ (30,069) | \$ 322,999 | \$ 199,668 | \$ 12,193 | \$ 710 | \$ 506,246 |
| Consolidated net income | | | | | | 3,525 | | (225) | 3,300 |
| Loss on hedging activity, net of \$19 tax | | | | | | | (32) | | (32) |
| Foreign currency translation | | | | | | | (11,873) | (13) | (11,886) |
| Treasury shares issued under employee share plans | | | 277 | 1,653 | (492) | (625) | | | 536 |
| Tax benefit from employee share plans | | | | | 53 | | | | 53 |
| Share-based compensation | | | 20 | 119 | 960 | (44) | | | 1,035 |
| Purchases of treasury stock | | | (579) | (2,127) | | | | | (2,127) |
| Balances at March 31, 2010 | 74,487 | \$ 745 | (5,287) | \$ (30,424) | \$ 323,520 | \$ 202,524 | \$ 288 | \$ 472 | \$ 497,125 |

See accompanying notes to unaudited consolidated financial statements.

Table of Contents**CIBER, Inc. and Subsidiaries****Consolidated Statements of Cash Flows***(In thousands)**(Unaudited)*

| | Three Months Ended March 31, | |
|--|-------------------------------------|-------------|
| | 2009 | 2010 |
| Operating activities: | | |
| Consolidated net income | \$ 4,297 | \$ 3,300 |
| Adjustments to reconcile consolidated net income to net cash provided by (used in) operating activities: | | |
| Depreciation | 3,025 | 2,999 |
| Amortization of intangible assets | 1,408 | 1,254 |
| Deferred income tax expense (benefit) | (173) | 220 |
| Provision for doubtful receivables | 153 | 746 |
| Share-based compensation expense | 1,076 | 1,035 |
| Other, net | 315 | 1,480 |
| Changes in operating assets and liabilities, net of acquisitions: | | |
| Accounts receivable | 2,325 | (8,110) |
| Other current and long-term assets | (699) | (2,249) |
| Accounts payable | (9,691) | (3,880) |
| Accrued compensation and related liabilities | (4,628) | (2,715) |
| Other accrued expenses and liabilities | 4,636 | 585 |
| Income taxes payable/refundable | 3,645 | 532 |
| Net cash provided by (used in) operating activities | 5,689 | (4,803) |
| Investing activities: | | |
| Acquisitions, net of cash acquired | (4,258) | |
| Purchases of property and equipment, net | (3,163) | (3,046) |
| Net cash used in investing activities | (7,421) | (3,046) |
| Financing activities: | | |
| Borrowings on long-term debt | 104,932 | 78,135 |
| Payments on long-term debt | (136,022) | (82,771) |
| Sale of common stock, net of \$200 of issuance costs | 23,215 | |
| Employee stock purchases and options exercised | 429 | 536 |
| Purchases of treasury stock | (1,723) | (2,127) |
| Excess tax benefits from share-based compensation | | 53 |
| Credit facility origination/amendment fees paid | | (501) |
| Net cash used in financing activities | (9,169) | (6,675) |
| Effect of foreign exchange rate changes on cash and cash equivalents | (1,445) | (2,073) |
| Net decrease in cash and cash equivalents | (12,346) | (16,597) |
| Cash and cash equivalents, beginning of period | 48,849 | 67,424 |
| Cash and cash equivalents, end of period | \$ 36,503 | \$ 50,827 |

See accompanying notes to unaudited consolidated financial statements.

See accompanying notes to unaudited consolidated financial statements.

Table of Contents**CIBER, Inc. and Subsidiaries****Notes to Unaudited Consolidated Financial Statements****(1) Basis of Presentation**

The accompanying unaudited interim consolidated financial statements of CIBER, Inc. and subsidiaries (together, "CIBER," "the Company," "we," "our," or "us") have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") for quarterly reports on Form 10-Q and do not include all of the information and note disclosures required by U.S. generally accepted accounting principles for complete financial statements. These consolidated financial statements should therefore be read in conjunction with the consolidated financial statements and notes thereto for the fiscal year ended December 31, 2009, included in our Annual Report on Form 10-K filed with the SEC. The accompanying unaudited interim consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles and include all adjustments of a normal, recurring nature that are, in the opinion of management, necessary to present fairly the financial position and results of operations for the interim periods presented. The results of operations for an interim period are not necessarily indicative of the results of operations for a full fiscal year. Certain prior period amounts have been reclassified to conform to the current period presentation.

Other Income, Net Other income, net consisted of the following:

| | Three Months Ended March 31, | |
|-----------------------------|-------------------------------------|-------------|
| | 2009 | 2010 |
| | (In thousands) | |
| Foreign exchange gains, net | \$ 1,091 | \$ 60 |
| Other, net | 7 | 1 |
| Other income, net | \$ 1,098 | \$ 61 |

Fair Value The carrying values of our cash and cash equivalents, accounts receivable and accounts payable approximate their fair values due to their short-term nature. The fair value of derivative instruments such as interest rate swaps is determined utilizing market-based information. The book values of the borrowings under our senior credit facility and our other bank debt approximate their fair values due to either their variable interest rates or their short-term nature.

We currently have an interest rate swap that matures on March 31, 2012, and effectively converts \$25.0 million of our borrowings under our Senior Credit Facility from a variable-rate instrument into a 1.77% fixed-rate instrument, plus the applicable margin. At March 31, 2010, the estimated unrealized loss on our interest rate swap was \$371,000.

Recently Adopted Accounting Pronouncements In October 2009, the Financial Accounting Standards Board issued amended revenue recognition guidance for arrangements with multiple deliverables. Excluding specific software revenue guidance, an entity is required to allocate arrangement consideration using the relative selling price method to each deliverable in a multiple deliverable arrangement. The new

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guidance requires the use of management's best estimate of selling price for the deliverables in an arrangement when vendor specific objective evidence, vendor objective evidence or third party evidence of the selling price is not available. In accordance with the guidance, CIBER has elected to early adopt its provisions on a prospective basis for all new or materially-modified arrangements entered into on, or after January 1, 2010. The adoption of this guidance did not have a material impact on the 2010 Consolidated Financial Statements. In addition, if applied to transactions in the year ended December 31, 2009, the amended accounting standards for multiple deliverable revenue arrangements would not have resulted in a material change to our reported revenue for that fiscal period. Based on how CIBER has historically contracted with our clients, we have few multiple deliverable contracts that are affected by this change in accounting.

Table of Contents**(2) Net Income Per Share**

Our computation of net income per share basic and diluted is as follows:

| | | Three Months Ended March 31, | |
|---|-------------|---|-------------|
| | | 2009 | 2010 |
| | | (In thousands, except per share amounts) | |
| Numerator: | | | |
| Net income | CIBER, Inc. | \$ 4,265 | \$ 3,525 |
| Denominator: | | | |
| Basic weighted average shares outstanding | | 63,151 | 69,353 |
| Dilutive effect of employee share plans | | 27 | 280 |
| Diluted weighted average shares outstanding | | 63,178 | 69,633 |
| Earnings per share | basic | \$ 0.07 | \$ 0.05 |
| Earnings per share | diluted | \$ 0.07 | \$ 0.05 |

Dilutive securities are excluded from the diluted weighted average shares outstanding computation in periods in which they have an anti-dilutive effect, such as when stock options have an exercise price that is greater than the average market price of CIBER common stock during the period. The approximate average number of anti-dilutive securities omitted from the computation of diluted weighted average shares outstanding was 8,983,000 and 9,040,000 for the three months ended March 31, 2009 and 2010, respectively.

(3) Comprehensive Loss

The components of comprehensive loss were as follows:

| | | Three Months Ended March 31, | |
|--|-------------|-------------------------------------|-------------|
| | | 2009 | 2010 |
| | | (In thousands) | |
| Comprehensive loss: | | | |
| Consolidated net income | | \$ 4,297 | \$ 3,300 |
| Loss on hedging activity, net of tax | | (173) | (32) |
| Foreign currency translation adjustments | | (7,814) | (11,886) |
| Comprehensive loss | | (3,690) | (8,618) |
| Less: Comprehensive income (loss) noncontrolling interests | | 32 | (238) |
| Comprehensive loss | CIBER, Inc. | \$ (3,722) | \$ (8,380) |

(4) Segment Information

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Our reportable segments are our operating divisions, which are organized internally primarily by the nature of their services, client base and geography, and consist of our International division, which includes Europe, Eastern Asia, Australia and New Zealand, and our Custom Solutions, IT Outsourcing, Federal and U.S. ERP divisions. Our International division provides a broad range of information technology (IT) consulting services, including package software implementation, application development, systems integration and support services. Our Custom Solutions and Federal divisions provide IT services and products in custom-developed software environments. Our India-based operations are considered part of our Custom Solutions division. Our IT Outsourcing division offers a set of solutions that span the entire spectrum of IT infrastructure and IT operations services. Our U.S. ERP division primarily provides enterprise software implementation services, including enterprise resource planning (ERP) software from software vendors such as Oracle, SAP and Lawson for U.S. customers. At the end of 2009, we made several changes to our divisions. All 2009 segment data from before the implementation of these changes has been adjusted to conform to the 2010 presentation.

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The following presents financial information about our reporting segments:

| | Three Months Ended March 31, | |
|--------------------------------|-------------------------------------|-------------------|
| | 2009 | 2010 |
| | (In thousands) | |
| Total revenue: | | |
| International | \$ 81,824 | \$ 92,006 |
| Custom Solutions | 100,149 | 88,427 |
| U.S. ERP | 29,322 | 36,206 |
| Federal | 28,789 | 30,017 |
| IT Outsourcing | 19,102 | 17,588 |
| Corporate/Inter-segment | (711) | (1,554) |
| Total revenue | \$ 258,475 | \$ 262,690 |
| Income from operations: | | |
| International | \$ 3,910 | \$ 4,099 |
| Custom Solutions | 7,829 | 6,925 |
| U.S. ERP | 730 | 3,460 |
| Federal | 1,785 | 1,113 |
| IT Outsourcing | (13) | (470) |
| Corporate expenses | (5,817) | (6,716) |
| Total | 8,424 | 8,411 |
| Amortization of intangibles | (1,408) | (1,254) |
| Operating income | \$ 7,016 | \$ 7,157 |

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our Unaudited Consolidated Financial Statements and related Notes included elsewhere in this Quarterly Report on Form 10-Q and our Audited Consolidated Financial Statements and related Notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2009, and with the information under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2009. References to we, our, us, the Company or CIBER in this Quarterly Report on Form 10-Q refer to CIBER, Inc. and its subsidiaries.

Disclosure Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 relating to our operations, results of operations and other matters that are based on our current expectations, estimates, forecasts and projections. Words, such as anticipate, believe, could, expect, estimate, intend, may, opportunity, plan, potential, project, similar expressions, are intended to identify forward-looking statements. For example, we make certain forward-looking statements regarding our current estimates for revenue and profitability for certain of our business units for 2010. These statements reflect a number of risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by our forward-looking statements. These risks include, without limitation, risks that: (1) economic and political conditions, including regulatory or legislative action, adversely affect us or our clients' businesses and levels of business activity; (2) we cannot expand and develop our services and solutions in response to changes in technology and client demand; (3) we cannot compete effectively in the highly competitive consulting, systems integration and technology and outsourcing markets; (4) our work in the government contracting environment exposes us to additional risks; (5) our clients may terminate their contracts with us; (6) our outsourcing services subject us to operational and financial risk; (7) the type and level of technology spending by our clients may change; (8) we cannot maintain favorable pricing and utilization rates; (9) legal liability may result from solutions or services we provide; (10) we cannot anticipate the cost and complexity of performing our work or we are not able to control our costs; (11) our global operations are subject to complex risks, some of which might be beyond our control; (12) we cannot balance our resources with client demand or hire sufficient employees with the required skills and background; (13) we may incur liability from our subcontractors' or other third parties' failure to deliver their project contributions on time or at all; (14) we cannot manage the organizational challenges associated with our size; (15) consolidation in the industries that we serve could adversely affect our business; (16) our ability to attract and retain business depends on our reputation in the marketplace; (17) our share price could fluctuate due to numerous factors, including variability in revenues, operating results and profitability; and/or (18) other factors discussed from time to time in the Company's news releases and public statements, as well as the risks, uncertainties and other factors discussed under the "Risk Factors" heading in this Form 10-Q and our most recent annual report on Form 10-K and other documents filed with or furnished to the Securities and Exchange Commission. Most of these factors are beyond our ability to predict or control. Forward-looking statements are not guarantees of performance and speak only as of the date they are made, and we undertake no obligation to publicly update any forward-looking statements in light of new information or future events. Readers are cautioned not to put undue reliance on forward-looking statements.

Business Overview

CIBER provides IT system integration consulting and other IT services primarily to governmental agencies and Fortune 1000 and middle market companies across most major industries. From offices located throughout the United States and Europe, as well as Eastern Asia, Australia and New Zealand, we provide our clients with a broad range of IT services, including custom and package software development, maintenance, implementation and integration. To a lesser extent, we also resell certain IT hardware and software products.

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Our reportable segments are our operating divisions, which are organized internally primarily by the nature of their services, client base and geography, and consist of our International division, which includes Europe, Eastern Asia, Australia and New Zealand, and our Custom Solutions, IT Outsourcing, Federal and U.S. ERP divisions. Our International division provides a broad range of information technology (IT) consulting services, including package

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software implementation, application development, systems integration and support services. Our Custom Solutions and Federal divisions provide IT services and products in custom-developed software environments. Our India-based operations are considered part of our Custom Solutions division. Our IT Outsourcing division offers a set of solutions that span the entire spectrum of IT infrastructure and IT operations services. Our U.S. ERP division primarily provides enterprise software implementation services, including enterprise resource planning (ERP) software from software vendors such as Oracle, SAP and Lawson for U.S. customers. At the end of 2009, we made several changes to our divisions. All 2009 segment data from before the implementation of these changes has been adjusted to conform to the 2010 presentation.

Our International division comprised over one-third of our total revenues in 2009, and operates primarily in Western Europe, but also has offices in China, Russia, Australia and New Zealand. As such, these operations transact business in local currencies of the countries in which they operate. Generally in recent years, approximately 50% to 55% of our International division's revenue has been denominated in Euro's, approximately 15% to 20% has been denominated in Great Britain Pounds (GBP) and the balance has come from a number of other currencies. Changes in the exchange rates between these foreign currencies and the U.S. dollar affect the reported amounts of our assets, liabilities, revenues and expenses. For financial reporting purposes, the assets and liabilities of our foreign operations are translated into U.S. dollars at current exchange rates at period end and revenues and expenses are translated at average exchange rates for the period.

Comparison of the Three Months Ended March 31, 2009 and 2010 - Consolidated

The following table sets forth certain Consolidated Statement of Operations data in dollars and expressed as a percentage of revenue:

| | Three Months Ended March 31, | | | | |
|----------------------------------|--|---------|-------------|------------|-------|
| | 2009 | | 2010 | | |
| | (Dollars in thousands, except billing rate) | | | | |
| Consulting services | \$ | 247,962 | 95.9% | \$ 251,647 | 95.8% |
| Other revenue | | 10,513 | 4.1 | 11,043 | 4.2 |
| Total revenue | | 258,475 | 100.0 | 262,690 | 100.0 |
| Gross profit consulting services | | 60,689 | 24.5 | 61,132 | 24.3 |
| Gross profit other revenue | | 4,193 | 39.9 | 4,407 | 39.9 |
| Gross profit total | | 64,882 | 25.1 | 65,539 | 24.9 |
| SG&A expenses | | 56,458 | 21.8 | 57,128 | 21.7 |
| Operating income | | 7,016 | 2.7 | 7,157 | 2.7 |
| Net income CIBER, Inc. | \$ | 4,265 | 1.7% | \$ 3,525 | 1.3% |
| Consultant utilization | | 87% | | 89% | |
| Average billable headcount | | 7,245 | | 7,210 | |

Revenue. Total revenue increased \$4.2 million, or 2%, for the three months ended March 31, 2010, compared to the three months ended March 31, 2009. A weaker U.S. dollar between the comparable periods resulted in approximately \$8 million of additional reported revenue in the current quarter. Excluding the favorable currency translation effects, our total revenue decreased 1% for the three months ended March 31, 2010, compared to the three months ended March 31, 2009, primarily due to delays in closing significant new business and continued pricing pressure encountered in competition for new projects, as well as from current and potential customers moving more of their work offshore.

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Revenue by segment/division was as follows:

| | Three Months Ended | | | |
|-------------------------|---------------------------|----|-------------|-----------------|
| | March 31, | | | |
| | 2009 | | 2010 | % change |
| | (In thousands) | | | |
| International | \$ 81,824 | \$ | 92,006 | 12.4% |
| Custom Solutions | 100,149 | | 88,427 | (11.7) |
| U.S. ERP | 29,322 | | 36,206 | 23.5 |
| Federal | 28,789 | | 30,017 | 4.3 |
| IT Outsourcing | 19,102 | | 17,588 | (7.9) |
| Corporate/Inter-segment | (711) | | (1,554) | n/m |
| Total revenue | \$ 258,475 | \$ | 262,690 | 1.6% |

n/m = not meaningful

- Favorable foreign currency fluctuations accounted for a 9% improvement in International's current quarter revenue results. Excluding the impact of favorable foreign currency translation, our Europe division revenue improved by approximately 3% primarily due to strong growth in central Europe, particularly in the Netherlands and Germany, which had improved utilization and increased headcount.
- Custom Solutions' revenue was down between the comparable quarters primarily related to the ongoing impact from 2009 issues, such as customer pricing pressures, the completion of several sizable projects and the implementation of cost-saving initiatives at a number of clients, including vendor management systems, offshore services alternatives and vendor consolidation. All of the above resulted in either a decrease in the fees we receive for our services, or decreases in the use of our services. Additionally, we have experienced challenges in obtaining new state and local government contracts due to budgetary constraints in this sector. We have not closed sufficient new contracts to offset the above factors; however, we are seeing some growth in demand from the healthcare sector and related to our global delivery model.
- U.S. ERP revenue improved significantly due to strong growth in the commercial and public sectors, as well as an increase in hardware purchases in our Technology Solutions group, some of which had been previously postponed by customers which is usually a positive indication that customer confidence is returning.
- Federal revenue was positively impacted by increased sales of low-margin materials and a new contract that kicked off in the current quarter, as well as stabilized headcount.
- IT Outsourcing revenue decreased primarily due to a significant European customer that went into bankruptcy in late 2008 that began impacting this division's revenues following the first quarter of 2009, as well as a reduction in project scope by several clients.

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Gross Profit. In total, our gross profit margin decreased 20 basis points to 24.9% for the three months ended March 31, 2010, compared to 25.1% for the same period in 2009. Our U.S. ERP division had significant margin growth due to improved margins on mostly newer projects across the division and in our SAP practice which completed a large, low-margin fixed-price contract in early 2009 that had been negatively impacting this division for some time. The margin growth in the U.S. ERP division was more than offset by decreases in our Federal and International divisions related to costs incurred to create future value and opportunities in these divisions. Additionally, customer pricing pressure contributed to the decline in these divisions' gross margins, as well as in our other divisions that were able to maintain more consistent margins between the comparable periods despite this pressure.

Selling, general and administrative. Our SG&A costs were relatively flat at 21.7% and 21.8% for the three months ended March 31, 2010 and 2009, respectively. Our three largest divisions, International, Custom Solutions and U.S. ERP, all reduced their costs as a percentage of revenue between the comparable quarters, which more than offset the increased costs of our Federal and IT Outsourcing divisions that were largely related to additional infrastructure investment to enhance future profitability and competitiveness. Our U.S. ERP division had the strongest improvement in this area.

Operating income. Our 20 basis point reduction in gross profit margin, offset by the 10 basis point improvement in SG&A costs, kept operating income at a consistent 2.7% for the three months ended March 31, 2010 and 2009.

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Operating income by segment/division was as follows:

| | Three Months Ended March 31, | | % | 2009 % of revenue* | 2010 % of revenue* |
|-----------------------------|---------------------------------|----------|-----------|--------------------------|--------------------------|
| | 2009 | 2010 | | | |
| | (In thousands) | | | | |
| International | \$ 3,910 | \$ 4,099 | 4.8% | 4.8% | 4.5% |
| Custom Solutions | 7,829 | 6,925 | (11.5) | 7.8 | 7.8 |
| U.S. ERP | 730 | 3,460 | 374.0 | 2.5 | 9.6 |
| Federal | 1,785 | 1,113 | (37.6) | 6.2 | 3.7 |
| IT Outsourcing | (13) | (470) | (3,515.4) | (0.1) | (2.7) |
| Corporate expenses | (5,817) | (6,716) | (15.5) | (2.3) | (2.6) |
| Total | 8,424 | 8,411 | (0.2)% | 3.3 | 3.2 |
| Amortization of intangibles | (1,408) | (1,254) | | (0.6) | (0.5) |
| Operating income | \$ 7,016 | \$ 7,157 | | 2.7% | 2.7% |

*Divisions calculated as a % of division revenue, all other calculated as a % of total revenue

- International operating income declined 30 basis points primarily due to costs incurred in the current quarter to generate future revenue opportunities through a new managed services practice, causing a decrease in gross margins that was partially offset by the division keeping SG&A costs down despite current period revenue growth.
- Custom Solutions operating income remained flat between the comparable quarters due to keeping SG&A costs down and better aligned with the reduced levels of revenue in the current period. Although gross margins suffered slightly due to customer pricing pressure, the SG&A cost reductions more than offset this trend.
- U.S. ERP operating income improved a substantial 710 basis points as newer projects with higher margins, and a much improved gross margin in the SAP practice, both contributed to the improvement along with targeted SG&A cost reductions.
- Increased sales of low-margin materials, as well as increased costs incurred to produce higher-value, more complex proposals have driven operating income down in the current period for the Federal division.
- IT Outsourcing operating income declined due to increased SG&A costs resulting from expansion of our global delivery capabilities and continued excess capacity stemming from a late 2008 client bankruptcy, as well as increased bad debt expenses.
- Corporate expenses increased primarily due to costs of resolving a dispute, as well as slightly higher costs related to employee benefits.

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Interest expense. Interest expense increased \$0.4 million during the three months ended March 31, 2010, compared to the same period of 2009 related to higher interest costs under our Senior Credit Facility that was put into place in mid-2009.

Other income, net. Other income, net was \$0.1 million for the three months ended March 31, 2010, down from \$1.1 million for the three months ended March 31, 2009. A significantly smaller gain on our foreign exchange transactions accounted for all of the decrease between the comparable periods.

Income taxes. Our effective tax rates were 37.7% and 36.0% for the three months ended March 31, 2010 and 2009, respectively. The U.S. Federal Research and Experimentation tax credit expired on December 31, 2009, and has negatively impacted our effective tax rate for the three months ended March 31, 2010. Our effective tax rates for future periods will continue to be negatively impacted unless this tax credit is extended by Congress.

Table of Contents**Liquidity and Capital Resources**

At March 31, 2010, we had an increase in working capital to \$137.7 million from \$136.9 million at December 31, 2009. Our current ratio was 1.8:1 at both March 31, 2010 and December 31, 2009. Historically, we have used our operating cash flow and borrowings, as well as periodic sales of our common stock to finance ongoing operations and business combinations. We believe that our cash and cash equivalents, our expected operating cash flow and our available Senior Credit Facility will be sufficient to finance our working capital needs through the next year.

| | Three Months Ended | |
|---|--------------------|-------------|
| | 2009 | 2010 |
| | March 31, | |
| | (In thousands) | |
| Net cash provided by (used in): | | |
| Operating activities | \$ 5,689 | \$ (4,803) |
| Investing activities | (7,421) | (3,046) |
| Financing activities | (9,169) | (6,675) |
| Effect of foreign exchange rates on cash | (1,445) | (2,073) |
| Net decrease in cash and cash equivalents | \$ (12,346) | \$ (16,597) |

Our balance of cash and cash equivalents was \$50.8 million at March 31, 2010, compared to a balance of \$67.4 million at December 31, 2009. Typically, most of our cash balance is maintained by our foreign subsidiaries and our domestic cash balances are used daily to reduce our outstanding balance on our Senior Credit Facility.

Operating activities. Cash used in operating activities was \$4.8 million during the three months ended March 31, 2010, compared with cash provided by operating activities of \$5.7 million for the same period of 2009. Changes in normal short-term working capital items like accounts receivable, especially domestic accounts receivable, accrued and other liabilities and income taxes accounted for a \$19.1 million decrease, and were offset by improved cash flows from other short-term working capital items such as accounts payable and accrued compensation. Stable domestic accounts receivable balances, combined with successful collection efforts was responsible for a majority of the decrease in operating cash flow. Our working capital fluctuates based on seasonal factors, as well as the timing of our domestic payroll and accounts payable processing cycles in regards to month-end dates. During the three months ended March 31, 2010 and 2009, our domestic operations generated \$9.7 million and \$14.9 million, respectively, of cash from operations while our International operations used cash of \$14.5 million and \$9.2 million, respectively, during the same periods. Typically, the seasonality of our business in many European countries results in negative cash from operations in the early part of the year with improvements in the second half of the year. European receivables and payables are typically maximized at year-end, and annual bonuses are paid during the first quarter.

Total accounts receivable increased to \$216.3 million at March 31, 2010, from \$213.1 million at December 31, 2009. Total accounts receivable days sales outstanding (DSO) was 69 days at March 31, 2010, compared to 68 days at December 31, 2009. Domestic DSO decreased, partially offsetting the increase in our International division's DSO during the current quarter. Our International division typically experiences their lowest DSO levels in December. Changes in accounts receivable have a significant impact on our cash flow. Items that can affect our accounts receivable DSO include: contractual payment terms, client payment patterns (including approval or processing delays and cash management), client mix (public vs. private), fluctuations in the level of IT product sales and the effectiveness of our collection efforts. Many of the individual reasons are outside of our control and, as a result, it is normal for our DSO to fluctuate from period to period, affecting our liquidity. Our outstanding accounts receivable balance from the City of New Orleans (the City) was approximately \$3.9 million at March 31, 2010. Of our outstanding receivable balance from the City, a significant portion still relates to work performed following the 2005 hurricane disaster. The City continues to experience administrative complications and FEMA reimbursement delays that have recently worsened due to the new mayoral administration transition in the City that will take place in May 2010. These complications have continued to delay payment for our services.

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We will continue to work with the City's new administration and FEMA on the remaining balance, and we believe we will be able to collect the balance.

Accrued compensation and related liabilities decreased to \$61.2 million at March 31, 2010, from \$65.7 million at December 31, 2009, primarily due to the payment of annual bonuses in the first quarter, partially offset by increased domestic payroll accrual days, as these balances are subject to the effects from the timing of our normal bi-weekly U.S. payroll cycle. At March 31, 2010, there were 13 days of domestic unpaid wages, compared to 9 days at December 31, 2009.

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Accounts payable and other accrued liabilities typically fluctuate based on when we receive actual vendor invoices and when they are paid. The largest of such items typically relates to vendor payments for IT hardware and software products that we resell and payments to services-related contractors. Accounts payable decreased to \$29.3 million at March 31, 2010, from \$34.0 million, with almost half of the decrease coming from a reduction in our payables for IT hardware and software.

Investing activities. Investing activities are primarily comprised of cash paid for acquisitions and purchases of property and equipment. We had no acquisitions during the three months ended March 31, 2010, compared to \$4.3 million of cash used during the same period of 2009 to acquire Iteamic Pvt. Ltd., a Bangalore, India-based IT services company. Spending on property and equipment was down to \$3.0 million during the three months ended March 31, 2010, from \$3.2 million for the three months ended March 31, 2009.

Financing activities. Typically, our most significant financing activities consist of the borrowings and payments on our long-term bank debt. During the three months ended March 31, 2010 and 2009, we had net payments on our long-term debt of \$4.6 million and \$31.1 million, respectively. The larger net payment in 2009 resulted primarily from \$23.2 million of cash received from the sale of our common stock.

Senior Credit Facility. CIBER has a senior credit agreement with several financial institutions as lenders and Bank of America, N.A. as administrative agent (the Senior Credit Facility). The credit available under the Senior Credit Facility may be used for the working capital needs and general corporate purposes of the Company. The Senior Credit Facility was subsequently amended on February 18, 2010, and matures on August 20, 2012.

The Senior Credit Facility, as amended, provided for: 1) an \$85 million revolving line of credit (Revolver), which may be used for revolving loans and to request the issuance of letters of credit on CIBER's behalf, and 2) a \$50 million term loan (Term Loan). The Term Loan requires quarterly principal reductions of \$2.5 million. The Term Loan balance at March 31, 2010, was \$45 million, of which \$10 million is classified as a current liability.

Additionally, the Senior Credit Facility is subject to mandatory prepayments (and commitment reductions) in amounts equal to the net cash proceeds of any asset disposition, event of loss, extraordinary receipts, issuance or incurrence of indebtedness and issuance of equity, subject in each case as appropriate to thresholds and other exceptions and definitions as specified in the credit agreement. CIBER's obligations under the Senior Credit Facility are secured by all of CIBER's present and future domestic tangible and intangible assets, as well as a pledge of 66% of the capital stock of CIBER's direct foreign subsidiaries.

Subject to applicable conditions, we may elect interest rates on our Senior Credit Facility borrowings calculated by reference to either the Bank of America prime lending rate (Prime) plus a margin that ranges from 1.75% to 2.50%, or a London Interbank Offered Rate (LIBOR) for one, three or six month maturities, plus a margin that ranges from 2.75% to 3.50%. The applicable margins on our Prime loans and LIBOR loans are determined by reference to our current consolidated total leverage ratio. We are also required to pay a commitment fee of 0.50% per annum on the unused portion of the Senior Credit Facility. The Senior Credit Facility and the related loan documents provide for the payment of other specified recurring fees and expenses, including administrative agent fees, letter of credit and other fees. We currently have an interest rate swap that matures on March 31, 2012, and effectively converts \$25.0 million of our borrowings under our Senior Credit Facility from a variable-rate instrument into a 1.77% fixed-rate instrument, plus the applicable margin. At March 31, 2010, our weighted average interest rate on our outstanding borrowings under the Senior Credit Facility, including the interest swaps, was 4.21%.

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The terms of the Senior Credit Facility, as amended, include among other provisions, specific limitations on the incurrence of additional indebtedness and liens, stock repurchases, investments, guarantees, mergers, dispositions and acquisitions, and a prohibition on the payment of any dividends. The Senior Credit Facility also contains certain financial covenants, including: 1) a maximum consolidated total leverage ratio; 2) a minimum consolidated fixed charge coverage ratio; 3) a minimum EBITDA; and 4) an asset coverage test. A summary of these financial covenants is as follows:

- The maximum consolidated total leverage ratio (Funded Debt divided by EBITDA) may not be greater than 2.50 to 1.00 on March 31, 2010. The maximum leverage ratio reduces to 2.25 to 1.00 on June 30, 2010, and then to 2.00 to 1.00 on June 30, 2011.
- The minimum consolidated fixed charge coverage ratio (EBITDA minus capital expenditures divided by the sum of tax expense plus interest expense plus scheduled funded debt payments plus any restricted payments)

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must be not less than 1.25 to 1.00 on March 31, 2010, and not less than 1.20 to 1.00 on June 30, 2010 and September 30, 2010, and returning to not less than 1.25 to 1.00 on December 31, 2010, and thereafter.

- We must maintain twelve-month EBITDA of at least \$45 million.
- Under the asset coverage test, the aggregate amount of loans advanced under the Senior Credit Facility shall, at any time, not exceed an amount equal to 80% of all of our net accounts receivable.

Certain elements of these ratios are defined below:

- Funded Debt includes borrowings under our Senior Credit Facility, any other bank debt plus the face amount of any outstanding Letters of Credit.
- EBITDA represents the sum of net income (or net loss), net interest expense, income tax expense, depreciation expense, amortization expense, share-based compensation expense and September 2009 legal settlement costs of \$2.2 million, measured over the twelve-month period ending as of the end of each fiscal quarter.

We are required to be in compliance with the financial covenants at the end of each calendar quarter, and we were in compliance with these financial covenants as of March 31, 2010, with the following calculations for our financial covenant ratios:

Consolidated total leverage ratio 1.86 to 1.00 (maximum permitted 2.50 to 1.00)

Consolidated fixed charge coverage ratio 1.42 to 1.00 (minimum permitted 1.25 to 1.00)

Consolidated EBITDA - \$50.6 million (minimum permitted - \$45 million)

Asset Coverage Test - \$92.9 million (not to exceed \$173.0 million)

Based on management's current estimates, we do not currently believe a covenant violation to be probable of occurring for at least the next 12 months. However, given the current volatile economic conditions, there can be no assurance that we will continue to be in compliance with these bank covenants.

At March 31, 2010, we had outstanding borrowings of \$92.9 million under the Senior Credit Facility.

We cannot be certain that the foregoing factors will not result in any financial covenant violation in the future and given these factors, it is possible that a financial covenant violation may occur in subsequent quarters. If a covenant violation were to occur, we believe that we would be able to obtain a waiver or amendment from our credit group. Any such waiver or amendment would come at additional costs to CIBER and such costs could be material. We believe that other sources of credit or financing would be available to us; however, we cannot predict at this time what types of credit or financing will be available in the future or the costs of such credit or financing.

Off-Balance Sheet Arrangements

We do not have any reportable off-balance sheet arrangements.

Critical Accounting Policies and Estimates

For a description of our critical accounting policies and estimates, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2009.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

During the three months ended March 31, 2010, there were no material changes in our market risk exposure. For a complete discussion of our market risk associated with foreign currency risk and interest rate risk as of December 31, 2009, see Item 7A. Quantitative and Qualitative Disclosures about Market Risk in our Annual Report on Form 10-K for the year ended December 31, 2009.

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Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures During the fiscal period covered by this report, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based upon this evaluation, our principal executive officer and principal financial officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Changes in Internal Controls - There were no changes in our internal control over financial reporting that occurred during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1A. Risk Factors

Our current level of indebtedness places restrictions upon our business, and we face the risk of breaching the financial covenants in our Senior Credit Facility.

We have a senior credit agreement with several financial institutions as lenders and Bank of America, N.A. as administrative agent (the Senior Credit Facility) that matures on August 20, 2012. We had borrowed a total of \$92.9 million under the Senior Credit Facility at March 31, 2010. As amended on February 18, 2010, the Senior Credit Facility provided for: 1) an \$85 million revolving line of credit and 2) a term loan with a balance of \$45 million as of March 31, 2010. The term loan portion of the Senior Credit Facility requires quarterly principal reductions of \$2.5 million.

CIBER's obligations under the Senior Credit Facility are secured by all of our present and future domestic tangible and intangible assets, as well as a pledge of 66% of the capital stock of our direct foreign subsidiaries. The terms of the Senior Credit Facility, as amended, include among other provisions, specific limitations on the incurrence of additional indebtedness and liens, stock repurchases, investments, guarantees, mergers, dispositions and acquisitions, and a prohibition on the payment of any dividends. Additionally, the Senior Credit Facility requires us to maintain certain financial covenants, including a maximum consolidated total leverage ratio, a minimum consolidated fixed charge coverage ratio, a minimum EBITDA and an asset coverage test. On occasion, we have experienced instances of covenant non-compliance under previous bank borrowings that were waived by our lenders. The failure to comply with any of these debt covenants in the future would cause a default under the Senior Credit Facility. A default, if not waived, could cause our debt to become immediately due and payable. In such a situation, we may not be able to repay our debt or borrow sufficient funds to refinance it, and even if new financing is available, it may not contain terms acceptable to us. Additionally, if we needed to obtain a waiver under, or an amendment to, the Senior Credit Facility in the future, or if we seek other financing, if available, our cost of borrowing could significantly increase and we could face more restrictive covenants. This could materially adversely affect our results of operations and financial condition and our ability to stay in compliance with our debt covenants.

Given the current global economic conditions and other factors, there is an increased risk regarding our ability to maintain compliance with these debt covenants due to potential variances in our revenues, operating results and profitability, which may also cause increased volatility in our stock price, all of which is discussed below in the next risk factor.

In the past, we have been successful in generating sufficient cash flow from operations to reduce our indebtedness; however, that does not mean that we will be successful in doing so in the future. If we are unable to repay outstanding balances that exceed our maximum credit available as the aggregate commitments under the Senior Credit Facility are reduced, we will be in default unless we can obtain a waiver or amendment.

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Our revenues, operating results and profitability will vary from quarter to quarter, which may impact our ability to remain in compliance with our debt covenants, and may also result in increased volatility in the price of our securities.

Our quarterly revenues, operating results and profitability have varied in the past and, in the future are likely to vary significantly from quarter to quarter, making them difficult to predict. This may lead to volatility in the price of our securities. Some of the factors that are likely to cause these variations are:

- the business decisions of our clients regarding the use of our services;
- the stage of completion of existing projects and/or their termination;
- client satisfaction with our services;
- our clients' financial ability to pay for our services;
- our ability to properly manage and execute client projects, especially those under fixed-price arrangements;
- our ability to properly price fixed-price contracts to provide for adequate profits;
- our ability to maintain our profit margins and manage costs, including those for personnel and support services;
- acquisition and integration costs related to possible acquisitions of other businesses;
- changes in, or the application of changes in, accounting principles or pronouncements under U.S. generally accepted accounting principles;
- changes in significant accounting estimates;

- changes in interest rates on our debts;
- currency exchange rate fluctuations;
- changes in estimates, accruals or payments of variable compensation to our employees; and
- global, regional and local economic and political conditions and related risks.

In addition to the above factors, any perceived uncertainty as a result of the recent retirement of our Chief Executive Officer and Chairman could also negatively affect our revenues, profitability and trading price of our securities. Our competitors can be expected to seek to take advantage of this situation with our clients, and we may have increased difficulty selling additional business or winning new business from our customers or potential clients. We are also still in the process of negotiating a separation agreement with our former Chief Executive Officer and the final settlement is likely to result in additional cash and non-cash charges that may further negatively impact our profitability. Depending on the details of the final settlement, it is also possible that it could contribute to a violation of one or more of the covenants under our Senior Credit Facility; the consequences of such a covenant violation are discussed above.

Our profit margin, and therefore our profitability, is largely a function of the rates we charge for our services and the utilization rate, or chargeability, of our consultants. Accordingly, if we are not able to maintain the rates we charge for our services or an appropriate utilization rate for our consultants, we will not be able to sustain our profit margin and our profitability will suffer. A number of factors affect the rates we charge for our services, including:

- our clients' perception of our ability to add value through our services;
- changes in our pricing policies or those of our competitors;

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- the introduction of new products or services by us or our competitors;
- the use of globally-sourced, lower-cost service delivery capabilities by our competitors and our clients; and
- economic conditions in the U.S. and abroad.

Additionally, a number of factors affect our utilization rates, such as:

- seasonality, including number of workdays and holiday and summer vacations;
- our ability to transition consultants quickly from completed projects to new engagements;
- our ability to forecast demand for our services and thereby maintain an appropriately balanced and sized workforce; and
- our ability to manage employee turnover.

As a services business, our largest expense is salaries and payroll-related expenses. However, it is our skilled employees that generate our revenues. Balancing our workforce levels against the demands for our services is extremely difficult in troubled economic times. Delays or cutbacks in projects or delays in finding new projects increase the non-productive time of our consultants which decrease our utilization levels and our margins. We generally cannot reduce our labor costs as quickly as negative changes in revenue can occur. In addition, in a number of the foreign countries in which we operate, the local labor regulations make it very expensive to involuntarily terminate employees. As a result, our foreign operations will often retain underutilized employees for longer periods than our domestic operations.

We could incur losses due to impairment in the carrying value of our goodwill.

We have recorded a significant amount of goodwill on our consolidated balance sheet as a result of numerous acquisitions. At March 31, 2010, the carrying value of our goodwill was \$442.4 million. The carrying value of goodwill represents the fair value of an acquired business in excess of identifiable assets and liabilities as of the acquisition date. We are required to test goodwill for impairment annually and do so during the second quarter of each year, as well as on an interim basis to the extent that factors or indicators become apparent that could reduce the fair value of any of our business units below its book value. These determinations are based in part on several factors, including our judgments

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regarding the cash flow potential of each of our business units and involve projections that are inherently subject to change based on future events. A significant downward revision in the fair value of one or more of our business units that causes the carrying value to exceed the fair value, as determined based on discounted future cash flows of the related business, will cause goodwill to be considered impaired, and would result in a non-cash impairment charge in our consolidated statement of operations.

In June 2009, we performed our annual test for goodwill impairment. This goodwill impairment analysis did not result in an impairment charge for any of our business units. The forecasts utilized in the discounted cash flow analysis as part of our impairment test assume future growth in each of our reporting units during the next five years and beyond. Our Federal and U.S. ERP business units had decreases in their operating income or losses during 2008. If our business units can't obtain, or we determine at a later date that we no longer expect them to obtain the projected levels of profitability, future impairment tests may result in an impairment charge. There can be no assurances that these business units will be able to achieve our estimated levels of profitability. We currently have goodwill of \$74.3 million and \$54.3 million recorded for our Federal and U.S. ERP business units, respectively, and there was not significant excess fair value during the June 2009 annual impairment test. The downturn in our financial results in the second half of 2009, particularly in our Custom Solutions and Federal business units, increases our risk of a future goodwill impairment charge if we cannot start to grow revenue and profits in these business units in 2010.

Given the deteriorated global economic conditions affecting our industry and impacting our customers and their use of our services, we cannot be certain that goodwill impairment will not be required during future periods. Additionally, if a goodwill impairment charge related to any one of our business units were required, it would likely trigger a violation of the financial covenants under our Senior Credit Facility.

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For information regarding other risk factors, please refer to **Item 1A. Risk Factors** in our Annual Report on Form 10-K for the year ended December 31, 2009.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Recent sales of unregistered securities None

Purchases of equity securities by the issuer The following table sets forth the information required regarding repurchases of our equity securities made during the three months ended March 31, 2010.

| Period (1) | Total Number of Shares (or Units) Purchased | Average Price Paid per Share (or Unit) | Total Number of Shares (or Units) Purchased as Part of Publicly Announced Programs | Maximum Number (or Approximate Dollar Value) of Shares (or Units) that can be Purchased Under the Program (2)(3) |
|---------------|---|---|---|--|
| January 2010 | 313,054 | \$ 3.57 | 313,054 | \$ 4,408,340 |
| February 2010 | 87,546 | \$ 3.38 | 87,546 | \$ 4,112,532 |
| March 2010 | 178,100 | \$ 4.01 | 178,100 | \$ 3,398,557 |
| Total | 578,700 | \$ 3.67 | 578,700 | |

(1) Calendar month

(2) As of end of month indicated.

(3) CIBER has had a common stock share repurchase program since 1999, under which we have repurchased approximately 24.4 million shares for a total cost of \$198.3 million, and that has been amended from time to time by our Board of Directors. Following the most recent authorization in October 2009, approximately \$3.4 million remained available at March 31, 2010 (see above table).

Item 6. Exhibits

| Exhibit Number | Exhibit Description | Form | Incorporated by Reference | |
|-------------------|---------------------|------|---------------------------|---------------|
| | | | File No. | Date Filed |

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| | | | | |
|------|--|-------|----------------|-----------|
| 3.1 | Restated Certificate of Incorporation of CIBER, Inc. | 10-Q | 001-13103 | 11/7/2005 |
| 3.2 | Amended and Restated Bylaws of CIBER, Inc. as adopted February 15, 2001; Amendment to the Amended and Restated Bylaws of CIBER, Inc. as adopted February 18, 2003; Amendment to the Amended and Restated Bylaws of CIBER, Inc. as adopted May 3, 2005; Amendment to the Amended and Restated Bylaws of CIBER, Inc., as adopted February 25, 2009 | 10-K | 001-13103 | 3/5/2009 |
| 4.1 | Form of Common Stock Certificate | S-1 | 33-74774 | 2/2/1994 |
| 4.2 | First Amended and Restated Rights Agreement, dated as of May 2, 2008, between CIBER, Inc. and Wells Fargo Bank, National Association | 8-A/A | 001-13103 | 5/2/2008 |
| 31.1 | Certification of Principal Executive Officer and Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | | Filed herewith | |
| 32.1 | Principal Executive Officer and Principal Financial Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | | Furnished | |

* Indicates a management contract or compensatory plan or arrangement.

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SIGNATURES

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

CIBER, INC.
(Registrant)

Date: May 5, 2010

By /s/ Peter H. Cheesbrough
Peter H. Cheesbrough
Interim President and Chief Executive Officer, and
Executive Vice President, Chief Financial Officer and Treasurer