

REALPAGE INC
Form 10-Q
August 08, 2014
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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 June 30, 2014

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: 001-34846

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

Delaware	75-2788861
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4000 International Parkway	75007-1951
Carrollton, Texas	(Zip Code)
(Address of principal executive offices)	
(972) 820-3000	
(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 <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

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 at July 25, 2014
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Common Stock, \$0.001 par value

79,209,783

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

REALPAGE, INC.

Consolidated Balance Sheets

(in thousands, except share data)

	June 30, 2014 (Unaudited)	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$39,217	\$34,502
Restricted cash	46,927	71,941
Accounts receivable, less allowance for doubtful accounts of \$2,137 and \$914 at June 30, 2014 and December 31, 2013, respectively	59,979	66,635
Deferred tax asset, net	6,836	3,284
Other current assets	8,308	7,453
Total current assets	161,267	183,815
Property, equipment and software, net	66,515	54,775
Goodwill	197,658	152,422
Identified intangible assets, net	106,382	108,815
Other assets	4,167	3,386
Total assets	\$535,989	\$503,213
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$21,579	\$11,978
Accrued expenses and other current liabilities	27,436	23,122
Current portion of deferred revenue	66,695	66,085
Customer deposits held in restricted accounts	46,895	71,910
Total current liabilities	162,605	173,095
Deferred revenue	6,838	5,671
Deferred tax liability, net	1,081	1,379
Revolving credit facility	25,000	—
Other long-term liabilities	14,647	8,564
Total liabilities	210,171	188,709
Commitments and contingencies (Note 8)	—	—
Stockholders' equity:		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized and zero shares issued and outstanding at June 30, 2014 and December 31, 2013, respectively	—	—
Common stock, \$0.001 par value: 125,000,000 shares authorized, 82,016,928 and 80,511,791 shares issued and 79,082,594 and 78,433,626 shares outstanding at June 30, 2014 and December 31, 2013, respectively	82	81
Additional paid-in capital	415,127	390,854
Treasury stock, at cost: 2,934,334 and 2,078,165 shares at June 30, 2014 and December 31, 2013, respectively	(17,007)	(11,183)
Accumulated deficit	(72,213)	(65,086)
Accumulated other comprehensive loss	(171)	(162)
Total stockholders' equity	325,818	314,504
Total liabilities and stockholders' equity	\$535,989	\$503,213

See accompanying notes.

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REALPAGE, INC.

Consolidated Statements of Operations

(in thousands, except per share data)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Revenue:				
On demand	\$91,606	\$90,825	\$188,614	\$176,147
On premise	826	1,011	1,691	1,961
Professional and other	2,556	2,615	5,246	5,324
Total revenue	94,988	94,451	195,551	183,432
Cost of revenue ⁽¹⁾	42,115	37,340	82,042	72,704
Gross profit	52,873	57,111	113,509	110,728
Operating expense:				
Product development ⁽¹⁾	15,941	11,727	30,782	23,765
Sales and marketing ⁽¹⁾	28,030	23,924	54,021	46,826
General and administrative ⁽¹⁾	16,819	12,819	37,748	29,326
Total operating expense	60,790	48,470	122,551	99,917
Operating (loss) income	(7,917) 8,641	(9,042) 10,811
Interest expense and other, net	(204) (596) (426) (685
(Loss) income before income taxes	(8,121)		