PIVOTAL CORP
Form 10-Q
February 14, 2001

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

for the quarterly period ended December 31, 2000

[ ] 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 000-26867

PIVOTAL CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

BRITISH COLUMBIA, CANADA	Not applicable
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)

300 - 224 WEST ESPLANADE,
NORTH VANCOUVER, BRITISH COLUMBIA, V7M 3M6
CANADA
(Address of principal executive offices)

Telephone (604) 988-9982
(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 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 [X] No [ ]

COMMON SHARES OUTSTANDING AT FEBRUARY 9, 2001: 23,892,664

PIVOTAL CORPORATION

FORM 10-Q

FOR THE QUARTER ENDED DECEMBER 31, 2000

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PART I - ITEM 1: CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

PIVOTAL CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS
(Expressed in United States dollars; all amounts in thousands)

	December 31, 2000 (unaudited)
ASSETS	
Current assets:	
Cash and cash equivalents	$ 6,744
Short term investments	72,307
Accounts receivable	24,670
Prepaid expenses	3,121

Total current assets	106,842
Property and equipment, net	8,595
Goodwill, intangibles and other assets, net	63,124
Total assets	$ 178,561
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current liabilities:	
Accounts payable and accrued liabilities	$ 22,100
Deferred revenue	10,425
Total current liabilities	32,525
Shareholders' equity:	
Preferred shares, undesignated, no par value; authorized shares - 20,000 at December 31, 2000 and June 30, 2000; no shares issued and outstanding	-
Common shares, no par value, authorized shares - 200,000 at December 31, 2000 and June 30, 2000, respectively; issued and outstanding shares - 23,799 and 22,057 at December 31, 2000 and June 30, 2000, respectively	165,094
Additional paid-in capital	7,002
Deferred share-based compensation	(137)
Accumulated deficit	(25,923)
Total shareholders' equity	146,036
Total liabilities and shareholders' equity	$ 178,561

See accompanying notes.

PIVOTAL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Expressed in United States dollars, all amounts in thousands
except per share data)
(Unaudited)

	Three months ended December 31,	
	2000	1999

REVENUES:			
Licenses	$ 16,346	$ 8,026	$
Services and maintenance	9,385	3,516	
Total revenues	25,731	11,542	
COST OF REVENUES:			
Licenses	979	410	
Services and maintenance	4,979	1,813	
Total cost of revenues	5,958	2,223	
Gross profit	19,773	9,319	
OPERATING EXPENSES:			
Sales and marketing	12,914	6,917	
Research and development	4,509	2,125	
General and administrative	2,100	968	
Amortization of goodwill	5,405	32	
Total operating expenses	24,928	10,042	
Loss from operations	(5,155)	(723)	
Interest and other income	644	685	
Loss before income taxes	(4,511)	(38)	
Income tax expense	(170)	(126)	
Net loss	$ (4,681)	$ (164)	$
LOSS PER SHARE:			
Basic and diluted	(0.20)	(0.01)	$
Pro forma basic and diluted			
WEIGHTED AVERAGE NUMBER OF SHARES USED TO CALCULATE LOSS PER SHARE:			
Basic and diluted	23,002	20,025	
Pro forma basic and diluted			

See accompanying notes.

PIVOTAL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED DECEMBER 31, 2000
(Expressed in United States dollars; all amounts in thousands)
(Unaudited)

	Common Shares		Additional Paid-in Capital	Deferred Share-Based Compensation	(Defi
	Shares	Amount			

Balance June 30, 2000	22,057	$ 105,076	$ 7,002	$ (193)	$ (15,
Issuance of common shares on exercise of stock options	414	1,101			
Issuance of common shares related to Employee Stock Purchase Plan	28	567			
Amortization of share-based compensation				28	
Net loss					(5,
Balance September 30, 2000	22,499	$ 106,744	$ 7,002	$ (165)	$ (21,
Issuance of common shares on exercise of stock options	47	964			
Acquisitions	253	6,453			
Issuance of common shares on secondary offering	1,000	50,933			
Amortization of share-based compensation				28	
Net loss					(4,
Balance December 31, 2000	23,799	$ 165,094	$ 7,002	$ (137)	$ (25,

See accompanying notes.

PIVOTAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in United States dollars; all amounts in thousands)
(Unaudited)

	Six months ended December 31,	
	2000	1999
Cash flows from operating activities:		
Net loss for the period	$ (10,135)	$ (850)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Amortization of goodwill	10,400	32

Depreciation	2,050	761
Non-cash share-based compensation expense	56	111
Change in operating assets and liabilities:		
Accounts receivable	(7,631)	(1,029)
Prepaid expenses	(1,191)	(1,234)
Accounts payable and accrued liabilities	2,112	2,993
Deferred revenue	1,023	744
Net cash provided by (used in) operating activities	(3,316)	1,528
Cash flows from investing activities:		
Purchase of property and equipment	(2,979)	(2,664)
Acquisitions (net of cash acquired)	(3,276)	(654)
Purchase of short term investments	(41,519)	-
Other assets	(465)	-
Net cash used in investing activities	(48,239)	(3,318)
Cash flows from financing activities:		
Proceeds from issuance of common shares	53,565	43,184
Net cash provided by financing activities	53,565	43,184
Net increase in cash and cash equivalents	2,010	41,394
Cash and cash equivalents, beginning of period	4,734	9,338
Cash and cash equivalents, end of period	$ 6,744	$ 50,732
Supplemental cash flow disclosure:		
Income taxes paid (recovered)	$ (96)	$ 306
Supplemental non-cash investing disclosure:		
Acquisitions of Project One and Software Spectrum	$ 6,453	$ -
Issuance of note payable on acquisition of Transitif	$ -	$ 574
Supplemental non-cash financing disclosure:		
Issuance of common shares and options on acquisitions	$ 6,453	$ -
Conversion of preferred shares into common shares	$ -	$ 17,583

See accompanying notes.

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PIVOTAL CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States dollars; all amounts in thousands)
(Unaudited)

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited financial statements have been prepared pursuant to the rules and regulations of the United States Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with United States generally accepted accounting principles, have been condensed, or omitted, pursuant to such rules and regulations. The interim financial statements are unaudited, but reflect all adjustments which are, in the opinion of management, necessary for the fair presentation of the results of the interim periods presented. These financial statements should be read in conjunction with the audited consolidated financial statements included in Pivotal's Annual Report on Form 10-K for the year ended June 30, 2000. The results of operations for the interim period are not necessarily indicative of the results of operations for a full fiscal year.

Recent Accounting Pronouncements

We adopted Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS 137 and SFAS 138 as of the beginning of its fiscal year 2001. The Standard requires the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivatives will either be offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings, or recognized in other comprehensive income until the hedged item is recognized in earnings. The change in a derivative's fair value related to the ineffective portion of a hedge, if any, will be immediately recognized in earnings. The effect of adopting SFAS 133, as amended, did not have a material effect on our financial position or overall trends in results in operations.

In March 2000, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation - an interpretation of APB Opinion No. 25" ("FIN 44"). FIN 44 clarifies the application of APB Opinion No. 25 and among other issues clarifies the following: the definition of an employee for purposes of applying APB Opinion No. 25, the criteria for determining whether a plan qualifies as a noncompensatory plan, the accounting consequences of various modifications to the terms of previously fixed stock options or awards, and the accounting for an exchange of stock compensation awards in a business combination. FIN 44 was effective as of July 1, 2000, but certain conclusions in FIN 44 cover specific events that occurred after either December 15, 1998 or January 12, 2000. We adopted FIN 44 in the first quarter of fiscal 2001 and there was no material effect on our condensed consolidated financial position, results of operations or cash flows.

In December, 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements." SAB 101 summarizes certain of the Securities and Exchange Commission's views in applying generally accepted accounting principles to revenue recognition in financial statements. In October 2000, the Securities and Exchange Commission

(Unaudited)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

issued further guidance with respect to adoption of specific issues addressed by SAB 101. We do not believe the adoption of SAB 101 will have a material effect on our consolidated financial position or results of operations.

2. BUSINESS COMBINATIONS

During the quarter ended December 31, 2000, Pivotal completed the acquisitions described below which were accounted for under the purchase method of accounting. Accordingly, the results of operations of each acquisition are included in the condensed consolidated statement of operations since the acquisition date, and the related assets and liabilities were recorded based upon their respective fair values at the date of acquisition. Pro forma results of operations have not been presented because the effects of these acquisitions were not material on either an individual or an aggregate basis.

Ionysys Technology Corporation

On October 16, 2000, Pivotal acquired 100% of Ionysys Technology Corporation ("Ionysys"), a privately held provider of Internet solutions. Pivotal paid an aggregate cash purchase price of $1,014 including acquisition related expenditures of $360.

Project One Business Technologies Inc.

On October 31, 2000, Pivotal acquired 100% of Project One Business Technologies Inc. ("Project One"), a privately held provider of Internet solutions specifically designed for the health care industry. Pivotal paid an aggregate purchase price of $1,364 consisting of 19 common shares and stock options and cash of $460, which includes acquisition related expenditures of $380.

The agreement for the acquisition of Project One also provided for additional consideration to a maximum of approximately 96 common shares to be paid based on achieving certain product development and operating targets over the next 3 years. All earn-out payments will be recorded as additional purchase price when determinable. No earn-out payments were required to be made in connection with the acquisition of Project One for the quarter ended December 31, 2000.

2. BUSINESS COMBINATIONS (Continued)

(Expressed in United States dollars; all amounts in thousands)

Software Spectrum CRM Inc.

On December 5, 2000, Pivotal acquired 100% of Software Spectrum CRM, Inc. ("Software Spectrum"). Software Spectrum, based in Dallas, Texas, delivers solutions and consulting expertise in multi-channel contact centers, demand chain network management and customer relationship management to help organizations increase revenue and customer satisfaction. Pivotal paid an aggregate purchase price of $7,474 consisting of 138 common shares and stock options and cash of $1,925, which includes acquisition related expenditures of $1,175.

The total consideration paid by Pivotal for each of the three companies acquired, including acquisition costs, was allocated based on estimated fair values on the acquisition date as follows:

	Ionysys	Project One	Software Spectrum
Assets acquired	$ 86	$ 62	$ 2,697
Liabilities assumed	-	(1,008)	(2,534)
Net identifiable assets (liabilities) assumed	86	(946)	163
Goodwill and other intangibles	928	2,310	7,311
Purchase price	$ 1,014	$ 1,364	$ 7,474
Consideration (inclusive of cash received of $123)			
Cash	1,014	460	1,925
Fair value of common shares and stock options issued	-	904	5,549
	$ 1,014	$ 1,364	$ 7,474

Goodwill is being amortized over the estimated useful life of three years on a straight-line basis.

The fair value of the common shares of Pivotal issued in connection with the acquisitions was determined by taking an average of the opening and closing trading price of the common shares for a short period just before and just after the acquisition date.

3. ACCOUNTS RECEIVABLE

Accounts receivable are net of an allowance for doubtful accounts of $1,427 and $740 at December 31, 2000 and June 30, 2000, respectively.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The components of accounts payable and accrued liabilities were as follows:

	December 31, 2000	June 30, 2000
Accounts payable	$ 10,850	$ 9,369
Accrued compensation	4,099	3,020
Accrued acquisition costs	1,355	1,229
Other accrued liabilities	5,796	3,259
	$ 22,100	$ 16,877

5. LOSS PER SHARE

The following table sets forth the computation of basic and diluted loss per share:

	Three months ended December 31,		Six months ended December 31,	
	2000	1999	2000	1
Net loss (A)	$ (4,681)	$ (164)	$ (10,135)	$
Weighted average number of common shares outstanding (B)	23,002	20,025	22,750	16
Pro forma adjustment for redeemable	-	-	-	2
Pro forma basic and diluted weighted average number of shares (C)	23,002	20,025	22,750	19
Loss per share:				
Basic and diluted (A/B)	$ (0.20)	$ (0.01)	$ (0.45)	$ (
Pro forma basic and diluted (A/C)				$ (

Pro forma basic and diluted loss per share is computed by dividing net loss by the weighted average number of common shares outstanding and the weighted average redeemable convertible preferred shares.

PIVOTAL CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States dollars; all amounts in thousands)
(Unaudited)

5. LOSS PER SHARE (Continued)

and Class A convertible preferred shares outstanding as if such shares were converted into common shares and had been outstanding since July 1, 1998.

6. EQUITY FINANCING

On November 28, 2000, Pivotal completed an equity financing of one million common shares at a price of approximately $55 per common share, for gross proceeds of $55 million. Net proceeds after offering expenses were $50,933.

7. SEGMENTED INFORMATION

Pivotal operates in one business segment; the development, marketing, support and implementation of Pivotal demand chain network solutions.

Pivotal licenses and markets its solutions internationally. The following table presents a summary of revenues by geographical region.

	Three months ended December 31,		Six months ended December 31,	
	2000	1999	2000	1999
United States	$ 16,459	$ 7,028	$ 31,231	$ 12,788
Canada	3,739	1,434	6,174	2,215
International	5,533	3,080	9,384	5,214
	$ 25,731	$ 11,542	$ 46,789	$ 20,217

Pivotal attributes revenue among the geographical areas based on the location of the customers involved.

During the three month and six month periods ended December 31, 2000 and 1999, no single customer accounted for 10% or more of total revenue.

PART I - ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

Investors should read the following in conjunction with the unaudited condensed consolidated financial statements and notes thereto included in Part I - Item 1 of this Quarterly Report, and the audited consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Conditions and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended June 30, 2000.

FORWARD-LOOKING STATEMENTS

Statements in this filing about our future results, levels of activity, performance, goals or achievements or other future events constitute forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in our forward-looking statements. These factors include, among others, those described in connection with the forward-looking statements, and the factors listed in Exhibit 99.1 to this report, which is hereby incorporated by reference in this report.

In some cases, you can identify forward-looking statements by our use of words such as "may," "will," "should," "could," "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," "potential" or "continue" or the negative or other variations of these words, or other comparable words or phrases.

Although we believe that the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements or other future events. Moreover, neither we nor anyone else assumes responsibility for the accuracy and completeness of forward-looking statements. We are under no duty to update any of our forward-looking statements after the date of this report. You should not place undue reliance on forward-looking statements.

OVERVIEW

Pivotal Corporation's demand chain network solution suite enables large and medium-sized businesses worldwide to increase, serve and manage their customers. We refer to our solutions as demand chain network solutions because they automate and manage marketing, selling and servicing processes over the Internet by integrating customer relationship management, electronic selling, electronic commerce and wireless technologies. Our demand chain network solutions are designed to complement and integrate with a business' supply chain, therefore enabling businesses to improve efficiency and increase revenues.

On December 5, 2000, we announced a joint three year multi-million dollar initiative with Microsoft to develop, market and sell demand chain network solutions to Global 2000 companies which will result in incremental expenditures over this period.

Pivotal solutions are sold in 35 countries and are available in English, French, German, Spanish, Portuguese, Swedish, Japanese and Chinese. Pivotal's worldwide customer base includes more than 1,000 organizations in traditional, commercial, public market sectors and in the new digital economy and includes companies such as ING Barings LLC, KPMG, Intrawest Corporation, USFilter, NEC, Ericsson, Emerson Electric, Nissan Motor (Denmark), Digital Insight, Headhunter.net, Clarus Corporation, insLogic, Qiagen, American Medical Security Group Inc., Farm Credit Services of America, Panasonic SA, Atlas Copco Airpower N. V., Toshiba Information Systems Corporation, National Air Traffic Services, London, Eprise Corporation, Bombardier Aerospace, Grantham, Mayo, Van Otterloo & Company L.L.C., Hitachi Telecom (USA) Inc., Groove Networks, Kikkoman Corporation, Trader.com, Southern Company, Deloitte & Touche and Principal Financial Group. We market and sell our solutions through a direct sales force as well as through third-party solution providers.

Pivotal is listed on NASDAQ under the symbol "PVTL" and on the Toronto Stock Exchange under the symbol "PVT". Our home page on the Internet can be found at www.pivotal.com. Information contained on our Web site does not constitute part of this report.

The terms "Pivotal," "our company" and "we" in this filing refer to Pivotal Corporation, a British Columbia company, and all of Pivotal Corporation's wholly owned subsidiaries including Pivotal Corporation, incorporated in Washington State, Pivotal Corporation Limited, incorporated in the United Kingdom, Pivotal Corporation France S.A., incorporated in France, Exactium Ltd., incorporated in Israel, Exactium, Inc., incorporated in Delaware State, Pivotal Technologies Corporation Limited, incorporated in the Republic of Ireland, Pivotal Corporation (N.I.) Limited, incorporated in Northern Ireland, Pivotal GmbH, incorporated in Germany, Digital Conversations Inc., incorporated in British Columbia, Pivotal Corporation Australia Pty. Ltd., incorporated in Australia, Project One Business Technologies Inc., incorporated in British Columbia, Nihon Pivotal K.K., incorporated in Japan and Software Spectrum CRM, Inc., incorporated in Texas, collectively.

Pivotal Relationship, Pivotal eRelationship, Pivotal eRelationship 2000, Pivotal eRelationship 2000 Intrahub, Pivotal eRelationship 2000 CustomerHub, Pivotal eRelationship 2000 PartnerHub, Pivotal ePower 2000, Pivotal eSelling 2000, PivotalWeb .NET, PivotalHost, Pivotal Anywhere, Pivotal Intelligence, Pivotal Interaction Center and Pivotal Demand Chain Network are trademarks and/or registered trademarks of Pivotal Corporation.

SOURCE OF REVENUE AND REVENUE RECOGNITION POLICY

We derive our revenues from the sale of software and services. We recognize license revenues on delivery of our solutions if:

- there is persuasive evidence of an arrangement,
- the fee is fixed or determinable,
- there is vendor specific objective evidence supporting allocating the total fee among all elements of a multiple-element arrangement, and
- the collection of the license fee is probable.

Multiple-element arrangements could consist of software licenses, upgrades, enhancements, maintenance and consulting services. Under some license arrangements, with either a fixed or indefinite term, our customers agree to pay for the license with periodic payments extending beyond one year. We recognize revenues from these arrangements as the periodic payments become due, provided all other conditions for revenue recognition are met.

We enter into reseller and sub-licensing arrangements that provide a fee payable to us based on a percentage of list price. We recognize revenue only on the fees payable to us, net of any amount payable to the reseller by the customer.

We typically sell first year maintenance with the related software license. Revenue related to maintenance is recognized over the term of the maintenance contract, typically one year. Revenues relating to technical support and maintenance have increased due to our increasing customer base and the renewal of technical support and maintenance contracts upon expiration of first year maintenance arrangements.

We recognize revenues from consulting, implementation services, and education as these services are performed. We derive revenue from these services primarily on a time-and-materials basis under a separate service arrangement with the customer. The majority of the implementation services provided to our customers in connection with installations of our solutions are provided by third-party consulting and implementation service providers. These third-party service providers contract directly with the customer.

Our cost of license revenues primarily consists of costs relating to the packaging and distribution of solutions and related documentation and license fees due to third parties for integrated technology. Our cost of services revenues includes salaries and related expenses for our implementation, consulting support and education organizations and an allocation of facilities, communications and depreciation expenses. Our operating expenses are classified into three general categories: sales and marketing, research and development and general and administrative. We classify all charges to these operating expense categories based on the nature of the expenditures. We allocate the costs for overhead and facilities to each of the functional areas based on their headcount.

Software development costs incurred prior to the establishment of technological feasibility are included in research and development costs as incurred. Since license revenues from our solutions are not recognized until after technological feasibility has been established, software development costs are not generally expensed in the same period in which license revenues for the developed solutions are recognized.

RESULTS OF OPERATIONS

The following table presents selected financial data, derived from our unaudited condensed consolidated statements of operations, as a percentage of total revenues for the periods indicated. The operating results for the three months and six months ended December 31, 2000 and 1999, respectively, are not necessarily indicative of the results that may be expected for the full fiscal year or any future period.

	Three months ended December 31,		Six months ended Dec	
	2000	1999	2000	
CONSOLIDATED STATEMENT OF OPERATIONS				

Revenues:				
License	64%	70%	64%	
Services and maintenance	36%	30%	36%	
Total revenues	100%	100%	100%	
Cost of revenues:				
License	4%	3%	4%	
Services and maintenance	19%	16%	19%	
Total cost of revenues	23%	19%	23%	
Gross profit	77%	81%	77%	
Operating expenses:				
Sales and marketing	50%	60%	52%	
Research and development	18%	19%	18%	
General and administrative	8%	8%	8%	
Amortization of goodwill	21%	-	22%	
Total operating expenses	97%	87%	100%	
Loss from operations	(20%)	(6%)	(23%)	
Interest and other income	3%	6%	2%	
Loss before income taxes	(17%)	-	(21%)	
Income tax provision	(1%)	(1%)	-	
Net loss	(18%)	(1%)	(21)%	

REVENUES

Total revenues increased 123% to $25.7 million from $11.5 million for the quarters ended December 31, 2000 and 1999, respectively. Total revenues for the six month period ended December 31, 2000 were $46.8 million compared with $20.2 million for the six month period ended December 31, 1999 representing an increase of 131%.

Licenses

Revenues from licenses increased 104% to $16.3 million from $8.0 million for the quarters ended December 31, 2000 and 1999, respectively. Revenues from licenses for the six month period ended December 31, 2000 were $30.1 million compared with $14.1 million for the six month period ended December 31, 1999 representing an increase of 113%.

Our revenues from licenses increased due to sales to new customers and to follow-on sales to existing customers. These increases were attributable to increased market acceptance of our solutions, increased sales as a result of our expansion of our direct and indirect channels of distribution and our marketing organization. We believe that the availability of our Pivotal demand chain network solution suite has contributed to the increase in revenue from licenses, as this has extended the overall functionality of our solutions by permitting organizations to collaborate with customers and partners over the Internet.

Revenues from licenses represented 64% and 70% of total revenues for the quarters ended December 31, 2000 and 1999, respectively. During the six months ended December 31, 2000 and 1999, respectively, revenues from licenses also represented 64% and 70% of total revenues. No single customer accounted for 10% or more of our revenues for the quarters ended December 31, 2000 and 1999 or for the six months ended December 31, 2000 and 1999. North American license revenues accounted for 72% and 73% of total license revenues in the quarters ended December 31, 2000 and 1999, respectively. During the six months ended December 31, 2000 and 1999, North American license revenues accounted for 74% of total license revenues for both periods.

Services and Maintenance

Revenues from services and maintenance increased 167% to $9.4 million from $3.5 million for the quarters ended December 31, 2000 and 1999, respectively. This resulted from an increase of $1.8 million in revenues from technical support and maintenance contracts, which entitle the customer to new versions of the solutions and to technical support and maintenance services, and an increase of $4.1 million in revenues from implementation, education and consulting service engagements.

During the six months ended December 31, 2000 and 1999, respectively, revenues from services and maintenance increased 174% to $16.7 million from $6.1 million. This resulted from an increase of $3.5 million in revenues from technical support and maintenance contracts, which entitle the customer to new versions of the solutions and to technical support and maintenance services, and an increase of $7.1 million in revenues from implementation, education and consulting service engagements.

Our revenues from services and maintenance represented 36% and 30% of total revenues for the quarters ended December 31, 2000 and 1999, respectively. During the six months ended December 31, 2000 and 1999, respectively, revenues from services and maintenance also represented 36% and 30% of total revenues. We intend to expand consulting services targeted at helping customers understand more about matters such as effective one-to-one marketing and using the Internet to increase revenues and improve customer service. We plan to continue relying on third parties to provide a majority of implementation services to our customers rather than providing those services directly.

COST OF REVENUES

Total cost of revenues increased 168% to $6.0 million from $2.2 million for the quarters ended December 31, 2000 and 1999, respectively. For the six months ended December 31, 2000 and 1999, respectively, total cost of revenues increased 176% to $10.7 million from $3.9 million.

Licenses

Cost of revenues from licenses consists of costs relating to the packaging and distribution of solutions, related documentation and fees paid for incorporation of third-party products into our solutions.

Cost of revenues from licenses increased to $979,000 from $410,000 for the quarters ended December 31, 2000 and 1999, respectively. For the six months ended December 31, 2000 and 1999, respectively, cost of revenues from licenses increased to $1.9 million from $694,000. The increase is due primarily to increased costs for third-party technology integrated with our solutions. Cost of revenues from licenses as a percentage of revenues from licenses was 6% and 5% for the quarters ended December 31, 2000 and 1999, respectively. For the six months ended December 31, 2000 and 1999, respectively, cost of revenues from licenses as a percentage of revenues from licenses was also 6% and 5%. We expect that cost of licenses as a percentage of revenue from licenses will continue to increase because we expect to integrate additional software applications licensed from third parties into our solutions.

Services and Maintenance

Cost of revenues from services and maintenance consists of personnel and other expenses relating to the cost of providing maintenance and customer support, education and consulting services. Cost of revenues from services and maintenance will vary depending on the mix of services we provide between support and maintenance, education, implementation and consulting services. Gross profit margins are higher for support and maintenance services than they are for education and consulting services. Support and maintenance services involve the delivery of software upgrades, which the customers download and install themselves, and customer support. Education and consulting services generally require more involvement by our employees, resulting in higher compensation, travel and similar expenses.

Cost of revenues from services and maintenance increased 175% to $5.0 million from $1.8 million for the quarters ended December 31, 2000 and 1999, respectively. For the six months ended December 31, 2000 and 1999, respectively, cost of revenues from services and maintenance increased 178% to $8.8 million from $3.2 million. Cost of revenues from services and maintenance as a percentage of revenues from services and maintenance was 53% and 52% for the quarters ended December 31, 2000 and 1999, respectively. For the six months ended December 31, 2000 and 1999, respectively, cost of revenues from services and maintenance as a percentage of revenues from services and maintenance was also 53% and 52%.

We expect that cost of revenues from services and maintenance will increase as a percent of revenues from services and maintenance as we expand our service capabilities in international markets to support planned expansion of our international business and as we expand our consulting services. This will occur because we will be incurring expenses to hire and train employees before we will be earning revenue for their services, and because we may not generate enough demand for our services to use all the capacity we add.

OPERATING EXPENSES

Sales and Marketing

Sales and marketing expenses consist primarily of salaries, commissions, bonuses and benefits earned by sales and marketing personnel, direct expenditures such as travel, communication and

occupancy for direct sales offices and marketing expenditures related to direct mail, online marketing, trade shows, advertising and promotion.

Sales and marketing expenses increased 87% to $12.9 million from $6.9 million for the quarters ended December 31, 2000 and 1999, respectively. For the six months ended December 31, 2000 and 1999, respectively, sales and marketing expenses increased 93% to $24.4 million from $12.6 million. The increase in dollar amounts reflects the expansion of our international sales capability which required an increase in the number of sales and marketing professionals. Sales and marketing expenses decreased as a percentage of total revenues to 50% from 60% for the quarters ended December 31, 2000 and 1999, respectively. During the six months ended December 31, 2000 and 1999, respectively, sales and marketing expenses decreased as a percentage of total revenues to 52% from 63%. This decrease of sales and marketing expenses as a percentage of total revenues resulted from the improved productivity of our sales and marketing personnel and programs. We expect that sales and marketing expenses will continue to increase in future periods as we continue to expand our North American and international sales and marketing efforts to expand our market position and increase sales of our solutions.

Research and Development

Research and development expenses consist primarily of salaries, benefits and equipment for software engineers, quality assurance personnel, program managers, product managers, technical writers and outside contractors used to augment the research and development efforts.

Research and development expenses increased 112% to $4.5 million from $2.1 million for the quarters ended December 31, 2000 and 1999, respectively. Research and development expenses were 18% and 19% of total revenues for the quarters ended December 31, 2000 and 1999, respectively. For the six months ended December 31, 2000 and 1999, respectively, research and development expenses increased 128% to $8.4 million from $3.7 million. Research and development expenses were 18% of total revenues for the same periods. We expect to continue to significantly increase research and development expenditures with a particular emphasis on Internet-related development projects.

General and Administrative

General and administrative expenses consist primarily of salaries, benefits and related costs for executive, finance, administrative, human resources and information services personnel. General and administrative expenses also include legal and other professional fees.

General and administrative expenses increased 117% to $2.1 million from $968,000 for the quarters ended December 31, 2000 and 1999, respectively. General and administrative expenses were 8% of total revenues for the same periods. For the six months ended December 31, 2000 and 1999, respectively, general and administrative expenses increased 131% to $3.9 million from $1.7 million. General and administrative expenses were 8% of total revenues for the same periods. The increase in general and administrative expenses was due to hiring additional personnel and the implementation of internal financial and administrative systems. We expect general and administrative expenses will increase as we continue to expand the business and increase our administrative capability in international markets.

Amortization of Goodwill

Amortization of goodwill was $5.4 million in the quarter ended December 31, 2000 and $10.4 million in the six months ended December 31, 2000. This related to goodwill of approximately $58.2 million arising from the acquisitions of Transitif, Exactium and Simba during the year ended June 30, 2000 and $12.5 million arising from the acquisitions of Ionysys, Project One and Software Spectrum during the quarter ended December 31, 2000 . Included in goodwill is $1.9 million of acquired goodwill from the acquisition of Software Spectrum and $178,000 in additional consideration paid based on the net after-tax earnings of Transitif and license revenues received by Transitif from sale of licenses for Pivotal products. We are amortizing goodwill from these acquisitions over a period of three years. Amortization of goodwill totaling $32,000 in the quarter ended December 31, 1999 and totaling $32,000 in the six months ended December 31, 1999, related to goodwill of approximately $1.2 million arising from the acquisition of Transitif. We anticipate acquiring other companies or assets which could result in further significant goodwill amortization or other charges and this could materially impact our operating results.

Share-Based Compensation

We recorded deferred compensation expenses of $473,000 during the year ended June 30, 1999 in connection with grants of employee share purchase options with exercise prices lower than the deemed fair market value of our common shares. We are amortizing this amount over the four-year period in which the options vest. We will allocate the expense among operating expense categories based on the primary activity of the employee that holds the option. We recognized $28,000 and $60,000 in compensation expense in the quarters ended December 31, 2000 and 1999, respectively. During the six months ended December 31, 2000 and 1999, respectively, we recognized $56,000 and $111,000 in compensation expense. We currently expect to recognize $113,000, $58,000 and $22,000 in the years ending June 30, 2001, 2002 and 2003, respectively.

Interest and Other Income

Interest and other income consists of earnings on cash and cash equivalents and short term investments net of interest expense, foreign exchange gains and losses, and gains and losses on sale of property and equipment. Interest and other income was $644,000 and $685,000 for the quarters ended December 31, 2000 and 1999, respectively. For the six months ended December 31, 2000 and 1999, respectively, interest and other income was $987,000 and $1.0 million. The quarter ended December 31, 2000 included foreign exchange losses of $111,000. For the six months ended December 31, 2000, foreign exchange loss was $230,000. The other components of interest and other income were not material for the periods presented.

Income Taxes

The provision for income taxes was $170,000 and $126,000 for the quarters ended December 31, 2000 and 1999, respectively. For the six months ended December 31, 2000 and 1999, respectively, the provision for income taxes was $103,000 and $201,000. These income tax amounts were attributable to our operations in the United States, the United Kingdom and France and which were offset by $127,000 related to Canadian research and development tax incentives received.

QUARTERLY RESULTS OF OPERATIONS

The following table presents our unaudited quarterly results of operations both in absolute dollars and on percentage of revenue basis for each of our last eight quarters. This data has been derived from unaudited consolidated financial statements that have been prepared on the same basis as the annual audited consolidated financial statements and, in our opinion, included all normal recurring adjustments necessary for the fair presentation of such information. These unaudited quarterly results should be read in conjunction with our annual audited consolidated financial statements.

	Three months ended				
	Dec. 31, 2000	Sep. 30, 2000	June 30, 2000	Mar. 31, 2000	Dec. 31, 1999
Revenues:					
Licenses	$16,346	$13,768	$13,136	$10,125	$ 8,026
Services and maintenance	9,385	7,290	5,049	4,412	3,516
Total revenues	25,731	21,058	18,185	14,537	11,542
Cost of revenues:					
Licenses	979	866	812	635	410
Services and maintenance	4,979	3,870	2,671	2,295	1,813
Total cost of revenues	5,958	4,736	3,483	2,930	2,223
Gross profit	19,773	16,322	14,702	11,607	9,319
Operating expenses:					
Sales and marketing	12,914	11,498	10,319	8,214	6,917
Research and development	4,509	3,917	2,803	2,409	2,125
General and administrative	2,100	1,776	1,318	1,197	968
Amortization of goodwill	5,405	4,995	1,280	97	32
In-process research and development and other charges	-	-	6,979	-	-
Total operating expenses	24,928	22,186	22,699	11,917	10,042
Loss from operations	(5,155)	(5,864)	(7,997)	(310)	(723)
Interest and other income (loss)	644	343	478	673	685
Income (loss) before taxes	(4,511)	(5,521)	(7,519)	363	(38)
Income taxes	(170)	67	(217)	(139)	(126)
Net income (loss)	$ (4,681)	$(5,454)	$(7,736)	$ 224	$ (164)

	Three months ended				
	Dec. 31, 2000	Sep. 30, 2000	June 30, 2000	Mar. 31, 2000	Dec. 31, 1999
Revenues:					
Licenses	64%	65%	72%	70%	70%
Services and maintenance	36%	35%	28%	30%	30%
Total revenues	100%	100%	100%	100%	100%
Cost of revenues:					
Licenses	4%	4%	4%	4%	3%
Services and maintenance	19%	18%	15%	16%	16%
Total cost of revenues	23%	22%	19%	20%	19%
Gross profit	77%	78%	81%	80%	81%
Operating expenses:					
Sales and marketing	50%	55%	57%	56%	60%
Research and development	18%	19%	15%	17%	19%
General and administrative	8%	8%	7%	8%	8%
Amortization of goodwill	21%	24%	7%	1%	-
In-process research and development and other charges	-	-	39%	-	-
Total operating expenses	97%	106%	125%	82%	87%
Loss from operations	(20)%	(28)%	(44)%	(2)%	(6)%
Interest and other income (loss)	3%	2%	3%	5%	6%
Income (loss) before taxes	(17)%	(26)%	(41)%	3%	-
Income taxes	(1)%	-	(1)%	(1)%	(1)%
Net income (loss)	(18)%	(26)%	(42)%	2%	(1)%

We have typically experienced an increase in revenues during our fourth fiscal quarter ended June 30, which we believe is primarily related to sales compensation policies and annual objectives. In addition, a pattern of reduced buying by European customers during July and August has resulted in lower European license revenues in the quarter ended September 30.

We incurred operating losses as we increased the level of investment in all facets of our business. Our quarterly operating results have fluctuated significantly in the past, and will continue to fluctuate in the future, as a result of a number of factors, many of which are outside our control. As a result of our limited operating history, we cannot forecast operating expenses based on historical results. Accordingly, we base our anticipated level of expense in part on future revenue projections. Most of our expenses are fixed and in the short term we may not be able to quickly reduce spending if revenues are lower than we have projected. Our ability to forecast our quarterly revenues accurately is limited given our limited operating history, length of the sales cycle of our solutions and other uncertainties in our business. If revenues in a particular quarter do not meet projections, our net losses in a given quarter would be greater than expected. As a result, we believe that our quarter-to-quarter comparisons of our operating results are not necessarily meaningful. Investors should not rely on the results of one quarter as an indication of future performance.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2000, we had $6.7 million in cash and cash equivalents, $72.3 million in short term investments and $74.3 million in working capital. During the quarter ended December 31, 2000, we successfully concluded an equity financing in Canada, generating $50.9 million net of expenses and brokers' commissions.

Our cash and cash equivalents and short-term investments increased to $79.1 million as of December 31, 2000 from $35.5 million as of June 30, 2000. Our working capital increased to $74.3 million at December 31, 2000 from $28.3 million at June 30, 2000.

Net cash used in operating activities for the six months ended December 31, 2000 was $3.3 million compared to net cash generated of $1.5 million in the same period in 1999.

Net cash used in investing activities was $48.2 million and $3.3 million for the six months ended December 31, 2000 and 1999, respectively. During the six months ended December 31, 2000, we used $41.5 million for the purchase of short-term investments. Capital expenditures totalled $3.0 million and $2.7 for the six months ended December 31, 2000 and 1999, respectively. These capital expenditures related primarily to the acquisition of computer software and equipment as well as furniture and fixtures as a result of our growing employee base. During the quarter ended December 31, 2000, we used $3.3 million (net of cash acquired) on the acquisitions of Ionysys, Project One and Software Spectrum.

Cash provided by financing activities was $53.6 million and $43.2 million for the six months ended December 31, 2000 and 1999, respectively. Net cash provided by financing activities resulted from the issuance of common shares.

Our principal source of liquidity at December 31, 2000 was our cash, cash equivalents and short-term investments of $79.1 million. We also have credit facilities with a Canadian chartered bank, which include an operating facility of US$10.0 million bearing interest at the bank's prime rate and a term loan facility of US$5.0 million bearing interest at the bank's prime rate to be used for various capital expenditures. The credit facilities are secured by all of our assets, including our equipment and accounts receivable and the shares of our subsidiaries. At December 31, 2000, no amounts were outstanding under the operating facility or the term loan facility.

We believe that the total amount of cash and cash equivalents and short term investments, along with the commercial credit facilities, will be sufficient to meet our anticipated cash needs for working capital or other purposes at least through the year ending June 30, 2001. Thereafter, depending on the development of our business, we may need to raise additional cash for working capital or other expenses. We also may encounter opportunities for acquisitions or other business initiatives that require significant cash commitments, or unanticipated problems or expenses that could result in a requirement for additional cash before that time. If we need to raise additional cash, financing may not be available to us on favorable terms or at all.

RECENT ACCOUNTING PRONOUNCEMENTS

The Company adopted Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS 137 and SFAS 138 as of the beginning of its fiscal year 2001. The Standard will require the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of

the hedge, changes in the fair value of the derivatives will either be offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings, or recognized in other comprehensive income until the hedged item is recognized in earnings. The change in a derivative's fair value related to the ineffective portion of a hedge, if any, will be immediately recognized in earnings. The effect of adopting SFAS 133, as amended, did not have a material effect on the Company's financial position or overall trends in results in operations.

In March 2000, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation - an interpretation of APB Opinion No. 25" ("FIN 44"). FIN 44 clarifies the application of APB Opinion No. 25 and among other issues clarifies the following: the definition of an employee for purposes of applying APB Opinion No. 25, the criteria for determining whether a plan qualifies as a noncompensatory plan, the accounting consequences of various modifications to the terms of previously fixed stock options or awards, and the accounting for an exchange of stock compensation awards in a business combination. FIN 44 was effective as of July 1, 2000, but certain conclusions in FIN 44 cover specific events that occurred after either December 15, 1998 or January 12, 2000. The Company adopted FIN 44 in the first quarter of fiscal 2001 and there was no material effect on the Company's condensed consolidated financial position, results of operations or cash flows.

In December, 1999, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101"). SAB 101 summarizes certain of the SEC's views in applying generally accepted accounting principles to revenue recognition in financial statements. In October 2000, the SEC issued further guidance with respect to adoption of specific issues addressed by SAB 101. Management does not believe the adoption of SAB 101 will have a material effect on the Company's consolidated financial position or results of operations.

PART I- ITEM 3

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to financial market risks, including changes in interest rates and foreign currencies.

Foreign Currency Risk

We have operations in Canada and a number of countries outside of the United States and therefore we are subject to risks typical of an international business including, but not limited to differing economic conditions, changes in political climate, differing tax structures, other regulations and restrictions and foreign exchange rate volatility. Accordingly, our future results could be materially adversely affected by changes in these or other factors.

Our sales and corresponding receivables are substantially in U.S. dollars. Through our operations in Canada and outside North America, we incur the majority of our research and development, customer support costs and administrative expenses in Canadian and other local currencies. We are exposed, in the normal course of business, to foreign currency risks on these expenditures. We have evaluated our exposure to these risks and have determined that our only significant foreign currency exposure at this time is to the Canadian dollar through our operations in Canada. At this time, our exposure to other currencies is not material.

We use forward contracts to minimize the risks associated with transactions originating in Canadian dollars. We have not designated these forward contracts to be hedging instruments, therefore, all gains or losses resulting from the change in fair value of these contracts have been included in earnings in the current period.

If we were to designate these types of forward contracts or other derivatives as hedges in the future and such derivatives satisfy the criteria for hedging instruments, then depending on the nature of the hedge, changes in the fair value of the derivatives will be offset against the change in fair value of assets, liabilities, or firm commitments through earnings (fair value hedges) or recognized in other comprehensive income until the related hedged item is recognized in earnings (cash flow hedges). Any change in fair value related to the ineffective portion of a derivative will be recognized in earnings through periodic mark to market adjustments.

In addition to the use of foreign exchange forward contracts noted above, from time to time we may also purchase Canadian dollars in the open market and hold these funds in order to satisfy forecasted operating needs in Canadian dollars for the next operating period, which is generally limited to six months or less.

At December 31, 2000, the notional value of our foreign currency forward contracts totalled the equivalent of U.S. $6.3 million. All foreign currency forward contracts are carried at fair value and all had maturity dates within 3 months.

Interest Rate Risk

We invest our cash in a variety of short term financial instruments, including government bonds, commercial paper and money market instruments. Our portfolio is diversified and consists primarily of investment grade securities to minimize credit risk. These investments are typically denominated in U.S. dollars. Cash balances in foreign currencies are operating balances and are only invested in demand or short term deposits of the local operating bank.

Investments in both fixed rate and floating rate interest earning instruments carry a degree of interest rate risk. Fixed rate securities may have their fair market value adversely impacted because of a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall. Due in part to these factors, our future investment income may fall short of expectations because of changes in interest rates or we may suffer losses in principal if forced to sell securities which have seen a decline in market value because of changes in interest rates.

Our investments are made in accordance with an investment policy approved by our Board of Directors. Under this policy, all short term investments must be made in investment grade securities with original maturities of less than one year at the time of acquisition.

We do not attempt to reduce or eliminate our exposure to interest rate risk through the use of derivative financial instruments due to the short term nature of the investments. Based on a sensitivity analysis performed on our balances as of December 31, 2000, the fair value of our short term investment portfolio would not be significantly impacted by either a 100 basis point increase or decrease in interest rates.

PART II: OTHER INFORMATION

PART II - ITEM 1

LEGAL PROCEEDINGS

We are not currently party to any material pending legal proceedings.

PART II - ITEM 2

CHANGES IN SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Securities

On October 31, 2000, Pivotal acquired 100% of Project One Business Technologies Inc. Pivotal paid an aggregate purchase price of approximately $1.4 million, consisting of 19,000 common shares and cash of $460,000, which includes acquisition related expenditures of $380,000. The agreement for the acquisition of Project One also provided for additional consideration to a maximum of approximately 96,000 common shares to be paid based on achieving certain product development and operating targets over the next 3 years. This transaction was exempt from Securities Act registration pursuant to the exclusion from registration provided by Regulation S under the Securities Act.

On December 5, 2000, Pivotal acquired 100% of Software Spectrum CRM, Inc. Pivotal paid an aggregate purchase price of approximately $7.5 million, consisting of 138,000 common shares and cash of $1.9 million, which includes acquisition related expenditures of approximately $1.2 million. This transaction was exempt from Securities Act registration pursuant to the exemption from registration provided by Rule 506 of Regulation D under the Securities Act.

In November 2000, Pivotal completed an equity financing in Canada of one million common shares for aggregate proceeds of approximately $55 million. This transaction was exempt from Securities Act registration pursuant to the exclusion from registration provided by Regulation S under the Securities Act.

Use of Proceeds

On August 4, 1999, Pivotal's registration statement on Form F-1, Registration No. 333-82871, became effective. The offering date was August 5, 1999. The offering has terminated as a result of all of the shares offered being sold. The managing underwriters were Merrill Lynch & Co., Bear, Stearns & Co. Inc. and Dain Rauscher Wessels. The offering consisted of 3,975,000 common shares of Pivotal, which included 475,000 common shares offered pursuant to the subsequent exercise of the underwriter's over allotment option on August 19, 1999. The aggregate price of the shares offered and sold was $47.7 million. Proceeds to Pivotal, after accounting for $3.3 million in underwriting discounts and commissions and $1.3 million in other expenses, were $43.1 million, of which $30 million remained at September 30, 2000. During the three months ended December 31, 2000, we used $3.3 million of the net proceeds in connection with acquisitions of Ionysys, Project One and Software Spectrum. The remaining $26.7 million

of the net proceeds continues to be invested in investment-grade, interest bearing short-term instruments.

None of the net offering proceeds were paid, and none of the initial public offering expenses related to payments, directly or indirectly to directors, officers or general partners of Pivotal or their associates, persons owning 10% or more of any class of securities or affiliates of Pivotal.

PART II - ITEM 3

DEFAULTS UPON SENIOR SECURITIES

None.

PART II - ITEM 4

SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II - ITEM 5

OTHER INFORMATION

None.

PART II - ITEM 6

EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit Number	Description
99.1	Private Securities Litigation Reform Act of 1995 Safe Harbor Compliance Statement for Forwarding-Looking Statements

(b) Reports on Form 8-K

On October 6, 2000, we filed an amendment to the Form 8-K reporting the acquisition of Simba Technologies Inc. The amendment reported the financial statements of Simba Technologies and the unaudited pro forma condensed combined financial statements of Pivotal.

On November 13, 2000, we filed a Form 8-K reporting the US$55,000,000 equity financing.

On November 17, 2000, we filed a Form 8-K reporting the financial statements for the three months ended September 30, 2000 of Pivotal.

On November 29, 2000, we filed a Form 8-K reporting the closing of the US$55,000,000 equity financing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: February 14, 2001

PIVOTAL CORPORATION

/s/ Norman B. Francis

Norman B. Francis
President, Chief Executive Officer
and Director

/s/ Vincent D. Mifsud

Vincent D. Mifsud

Chief Operating Officer,
Chief Financial Officer and
Executive Vice President