PROGRESS SOFTWARE CORP /MA
Form 10-Q
April 05, 2019
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended February 28, 2019
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: 0-19417

PROGRESS SOFTWARE CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE	04-2746201
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

14 Oak Park
Bedford, Massachusetts 01730
(Address of principal executive offices) (Zip code)
Telephone Number: (781) 280-4000

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 ý 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 ý 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	ý	Accelerated filer	¨
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	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. ¨

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

As of March 27, 2019, there were 44,494,726 shares of the registrant's common stock, $.01 par value per share, outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

Condensed Consolidated Balance Sheets

(In thousands, except share data)	February 28, 2019	November 30, 2018 As Adjusted[1]
Assets		
Current assets:		
Cash and cash equivalents	$ 106,516	$ 105,126
Short-term investments	26,942	34,387
Total cash, cash equivalents and short-term investments	133,458	139,513
Accounts receivable (less allowances of $725 and $840, respectively)	54,572	59,715
Unbilled receivables	2,121	1,421
Other current assets	19,757	25,080
Assets held for sale	5,776	5,776
Total current assets	215,684	231,505
Long-term unbilled receivables	2,581	1,811
Property and equipment, net	29,351	30,714
Intangible assets, net	50,297	58,919
Goodwill	315,010	314,992
Deferred tax assets	889	966
Other assets	2,079	5,243
Total assets	$ 615,891	$ 644,150
Liabilities and shareholders’ equity		
Current liabilities:		
Current portion of long-term debt, net	$ 6,593	$ 5,819
Accounts payable	9,823	10,593
Accrued compensation and related taxes	14,984	25,500
Dividends payable to shareholders	6,939	6,998
Income taxes payable	1,233	1,228
Other accrued liabilities	11,887	12,686
Short-term deferred revenue	130,569	123,210
Total current liabilities	182,028	186,034
Long-term debt, net	108,042	110,270
Long-term deferred revenue	11,614	12,730
Deferred tax liabilities	2,665	5,799
Other noncurrent liabilities	4,840	5,315
Commitments and contingencies		
Shareholders’ equity:		
Preferred stock, $0.01 par value; authorized, 10,000,000 shares; issued, none	—	—
Common stock, $0.01 par value, and additional paid-in capital; authorized, 200,000,000 shares; issued and outstanding, 44,473,947 shares in 2019 and 45,114,935 shares in 2018	272,854	267,053
Retained earnings	60,462	85,125
Accumulated other comprehensive loss	(26,614)	(28,176)
Total shareholders’ equity	306,702	324,002

Total liabilities and shareholders’ equity	$ 615,891	$ 644,150

(1)The Company adopted the accounting standard related to revenue recognition ("ASC 606") effective December 1, 2018 using the full retrospective method. See Note 1. Nature of Business and Basis of Presentation for further information.

See notes to unaudited condensed consolidated financial statements.

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Condensed Consolidated Statements of Operations

(In thousands, except per share data)	Three Months Ended February 28, 2019	February 28, 2018 As Adjusted[1]
Revenue:		
Software licenses	$22,802	$ 26,054
Maintenance and services	66,747	69,356
Total revenue	89,549	95,410
Costs of revenue:		
Cost of software licenses	1,167	1,261
Cost of maintenance and services	9,439	9,824
Amortization of acquired intangibles	5,433	5,818
Total costs of revenue	16,039	16,903
Gross profit	73,510	78,507
Operating expenses:		
Sales and marketing	22,323	21,428
Product development	19,890	20,245
General and administrative	12,285	11,262
Amortization of acquired intangibles	3,188	3,319
Fees related to shareholder activist	—	1,258
Restructuring expenses	415	1,821
Acquisition-related expenses	—	43
Total operating expenses	58,101	59,376
Income from operations	15,409	19,131
Other (expense) income:		
Interest expense	(1,389)	(1,165)
Interest income and other, net	229	408
Foreign currency loss, net	(843)	(828)
Total other expense, net	(2,003)	(1,585)
Income before income taxes	13,406	17,546
Provision for income taxes	4,004	3,814
Net income	$9,402	$ 13,732
Earnings per share:		
Basic	$0.21	$ 0.30
Diluted	$0.21	$ 0.29
Weighted average shares outstanding:		
Basic	44,956	46,529
Diluted	45,286	47,476
Cash dividends declared per common share	$0.155	$ 0.140

[1]The Company adopted ASC 606 effective December 1, 2018 using the full retrospective method. See Note 1. Nature of Business and Basis of Presentation for further information.

See notes to unaudited condensed consolidated financial statements.

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Condensed Consolidated Statements of Comprehensive Income

(In thousands)	Three Months Ended February 28, 2019	February 28, 2018 As Adjusted[1]
Net income	$9,402	$ 13,732
Other comprehensive income, net of tax:		
Foreign currency translation adjustments	1,479	3,831
Unrealized gain (loss) on investments, net of tax provision of $30 and $39 for 2019 and 2018, respectively	83	(27)
Total other comprehensive income, net of tax	1,562	3,804
Comprehensive income	$10,964	$ 17,536

[1]The Company adopted ASC 606 effective December 1, 2018 using the full retrospective method. See Note 1. Nature of Business and Basis of Presentation for further information.

See notes to unaudited condensed consolidated financial statements.

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Condensed Consolidated Statements of Shareholders' Equity

(in thousands)	Common Stock Number of Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance, December 1, 2018 As Adjusted(1)	45,115	$ 451	$ 266,602	$ 85,125	$ (28,176)	$ 324,002
Issuance of stock under employee stock purchase plan	38	—	997	—	—	997
Exercise of stock options	9	—	268	—	—	268
Withholding tax payments related to net issuance of restricted stock units	—	—	(5)	—	—	(5)
Stock-based compensation	—	—	5,806	—	—	5,806
Adjustment due to adoption of ASU 2016-16 (Note 1)	—	—	—	(3,397)	—	(3,397)
Dividends declared	—	—	—	(6,933)	—	(6,933)
Treasury stock repurchases and retirements	(688)	(5)	(1,260)	(23,735)	—	(25,000)
Net income	—	—	—	9,402	—	9,402
Other comprehensive income	—	—	—	—	1,562	1,562
Balance, February 28, 2019	44,474	$ 446	$ 272,408	$ 60,462	$ (26,614)	$ 306,702

(1)The Company adopted ASC 606 effective December 1, 2018 using the full retrospective method. See Note 1. Nature of Business and Basis of Presentation for further information.

(in thousands)	Common Stock Number of Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance, December 1, 2017 As Adjusted(1)	47,281	$ 473	$ 249,363	$ 179,919	$ (18,406)	$ 411,349
Issuance of stock under employee stock purchase plan	48	—	1,095	—	—	1,095
Exercise of stock options	23	—	669	—	—	669
Stock-based compensation	—	—	4,570	—	—	4,570
Adjustment due to adoption of ASU 2016-09	—	—	641	(641)	—	—
Dividends declared	—	—	—	(6,482)	—	(6,482)
Treasury stock repurchases and retirements	(1,054)	(10)	(1,754)	(43,236)	—	(45,000)
Net income	—	—	—	13,732	—	13,732
Other comprehensive income	—	—	—	—	3,804	3,804
Balance, February 28, 2018 As Adjusted(1)	46,298	$ 463	$ 254,584	$ 143,292	$ (14,602)	$ 383,737

(1)The Company adopted ASC 606 effective December 1, 2018 using the full retrospective method. See Note 1. Nature of Business and Basis of Presentation for further information.

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Condensed Consolidated Statements of Cash Flows

(In thousands)	Three Months Ended February 28, 2019	February 28, 2018 As Adjusted[1]
Cash flows from operating activities:		
Net income	$ 9,402	$ 13,732
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	1,620	1,682
Amortization of acquired intangibles and other	8,866	9,620
Stock-based compensation	5,806	4,570
Loss on disposal of property and equipment	153	135
Deferred income taxes	(3,069)	137
Allowances for bad debt and sales credits	89	137
Changes in operating assets and liabilities:		
Accounts receivable	3,861	8,667
Other assets	5,147	2,382
Accounts payable and accrued liabilities	(13,128)	(17,830)
Income taxes payable	(246)	(290)
Deferred revenue	5,943	8,653
Net cash flows from operating activities	24,444	31,595
Cash flows from (used in) investing activities:		
Purchases of investments	(750)	(7,374)
Sales and maturities of investments	8,155	6,816
Purchases of property and equipment	(246)	(1,386)
Net cash flows from (used in) investing activities	7,159	(1,944)

Cash flows used in financing activities:		
Proceeds from stock-based compensation plans	1,894	2,469
Repurchases of common stock	(25,000)	(45,000)
Dividend payments to shareholders	(6,992)	(6,619)
Payment of principal on long-term debt	(1,547)	(1,547)
Net cash flows used in financing activities	(31,645)	(50,697)
Effect of exchange rate changes on cash	1,432	4,693
Net increase (decrease) in cash and cash equivalents	1,390	(16,353)
Cash and cash equivalents, beginning of period	105,126	133,464
Cash and cash equivalents, end of period	$ 106,516	$ 117,111

[1]The Company adopted ASC 606 effective December 1, 2018 using the full retrospective method. See Note 1. Nature of Business and Basis of Presentation for further information.

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Condensed Consolidated Statements of Cash Flows, continued

	Three Months Ended	
	February 28, 2019	February 28, 2018
Supplemental disclosure:		
Cash paid for income taxes, net of refunds of $166 in 2019 and $307 in 2018	$1,496	$ 1,614
Cash paid for interest	$1,169	$ 942
Non-cash investing and financing activities:		
Total fair value of restricted stock awards, restricted stock units and deferred stock units on date vested	$76	$ 43
Dividends declared	$6,939	$ 6,482

See notes to unaudited condensed consolidated financial statements.

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Notes to Condensed Consolidated Financial Statements

Note 1: Basis of Presentation

Company Overview - Progress Software Corporation ("Progress," the "Company," "we," "us," or "our") offers the leading platform for developing and deploying strategic business applications. We enable customers and partners to deliver modern, high-impact digital experiences with a fraction of the effort, time and cost. Progress offers powerful tools for easily building adaptive user experiences across any type of device or touchpoint, award-winning machine learning that enables cognitive capabilities to be a part of any application, the flexibility of a serverless cloud to deploy modern apps, business rules, web content management, plus leading data connectivity technology. Over 1,700 ISVs, 100,000 enterprise customers, and 2 million developers rely on Progress to power their applications.

Our products are generally sold as perpetual licenses, but certain products also use term licensing models and our cloud-based offerings use a subscription-based model. More than half of our worldwide license revenue is realized through relationships with indirect channel partners, principally application partners and original equipment manufacturers ("OEMs"). Application partners are ISVs that develop and market applications using our technology and resell our products in conjunction with sales of their own products that incorporate our technology. OEMs are companies that embed our products into their own software products or devices.

We operate in North America and Latin America (the "Americas"); Europe, the Middle East and Africa ("EMEA"); and the Asia Pacific region, through local subsidiaries as well as independent distributors.

Basis of Presentation and Significant Accounting Policies - We prepared the accompanying unaudited condensed consolidated financial statements pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial reporting. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America ("GAAP") for complete financial statements and these unaudited financial statements should be read in conjunction with the audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended November 30, 2018, ("Annual Report on Form 10-K for the fiscal year ended November 30, 2018").

We adopted Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers ("ASC 606") effective December 1, 2018 using the full retrospective method, which required us to retroactively adjust comparative prior periods to conform to current presentation. See "Recently Adopted Accounting Pronouncements" below for further information.

We made no material changes in the application of our significant accounting policies that were disclosed in our Annual Report on Form 10-K for the fiscal year ended November 30, 2018, except as discussed below with respect to our adoption of ASC 606. We have prepared the accompanying unaudited condensed consolidated financial statements on the same basis as the audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended November 30, 2018, and these financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results of the interim periods presented. The operating results for the interim periods presented are not necessarily indicative of the results expected for the full fiscal year.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. On an on-going basis, management evaluates its estimates and records changes in estimates in the period in which they become known. These estimates are based on historical data and experience, as well as various other assumptions that management believes to be reasonable under the circumstances. The most significant estimates relate to: the timing and amounts of revenue recognition, including the determination of the nature and timing of the satisfaction of performance obligations, the standalone selling price of performance obligations, and the transaction price allocated to performance obligations; the realization of tax assets and estimates of tax liabilities; fair values of investments in marketable securities; assets held for sale; intangible assets and goodwill valuations; the recognition and disclosure of contingent liabilities; the collectability of accounts receivable; and assumptions used to determine the fair value of stock-based compensation. Actual results could differ from those estimates.

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Revenue Recognition

Revenue Policy

We derive our revenue primarily from software licenses and maintenance and services. Our license arrangements generally contain multiple performance obligations, including software maintenance services. Revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration that we expect to receive in exchange for those goods or services. When an arrangement contains multiple performance obligations, we account for individual performance obligations separately if they are distinct. We recognize revenue through the application of the following steps: (i) identification of the contract(s) with a customer; (ii) identification of the performance obligations in the contract; (iii) determination of the transaction price; (iv) allocation of the transaction price to performance obligations in the contract; and (v) recognition of revenue when or as we satisfy the performance obligations. Sales taxes collected from customers and remitted to government authorities are excluded from revenue and we do not license our software with a right of return.

Software Licenses

Software licenses are on-premise and fully functional when made available to the customer. As the customer can use and benefit from the license on its own, on-premise software licenses represent distinct performance obligations. Revenue is recognized upfront at the point in time when control is transferred, which is defined as the point in time when the client can use and benefit from the license. Our licenses are sold as perpetual or term licenses, and the arrangements typically contain various combinations of maintenance and services, which are generally accounted for as separate performance obligations. We use the residual approach to allocate the transaction price to our software license performance obligations because, due to the pricing of our licenses being highly variable, they do not have an observable stand-alone selling price ("SSP"). As required, we evaluate the residual approach estimate compared to all available observable data in order to conclude the estimate is representative of its SSP.

Perpetual licenses are generally invoiced upon execution of the contract and payable within 30 days. Term licenses are generally invoiced in advance on an annual basis over the term of the arrangement, which is typically one to three years. Any difference between the revenue recognized and the amount invoiced to the customer is recognized on our consolidated balance sheets as unbilled receivables until the customer is invoiced, at which point the amount is reclassed to accounts receivable.

Maintenance

Maintenance revenue is made up of technical support, bug fixes, and when-and-if available unspecified software upgrades. As these maintenance services are considered to be a series of distinct services that are substantially the same and have the same duration and measure of progress, we have concluded that they represent one combined performance obligation. Revenue is recognized ratably over the contract period. The SSP of maintenance services is a percentage of the net selling price of the related software license, which has remained within a tight range and is consistent with the stand-alone pricing of subsequent maintenance renewals.

Maintenance services are generally invoiced in advance on an annual basis over the term of the arrangement, which is typically one to three years.

Services

Services revenue primarily includes consulting and customer education services. In general, services are distinct performance obligations. Services revenue is generally recognized as the services are delivered to the customer. We apply the practical expedient of recognizing revenue upon invoicing for time and materials-based arrangements as the invoiced amount corresponds to the value of the services provided. The SSP of services is based upon observable prices in similar transactions using the hourly rates sold in stand-alone services transactions. Services are either sold on a time and materials basis or prepaid upfront.

We also offer products via a software-as-a-service ("SaaS") model, which is a subscription-based model. Our customers can use hosted software over the contract period without taking possession of it and the cloud services are available to them throughout the entire term, even if they do not use the service. Revenue related to SaaS offerings is recognized ratably over the contract period. The SSP of SaaS performance obligations is determined based upon observable prices in stand-alone SaaS transactions. SaaS arrangements are generally invoiced in advance on a monthly, quarterly, or annual basis over the term of the arrangement, which is typically one to three years.

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Arrangements with Multiple Performance Obligations

When an arrangement contains multiple performance obligations, we account for individual performance obligations separately if they are distinct. We allocate the transaction price to each performance obligation in a contract based on its relative SSP. Although we do not have a history of offering these elements, prior to allocating the transaction price to each performance obligation, we consider whether the arrangement has any discounts, material rights, or specified future upgrades that may represent additional performance obligations. Determining whether products and services are distinct performance obligations and the determination of the SSP may require significant judgment.

Contract Balances

Unbilled Receivables and Contract Assets

The timing of revenue recognition may differ from the timing of customer invoicing. When revenue is recognized prior to invoicing and the right to the amount due from customers is conditioned only on the passage of time, we record an unbilled receivable on our condensed consolidated balance sheets. Our multi-year term license arrangements, which are typically billed annually, result in revenue recognition in advance of invoicing and the recognition of unbilled receivables.

As of February 28, 2019, invoicing of our long-term unbilled receivables is expected to occur as follows (in thousands):

2020	$1,048
2021	1,089
2022	444
Total	$2,581

Contract assets, which arise when revenue is recognized prior to invoicing and the right to the amount due from customers is conditioned on something other than the passage of time, such as the completion of a related performance obligation, were minimal as of February 28, 2019 and November 30, 2018. These amounts are included in unbilled receivables or long-term unbilled receivables on our condensed consolidated balance sheets.

Deferred Revenue

Deferred revenue is recorded when revenue is recognized subsequent to customer invoicing. Our deferred revenue balance is primarily made up of deferred maintenance from our OpenEdge and Application Development and Deployment segments.

As of February 28, 2019, the changes in deferred revenue were as follows (in thousands):

Balance, December 1, 2018 As Adjusted[1]	$135,940
Billings and other	95,792
Revenue recognized	(89,549)
Balance, February 28, 2019	$142,183

[1]The Company adopted ASC 606 effective December 1, 2018 using the full retrospective method.

Transaction price allocated to remaining performance obligations represents contracted revenue that has not yet been recognized, which includes deferred revenue and amounts that will be invoiced and recognized as revenue in future periods. As of February 28, 2019, transaction price allocated to remaining performance obligations was $143 million. We expect to recognize approximately 92% of the revenue within the next year and the remainder thereafter.

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Deferred Contract Costs

Deferred contract costs, which include certain sales incentive programs, are incremental and recoverable costs of obtaining a contract with a customer. Incremental costs of obtaining a contract with a customer are recognized as an asset if the expected benefit of those costs are longer than one year. We have applied the practical expedient to expense costs as incurred for costs to obtain a contract with a customer when the amortization period would have been one year or less. These costs include a large majority of our sales incentive programs as we have determined that annual compensation is commensurate with annual sales activities.

Certain of our sales incentive programs do meet the requirements to be capitalized. Depending upon the sales incentive program and the related revenue arrangement, such capitalized costs are amortized over the longer of (i) the product life, which is generally three to five years; or (ii) the term of the related revenue contract. We determined that a three to five year product life represents the period of benefit that we receive from these incremental costs based on both qualitative and quantitative factors, which include customer contracts, industry norms, and product upgrades. Total deferred contract costs were minimal as of February 28, 2019 and November 30, 2018 and are included in other current assets and other assets on our condensed consolidated balance sheets. Amortization of deferred contract costs is included in sales and marketing expense on our condensed consolidated statement of operations and was minimal in all periods presented.

Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In October 2016, the FASB issued Accounting Standards Update No. 2016-16, Income Taxes (Topic 740), Intra-Entity Transfers of Assets Other Than Inventory ("ASU 2016-16"), which requires entities to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. Under legacy GAAP, the recognition of current and deferred income taxes for an intra-entity transfer was prohibited until the asset has been sold to an outside party. We adopted this standard at the beginning of the first quarter of fiscal year 2019. Upon adoption, we reclassified approximately $3.4 million from non-current prepaid taxes, which is included in other assets on our consolidated balance sheet, to retained earnings as of December 1, 2018.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASC 606"). Under this standard, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration that the entity expects to receive in exchange for those goods or services. The standard also requires new disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers and provides guidance on the recognition of costs related to obtaining customer contracts. We adopted this ASU effective December 1, 2018 in accordance with the full retrospective approach, which required us to retrospectively adjust certain previously reported results in the comparative prior periods presented. Upon adoption, we recorded a cumulative $31 million increase to our 2017 beginning retained earnings balance, a $15 million decrease to deferred revenue, a $28 million increase to unbilled receivables, and a $12 million increase to deferred tax liabilities.

The revenue recognition related to accounting for the following transactions is most impacted by our adoption of this standard:

- Revenue from term licenses with extended payment terms over the term of the agreement within our Data Connectivity and Integration segment - Under the applicable revenue recognition guidance for fiscal years 2018 and prior, these transactions were recognized when the amounts were billed to the customer. In accordance with ASC 606, revenue from term license performance obligations is recognized upon delivery and revenue from maintenance performance obligations is expected to be recognized over the contract term. To the extent that we enter into these transactions, revenue from term licenses with extended payment terms will be recognized prior to the customer being billed and we will recognize an unbilled receivable on the balance sheet. Accordingly, the recognition of license revenue is accelerated under ASC 606 as we historically did not recognize revenue until the amounts had been billed to the customer.

Revenue from transactions with multiple elements within our Application Development and Deployment segment (i.e., sales of perpetual licenses with maintenance and/or support) - Under the applicable revenue recognition guidance for fiscal years 2018 and prior, these transactions were recognized ratably over the associated maintenance period as the Company did not have vendor specific objective evidence ("VSOE") for maintenance or support. Under ASC 606, the requirement to have VSOE for undelivered elements that existed under prior guidance is eliminated. Accordingly, the Company will recognize a portion of the sales price as revenue upon delivery of the license instead of recognizing the entire sales price ratably over the maintenance period.

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The impact of the adoption of this standard on our previously reported consolidated balance sheets and consolidated statements of operations is as follows:

Consolidated Balance Sheets

	November 30, 2018		
(in thousands)	As Reported	Adjustments	As Adjusted
Assets			
Accounts receivable, net	$58,450	$ 1,265	$59,715
Short-term unbilled receivables	—	1,421	1,421
Long-term unbilled receivables	—	1,811	1,811
Deferred tax assets	1,922	(956)	966
Other assets(1)	580,237	—	580,237
Total assets	$640,609	$ 3,541	$644,150
Liabilities and shareholders' equity			
Short-term deferred revenue	133,194	(9,984)	123,210
Long-term deferred revenue	15,127		