

DALEEN TECHNOLOGIES INC

Form 8-K

November 12, 2002

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Securities And Exchange Commission
Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): November 8, 2002

Daleen Technologies, Inc.
(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

0-27491
(Commission File Number)

65-0944514
(I.R.S. Employer
Identification No.)

902 Clint Moore Road, Suite 230
Boca Raton, Florida
(Address of principal executive offices)

33487
(Zip Code)

(561) 999-8000
(Registrant's telephone number, including area code)

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Item 5 Other Events.

Daleen Technologies, Inc. (the Company) today reported that despite a decrease in revenues for the third quarter, incremental reductions in operating expenses and cash used contributed to the Company's third consecutive quarterly decrease in net loss per share. The Company reported revenues of \$1.2 million for its third quarter of 2002. Net loss for the quarter was \$1.7 million, or \$0.07 per share, compared with a \$2.3 million net loss, or \$0.10 per share, during the second quarter of 2002, and compared to a net loss of \$36.8 million, or \$1.68 per share, in the third quarter of 2001. The Company had revenues of \$2.2 million for the third quarter of 2001.

Third Quarter Highlights:

Total expenses were \$3.0 million for the third quarter of 2002, compared to \$4.8 million for the previous quarter, and compared to total expenses of \$37.0 million for the third quarter of 2001. Total expenses in the second quarter of 2002 included \$745,000 in restructuring charges, and total expenses in the third quarter of 2001 included \$23.4 million in goodwill impairment charges. These improvements and the Company's continued diligence in managing expenses and maintaining a lower total cost of operations helped reduce the amount of cash used to support operations to \$1.2 million for the quarter.

Total expenses for the nine months ended September 30, 2002 were \$12.7 million, compared to \$86.4 million for the same period in 2001. Total expenses for the nine months ended September 30, 2002 and 2001 included \$745,000 and \$7.8 million of restructuring charges, respectively. In addition, total expenses for the nine months ended September 30, 2001 included \$27.9 million in impairment charges related to goodwill intangibles and property and equipment.

The Company restructured its license and services contract with Cbeyond Communications to include a schedule of fixed payments through the end of 2006, which creates long term, recurring revenues for the Company.

Table of Contents**Daleen Technologies, Inc. and Subsidiaries****Condensed Unaudited Consolidated Balance Sheets
(in thousands)**

| | September 30 2002 | December 31 2001 |
|--|------------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 5,984 | \$13,093 |
| Restricted cash | 30 | 30 |
| Accounts receivable, net | 1,296 | 2,885 |
| Other current assets | 690 | 436 |
| | <u> </u> | <u> </u> |
| Total current assets | 8,000 | 16,444 |
| Property and equipment, net | 1,534 | 2,704 |
| Other assets | 1,567 | 2,045 |
| | <u> </u> | <u> </u> |
| Total assets | \$11,101 | \$21,193 |
| | <u> </u> | <u> </u> |
| Liabilities and Stockholders Equity | | |
| Current liabilities: | | |
| Accounts payable | 440 | 678 |
| Accrued payroll and other accrued expenses | 1,650 | 3,733 |
| Billings in excess of costs | 542 | 1,323 |
| Deferred revenue | 917 | 1,013 |
| Other current liabilities | 16 | |
| | <u> </u> | <u> </u> |
| Total current liabilities | 3,565 | 6,747 |
| Minority Interest | | 184 |
| Total stockholders equity | 7,536 | 14,262 |
| | <u> </u> | <u> </u> |
| Total liabilities and stockholders equity | \$11,101 | \$21,193 |
| | <u> </u> | <u> </u> |

Table of Contents**Daleen Technologies, Inc. and Subsidiaries****Condensed Unaudited Consolidated Statements of Operations**
(in thousands except per share data)

| | Three Months Ended | | | Nine Months Ended | |
|--|--------------------|------------------|------------------|-------------------|------------------|
| | Sept 30, 2002 | June 30, 2002 | Sept 30, 2001 | Sept 30, 2002 | Sept 30, 2001 |
| Revenue: | | | | | |
| License fees | \$ 397 | 753 | 418 | 1,361 | 3,193 |
| Professional services & other | 849 | 1,290 | 1,786 | 3,831 | 7,601 |
| Total revenue | 1,246 | 2,043 | 2,204 | 5,192 | 10,794 |
| Cost of revenue: | | | | | |
| License fees | 34 | 63 | 1,236 | 171 | 1,604 |
| Professional services & other | 404 | 608 | 1,287 | 1,980 | 6,331 |
| Total cost of revenue | 438 | 671 | 2,523 | 2,151 | 7,935 |
| Gross margin | 808 | 1,372 | (319) | 3,041 | 2,859 |
| Operating expenses: | | | | | |
| Sales & marketing | 789 | 1,083 | 1,826 | 3,028 | 8,781 |
| Research & development | 713 | 1,054 | 2,430 | 3,098 | 10,931 |
| General & administrative | 1,093 | 1,250 | 3,149 | 3,681 | 11,976 |
| Amortization of goodwill & other intangibles | | | 3,661 | | 11,156 |
| Impairment of long lived assets | | | 23,408 | | 27,906 |
| Restructuring charges | | 745 | | 745 | 7,758 |
| Total operating expenses | 2,595 | 4,132 | 34,474 | 10,552 | 78,508 |
| Operating loss | (1,787) | (2,760) | (34,793) | (7,511) | (75,649) |
| Other income: | | | | | |
| Interest income & nonoperating income, net | 42 | 118 | 447 | 321 | 989 |
| Gain on sale of subsidiary | | 391 | | 391 | |
| Total other income, net | 42 | 509 | 447 | 712 | 989 |
| Net loss | \$ (1,745) | (2,251) | (34,346) | (6,799) | (74,660) |
| Less: preferred stock dividends | | | (2,447) | | (28,512) |
| Net loss applicable to common stockholders | \$ (1,745) | (2,251) | (36,793) | (6,799) | (103,172) |
| Net loss applicable to common stockholders per share basic and diluted | \$ (0.07) | (0.10) | (1.68) | (0.29) | (4.73) |
| Weighted average outstanding shares - basic and diluted | 23,376 | 23,532 | 21,870 | 23,049 | 21,823 |

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SIGNATURES

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

DALEEN TECHNOLOGIES, INC.

By: /s/ Jeanne Prayther

Jeanne Prayther
Chief Financial Officer and
Secretary

Dated: November 8, 2002