

Cornerstone OnDemand Inc
Form 10-Q
November 09, 2018

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 September 30, 2018

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 001-35098

Cornerstone OnDemand, Inc.
(Exact name of registrant as specified in its charter)
Delaware 13-4068197
(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification No.)
1601 Cloverfield Blvd.
Suite 620 South
Santa Monica, CA 90404
(Address of principal executive offices, including zip code)
Registrant's telephone number, including area code:
(310) 752-0200

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 every Interactive Data File required to be submitted 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 such files). Yes No

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

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date

Class Outstanding as of November 2, 2018

Common Stock 58,612,222

CORNERSTONE ONDEMAND, INC.
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PART I. FINANCIAL INFORMATION

ITEM 1. Condensed Consolidated Financial Statements

CORNERSTONE ONDEMAND, INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (in thousands, except par values)
 (unaudited)

	September 30, 2018 *	December 31, 2017
Assets		
Cash and cash equivalents	\$ 136,558	\$ 393,576
Short-term investments	254,439	169,551
Accounts receivable, net	97,439	154,428
Deferred commissions, current portion	24,880	42,806
Prepaid expenses and other current assets	31,558	21,754
Total current assets	544,874	782,115
Capitalized software development costs, net	43,826	37,431
Property and equipment, net	24,647	20,817
Deferred commissions, net of current portion	37,313	—
Long-term investments	2,000	96,949
Intangible assets, net	7,292	—
Goodwill	36,270	25,894
Other assets, net	3,539	3,984
Total Assets	\$ 699,761	\$ 967,190
Liabilities and Stockholders' Equity		
Liabilities:		
Accounts payable	\$ 11,294	\$ 17,637
Accrued expenses	61,346	57,528
Deferred revenue, current portion	266,209	311,997
Convertible notes, net	—	248,025
Other liabilities	4,377	9,051
Total current liabilities	343,226	644,238
Convertible notes, net	287,956	285,168
Other liabilities, non-current	2,416	1,498
Deferred revenue, net of current portion	11,744	14,166
Total liabilities	645,342	945,070
Commitments and contingencies (Note 12)		
Stockholders' Equity:		
Common stock, \$0.0001 par value; 1,000,000 shares authorized, 58,812 and 57,512 shares issued and outstanding at September 30, 2018 and December 31, 2017, respectively	6	6
Additional paid-in capital	580,690	536,951
Accumulated deficit	(526,789)	(515,054)
Accumulated other comprehensive income	512	217
Total stockholders' equity	54,419	22,120
Total Liabilities and Stockholders' Equity	\$ 699,761	\$ 967,190

*See Note 1 for summary of adjustments.

See accompanying notes to unaudited condensed consolidated financial statements.

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CORNERSTONE ONDEMAND, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018 *	2017	2018 *	2017
Revenue	\$ 134,014	\$ 121,796	\$ 399,644	\$ 350,029
Cost of revenue	36,171	35,708	109,556	104,978
Gross profit	97,843	86,088	290,088	245,051
Operating expenses:				
Sales and marketing	53,215	60,554	172,281	179,521
Research and development	19,705	16,389	52,014	44,484
General and administrative	23,128	21,249	67,214	64,866
Restructuring	221	—	8,946	—
Total operating expenses	96,269	98,192	300,455	288,871
Income (loss) from operations	1,574	(12,104)	(10,367)	(43,820)
Other income (expense):				
Interest income	1,659	749	6,143	2,021
Interest expense	(5,335)	(3,373)	(22,826)	(10,015)
Other, net	177			