

Bridgeline Software, Inc.  
Form PRER14A  
February 04, 2010

---

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 240.14a-12

BRIDGELINE SOFTWARE, INC.

---

(Name of Registrant as Specified in Its Charter)

Not Applicable

---

(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:



February 24, 2010

Dear Stockholder:

I am pleased to invite you to attend Bridgeline Software, Inc.'s Annual Meeting of Stockholders to be held on March 19, 2010. The meeting will begin promptly at 10:00 a.m. Eastern Time at the Burlington Marriott Hotel located at One Burlington Mall Road, Burlington, Massachusetts 01803.

This booklet includes the formal notice of the meeting and the proxy statement. The proxy statement tells you about the agenda and procedures for the meeting. It also describes how the board of directors operates and provides information about our director candidates.

I look forward to sharing more information with you about Bridgeline Software at the Annual Meeting. Whether or not you plan to attend, I encourage you to vote your proxy as soon as possible so that your shares will be represented at the meeting.

Sincerely,  
Thomas L. Massie  
President and Chief Executive Officer

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held at 10:00 A.M. on March 19, 2010

To the Stockholders of Bridgeline Software, Inc.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders (the "Meeting") of BRIDGELINE SOFTWARE, INC. (the "Company") will be held on March 19, 2010 at 10:00 A.M. at the Burlington Marriott Hotel located at One Burlington Mall Road, Burlington, Massachusetts, to consider and vote on the following matters described under the corresponding numbers in the attached Proxy Statement:

1. To elect two directors;
2. To amend the Bridgeline Software, Inc. Amended and Restated Stock Incentive Plan to increase the number of shares of Common Stock available for issuance upon exercise of options granted under the Plan from 2,000,000 shares to 2,400,000 shares;
3. To amend Bridgeline Software, Inc.'s Amended and Restated Certificate of Incorporation to change the Company's name to "Bridgeline Digital, Inc.";
4. To ratify the appointment of UHY LLP as the Company's independent registered public accounting firm for its fiscal year ending September 30, 2010; and
5. To transact such other business as may properly come before the Meeting.

The Board of Directors has fixed the close of business on February 17, 2010 as the record date for the determination of stockholders entitled to vote at the Meeting, and only holders of shares of Common Stock of record at the close of business on that day will be entitled to vote. The stock transfer books of the Company will not be closed.

A complete list of stockholders entitled to vote at the Meeting shall be available for examination by any stockholder, for any purpose germane to the Meeting, during ordinary business hours from February 19, 2010 until the Meeting at the principal executive offices of the Company. The list will also be available at the Meeting.

Whether or not you expect to be present at the Meeting, please fill in, date, sign, and return the enclosed Proxy, which is solicited by management. The Proxy is revocable and will not affect your vote in person in the event you attend the Meeting.

By Order of the Board of Directors

Assistant Secretary  
February 24, 2010

Requests for additional copies of the proxy materials and the Company's Annual Report for its fiscal year ended September 30, 2009 should be addressed to Shareholder Relations, Bridgeline Software, Inc., 10 Sixth Road, Woburn, Massachusetts 01801. This material will be furnished without charge to any stockholder requesting it.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on March 19, 2010: The Proxy Statement for the Annual Meeting and the Annual Report to Shareholders for the year ended September 30, 2009 are available at [www.bridgelinesw.com](http://www.bridgelinesw.com)



Proxy Statement

Annual Meeting of Stockholders

March 19, 2010

The enclosed proxy is solicited by the management of Bridgeline Software, Inc. in connection with the Annual Meeting of Stockholders to be held on March 19, 2010 at 10:00 A.M. at the Burlington Marriott Hotel located at One Burlington Mall Road, Burlington, Massachusetts and any adjournment thereof. The Board of Directors of the Company (the "Board of Directors") has set the close of business on February 17, 2010 as the record date for the determination of stockholders entitled to vote at the Meeting. A stockholder executing and returning a proxy has the power to revoke it at any time before it is exercised by filing a later-dated proxy with, or other communication to, the Secretary of the Company or by attending the Meeting and voting in person.

The proxy will be voted in accordance with your directions to:

1. Consider and act upon a motion to elect two directors;
2. Consider and act upon a motion to amend the Bridgeline Software, Inc. Amended and Restated Stock Incentive Plan to increase the number of shares of Common Stock available for issuance upon exercise of options granted under the Plan from 2,000,000 shares to 2,400,000 shares;
3. Consider and act upon a motion to amend Bridgeline Software, Inc.'s Amended and Restated Certificate of Incorporation to change the Company's name to "Bridgeline Digital, Inc.";
4. Consider and act upon a motion to ratify the appointment of UHY LLP as the Company's independent registered public accounting firm for its fiscal year ending September 30, 2010; and
5. Transact such other business as may properly come before the Meeting. In the absence of direction, the proxy will be voted in favor of management's proposals.

The Proxy Statement, the attached Notice of Meeting, the enclosed form of proxy and the Annual Report are being mailed to stockholders on or about February 24, 2010. The Company's principal executive offices are located at 10 Sixth Road, Woburn, Massachusetts, 01801 and its telephone number at that location is (781) 376-5555.

The entire cost of soliciting proxies will be borne by the Company. The costs of solicitation will include the costs of supplying necessary additional copies of the solicitation materials and the Company's Annual Report to Stockholders for its fiscal year ended September 30, 2009 (the "Annual Report") to beneficial owners of shares held of record by brokers, dealers, banks, trustees, and their nominees, including the reasonable expenses of such record holders for completing the mailing of such materials and Annual Reports to such beneficial owners. Solicitation of proxies may also include solicitation by telephone, fax, electronic mail, or personal solicitations by Directors, officers, or employees of the Company. No additional

---

compensation will be paid for any such services. The Company may engage a professional proxy solicitation firm to assist in the proxy solicitation and, if so, will pay such solicitation firm customary fees plus expenses.

Only stockholders of record of the Company's 11,184,542 shares of Common Stock (the "Common Stock") outstanding at the close of business on February 17, 2010 will be entitled to vote at the Meeting.

Each share of Common Stock is entitled to one vote. A majority of the outstanding shares of the Common Stock represented in person or by proxy at the Meeting will constitute a quorum at the Meeting. All shares of the Common Stock represented in person or by proxy (including shares which abstain or do not vote for any reason with respect to one or more of the matters presented for stockholder approval) will be counted for purposes of determining whether a quorum is present at the Meeting. Abstentions will be treated as shares that are present and entitled to vote for purposes of determining the number of shares present and entitled to vote with respect to any particular matter, but will not be counted as a vote in favor of such matter. Accordingly, an abstention from voting on a matter has the same legal effect as a vote against the matter. If a broker or nominee holding stock in "street name" indicates on the proxy that it does not have discretionary authority to vote as to a particular matter ("broker non-votes"), those shares will be counted for purposes of determining whether a quorum is present at the Meeting but will not be considered as present and entitled to vote with respect to such matter. Accordingly, a broker non-vote on a matter has no effect on the voting on such matter.

The Directors will be elected by a plurality of the votes properly cast at the Meeting. Abstentions and broker non-votes as to this election do not count as votes for or against such election. The approval of the proposals to amend the Company's Amended and Restated Stock Incentive Plan and to approve the Company's independent auditors will require the affirmative vote of a majority of the shares of Common Stock properly cast at the Meeting. The approval of the proposal to amend the Amended and Restated Certificate of Incorporation to change Bridgeline Software's corporate name will require the approval of holders of at least a majority of the outstanding shares of Common Stock.

Abstentions as to these proposals will count as being present and represented at the Meeting and entitled to vote, and will be included in calculating the number of votes cast on this proposal (and thus will have the effect of "no" votes). Broker non-votes will not be included in calculating the number of votes cast on a proposal.

PROPOSAL 1  
ELECTION OF DIRECTORS

Two directors are to be elected by a plurality of the shares present in person or represented by proxy at the Meeting and entitled to vote thereon, to hold office for a three year term expiring in 2013. The persons named in the accompanying proxy have advised management that it is their intention to vote for the election of the following nominees as director unless authority is withheld:

(1) Kenneth Galaznik

(2) Scott Landers

Management has no reason to believe that either nominee will be unable to serve. In the event that either nominee becomes unavailable, the proxies may be voted for the election of such person or persons who may be designated by the Board of Directors.

The following table sets forth certain information as to our current directors:

Name	Age	Position with the Company	Director Since
Nominees for Director for Terms Expiring in 2013			
Kenneth Galaznik*	58	Director, Chair of the Audit Committee	2006
Scott Landers*	39	Director	2010
Directors with Terms Expiring in 2012			
William Coldrick*	67	Director, Chair of the Nominating and Corporate Governance Committee, Member of the Compensation Committee and Audit Committee	2000
Thomas Massie	48	Chairman of the Board of Directors, President and Chief Executive Officer	2000
Directors with Terms Expiring in 2011			
Robert Hegarty*	46	Director, Chair of the Compensation Committee, Member of the Nominating and Corporate Governance Committee	2006
John Cavalier*	70	Director, Member of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee	2007

\*Independent director as defined under the rules of the Nasdaq Stock Market



Thomas Massie has served as our Chairman of the Board, President and Chief Executive Officer since our inception. Prior to founding Bridgeline Software, Mr. Massie founded and took public two technology companies. From 1991 to 2000, Mr. Massie was the founder, Chairman of the Board and Chief Executive Officer of Focus Enhancements, a publicly-held developer of proprietary video conversion ASIC chip technology that had technology alliances with companies such as Intel, Microsoft, Apple Computer, Thompson, Philips, SONY, Nokia, and Zenith. Mr. Massie led Focus Enhancements from concept to a public market capitalization of \$230 million. From 1986 to 1991, Mr. Massie was the founder and Chairman of the Board of Mass Microsystems, a publicly-held developer of proprietary multimedia products. Mr. Massie led Mass Microsystems from inception to a public market capitalization in excess of \$75 million. From 2002 to 2007, Mr. Massie was a member of the Board of Directors of MapInfo Corporation, a publicly-held developer of location intelligence software. Mr. Massie was the Chairman of MapInfo's Corporate Governance Committee and a member of its Audit and Compensation Committees. In April 2007, MapInfo was acquired by Pitney-Bowes for \$480 million. In addition, Mr. Massie is a member of the National Association of Directors and was a non-Commissioned Officer in the United States Army, 101st Airborne Division.

John Cavalier has been a member of our Board of Directors since 2007. Mr. Cavalier is a member of the Company's Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee. From 2001 to 2007, Mr. Cavalier was the Chairman of the Board of MapInfo Corporation, a publicly-held developer of location intelligence software. From 1996 to 2001, Mr. Cavalier was the president, CEO and a director of MapInfo. During Mr. Cavalier's tenure at MapInfo, he successfully helped lead the growth of MapInfo from approximately \$40 million in annual sales to over \$160 million in annual sales. In April 2007, MapInfo was acquired by Pitney Bowes for \$480 million. Prior to joining MapInfo, Mr. Cavalier held executive management positions with The Antares Alliance Group (a joint venture between Amdahl and EDS), Amdahl, Atari, and Apple Computer. Mr. Cavalier is an active board member of various privately-held technology companies. In 2006, Mr. Cavalier was inducted into New York State's Tech Valley's Business Hall of Fame recognizing him for outstanding business leadership. In 2007, Mr. Cavalier was given the Explore, Discover, & Imagine Award by New York's Children's Museum of Science & Technology recognizing his leadership in promoting technology to children. Mr. Cavalier earned his undergraduate degree from the University of Notre Dame and his MBA from Michigan State University.

William Coldrick has been a member of our Board of Directors since our inception. Mr. Coldrick is the Chairman of the Nominating and Corporate Governance Committee, a member of the Audit Committee, and a member of the Compensation Committee. From 1993 to 2008, Mr. Coldrick served as Vice Chairman of the Board of Focus Enhancements. From 1996 to 1998, he was Vice President and General Manager of Worldwide Channel Operations for the Computer Systems Division of Unisys Corp. From 1982 to 1991, Mr. Coldrick held several senior management positions at Apple Computer. In his last position at Apple as Senior Vice President of U.S. Sales, he was responsible for managing all sales, support, service, distribution and channel activities for the United States. During Mr. Coldrick's tenure at Apple, his sales leadership assisted in the growth of Apple from \$80 million a year to over \$6 billion a year in annual sales. Before joining Apple, Mr. Coldrick spent fourteen years with Honeywell Information Systems, where he held several positions, including Director of Marketing. He holds a B.A. degree from Iona College in New Rochelle, New York.

Kenneth Galaznik has been a member of our Board of Directors and Chairman of the Audit Committee since 2006. Since 2005, Mr. Galaznik has been the Senior Vice President, Chief Financial Officer and Treasurer of American Science and Engineering, Inc., a publicly held supplier of X-ray inspection and screening systems with a public market cap of over \$700 million. From August 2002 to February 2005, Mr. Galaznik was Vice President of Finance of American Science and Engineering, Inc. From November 2001 to August 2002, Mr. Galaznik was self-employed as a consultant. From March 1999 to September 2001, he served as Vice President of Finance at Spectro Analytical Instruments, Inc. and has more than 30 years of experience in accounting and finance positions. Mr. Galaznik holds a B.B.A. degree in accounting from The University of Houston.

Robert Hegarty has been a member of our Board of Directors since 2006. Mr. Hegarty is also Chairman of the Compensation Committee and a member of the Nominating and Corporate Governance Committee. Since March 2009, Mr. Hegarty has been Managing Director, Market Structure of The Depository Trust & Clearing Corporation. From 1999 to March 2009, Mr. Hegarty was Managing Director of TowerGroup Securities & Investments Group, a capital markets and investment and wealth management research subsidiary of MasterCard International. Before joining TowerGroup in 1999, Mr. Hegarty was vice president of trading systems at Putnam Investments in Boston, Massachusetts and, prior to that, was employed by Fidelity Investments in Boston for eight years, during which he served as vice president of technology of the institutional broker-dealer arm of Fidelity Investments. Mr. Hegarty holds an M.B.A. degree in finance and marketing from Babson College and a B.S. degree in computer science from North Adams State College.

Scott Landers has been a member of our Board of Directors since 2010. Since July 2008, Mr. Landers has been the Senior Vice President, Chief Financial Officer and Treasurer for Monotype Imaging Holdings Inc., a global developer of text imaging solutions. Monotype is a publicly-held company with a market cap over \$250 million. Prior to joining Monotype, from September 2007 until July 2008, Mr. Landers was the Vice President of Global Finance at Pitney Bowes Software, a \$450 million division of Pitney Bowes, a leading global provider of location intelligence solutions. From 1997 until September 2007, Mr. Landers held several senior finance positions, including Vice President of Finance and Administration, at MapInfo, a publicly-held company which was acquired by Pitney Bowes in April 2007. Earlier in his career, Mr. Landers was a Business Assurance Manager with Coopers & Lybrand. Mr. Landers is a certified public accountant and holds a bachelor's degree in accounting from Le Moyne College in Syracuse, N.Y. and a master's degree in business administration from The College of Saint Rose in Albany, N.Y.

## Other Executive Officers

The following table sets forth certain information as to our executive officers who are not also directors:

Name	Age	Position with the Company
Ronald M. Levenson	54	Executive Vice President and Chief Financial Officer
Brett Zucker	37	Executive Vice President and Chief Technology Officer

Ronald M. Levenson has been our Executive Vice President, Chief Financial Officer and Treasurer since 2009. From 2005 to 2008, Mr. Levenson served as Executive Vice President and Chief Financial Officer for Virgin HealthMiles, Inc., a Virgin Group company where he was responsible for finance, legal and human resources. From 2004 to 2005, Mr. Levenson served as Chief Financial Officer of MedAptus, Inc. Mr. Levenson has also served as a strategic financial advisor to a number of public and private software and service companies, as Senior Vice President, Chief Financial Officer and Treasurer of American Dental Partners, Inc. (NASDAQ: ADPI) and as Senior Vice President, Chief Accounting Officer and Treasurer of American Medical Response, Inc. Prior to American Medical Response, Mr. Levenson was a Senior Manager with KPMG LLP, where he was employed for more than ten years. Mr. Levenson is a graduate of Northeastern University and a certified public accountant.

Brett Zucker has been a senior executive at Bridgeline since 2002. Since 2006, Mr. Zucker has been our Executive Vice President and Chief Technical Officer. From 2002 to 2006, Mr. Zucker was a senior executive of the Company's New York business unit. Prior to joining Bridgeline Software, Mr. Zucker was the Director of Development and Delivery for Lead Dog Digital, Inc., a custom Web application development company Bridgeline acquired in 2002. Prior to joining Lead Dog Digital in September 2000, Mr. Zucker served in management positions with AppNet and Agency.com. Mr. Zucker is a member of the Board of Directors of Content Management Professionals, an independent national organization with over 12,000 members. Mr. Zucker holds a B.S. degree in Electrical Engineering from Cornell University and an M.B.A. degree from Harvard Business School.

The Board of Directors recommends a vote FOR the approval of Proposal No. 1, the election of directors.

## Certain Relationships and Related Transactions

Item 404(d) of Regulation S-K requires the Company to disclose any transaction or proposed transaction in which the amount involved exceeds the lesser of \$120,000 or one percent (1%) of the average of the Company's total assets as of the end of the last two completed fiscal years in which the Company is a participant and in which any related person has or will have a direct or indirect material interest. A related person is any executive officer, director, nominee for director, or holder of 5% or more of the Company's common stock, or an immediate family member of any of those persons.

Since October 1, 2007, the Company has not been a participant in any transaction that is reportable under Item 404(d) of Regulation S-K. The Company knows of no proposed transaction in which it will be a participant that would be reportable under Item 404(d) of Regulation S-K.

In accordance with our Audit Committee charter, our Audit Committee is responsible for reviewing and approving the terms of any related party transactions. Therefore, any material financial transaction between the Company and any related person would need to be approved by our Audit Committee prior to the Company entering into such transaction.

#### SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Beneficial ownership is determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended. In computing the number of shares beneficially owned by a person or a group and the percentage ownership of that person or group, shares of our common stock subject to options or warrants currently exercisable or exercisable within 60 days after January 15, 2010 are deemed outstanding, but are not deemed outstanding for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, the address of each individual named below is our address, 10 Sixth Road, Woburn, Massachusetts 01801.

The following table sets forth as of January 15, 2010, the beneficial ownership of our common stock by (i) each person or group of persons known to us to beneficially own more than 5% of the outstanding shares of our common stock, (ii) each of our directors and named executive officers, (iii) certain members of senior management who beneficially own more than 1% of the outstanding shares of our common stock and (iv) all of our executive officers, directors and senior management who beneficially own more than 1% of the outstanding common stock as a group. At the close of business on January 15, 2010, there were issued and outstanding 11,184,542 shares of our Common Stock entitled to cast 11,184,542 votes. On January 15, 2010, the closing price of our Common Stock as reported on the Nasdaq Capital Market was \$1.27 per share.

Except as indicated in the footnotes to the table below, each shareholder named in the table has sole voting and investment power with respect to the shares shown as beneficially owned by such shareholder.

This information is based upon information received from or on behalf of the individuals named herein.

Name and Address	Number of Shares Owned		Percent of Shares Outstanding
P.A.W. Capital Corp Peter A. Wright 4 Greenwich Office Park, 3rd Floor Greenwich, CT 06831	630,000	(1)	5.63%
Erez Katz	1,156,132	(2)	10.33%
Thomas Massie	903,111	(3)	8.03%
Tim Higgins	266,449		2.38%
Tony Pietrocola	237,156	(4)	2.12%
Michael Matteo	168,673	(5)	1.50%
Brett Zucker	146,631	(6)	1.30%
William Matteson	137,000	(7)	1.22%
John Cavalier	99,999	(8)	*
William Coldrick	85,888	(9)	*
Robert Hegarty	26,999	(10)	*
Kenneth Galaznik	14,999	(11)	*
Scott Landers	—		—
Ronald M. Levenson	—		—
All current executive officers, directors and certain members of senior management who beneficially own more than 1% of the outstanding shares of common stock as a group (13 persons)	3,243,037	(12)	28.41 %

\*less than 1%

(1)Based on the Schedule 13G filed by the holder on January 15, 2010.

(2)Includes 9,999 shares of common stock subject to currently exercisable options (includes options that will become exercisable within 60 days of January 15, 2010).

(3)Includes 49,444 shares of common stock subject to currently exercisable options (includes options that will become exercisable within 60 days of January 15, 2010). Also includes 10,000 shares of common stock issuable upon exercise of a warrant.