

Cornerstone OnDemand Inc
Form 10-Q
August 05, 2016

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, 2016

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 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.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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 August 1, 2016
Common Stock 55,931,617

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)

	June 30, 2016	December 31, 2015
Assets		
Cash and cash equivalents	\$ 112,575	\$ 107,691
Short-term investments	154,052	136,841
Accounts receivable, net	103,278	104,686
Deferred commissions	33,040	35,910
Prepaid expenses and other current assets	17,887	15,297
Total current assets	420,832	400,425
Capitalized software development costs, net	26,811	23,089
Property and equipment, net	25,506	27,021
Long-term investments	31,145	64,247
Intangible assets, net	11,867	16,713
Goodwill	25,894	25,894
Other assets, net	467	878
Total Assets	\$ 542,522	\$ 558,267
Liabilities and Stockholders' Equity		
Liabilities:		
Accounts payable	\$ 16,495	\$ 18,954
Accrued expenses	37,310	44,111
Deferred revenue, current portion	226,608	237,679
Capital lease obligations, current portion	—	33
Other liabilities	2,147	2,663
Total current liabilities	282,560	303,440
Convertible notes, net	233,814	229,305
Other liabilities, non-current	2,512	3,240
Deferred revenue, net of current portion	9,226	14,460
Total liabilities	528,112	550,445
Commitments and contingencies (Note 9)		
Stockholders' Equity:		
Common stock, \$0.0001 par value; 1,000,000 shares authorized, 55,693 and 54,704 shares issued and outstanding at June 30, 2016 and December 31, 2015, respectively	6	5
Additional paid-in capital	434,417	394,089
Accumulated deficit	(422,713)	(386,882)
Accumulated other comprehensive income	2,700	610
Total stockholders' equity	14,410	7,822
Total Liabilities and Stockholders' Equity	\$ 542,522	\$ 558,267

See accompanying notes to unaudited condensed consolidated financial statements.

CORNERSTONE ONDEMAND, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (in thousands, except per share data)
 (unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Revenue	\$107,013	\$82,563	\$206,337	\$156,518
Cost of revenue	35,955	27,893	67,605	52,555
Gross profit	71,058	54,670	138,732	103,963
Operating expenses:				
Sales and marketing	57,835	51,446	114,536	97,404
Research and development	11,782	9,983	22,797	19,750
General and administrative	16,538	12,260	33,003	23,351
Amortization of certain acquired intangible assets	—	150	150	300
Total operating expenses	86,155	73,839	170,486	140,805
Loss from operations	(15,097)	(19,169)	(31,754)	(36,842)
Other income (expense):				
Interest income	385	202	731	372
Interest expense	(3,217)	(3,114)	(6,407)	(6,205)
Other, net	482	(801)	2,275	(3,191)
Other income (expense), net	(2,350)			