Support.com, Inc. Form 10-Q November 04, 2015

#### 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 September 30, 2015

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 No. 000-30901

SUPPORT.COM, INC. (Exact Name of Registrant as Specified in Its Charter)

Delaware94-3282005(State or Other Jurisdiction of<br/>Incorporation or Organization)(I.R.S. EmployerIncorporation or Organization)Identification No.)

900 Chesapeake Drive, 2<sup>nd</sup> Floor Redwood City, CA 94063 (Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: (650) 556-9440

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

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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 "small reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer 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

On October 31, 2015, 54,715,644 shares of the Registrant's Common Stock, \$0.0001 par value, were outstanding.

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### ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

# SUPPORT.COM, INC.

# CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands except share and per share data)

	September 30, 2015 (Unaudited)	December 31, 2014 (1)
ASSETS		
Current assets:		+ <b>- -</b>
Cash and cash equivalents	\$ 26,587	\$23,354
Short-term investments	41,820	50,439
Accounts receivable, net	11,208	14,627
Prepaid expenses and other current assets	1,684	1,403
Total current assets	81,299	89,823
Property and equipment, net	1,437	417
Goodwill		14,240
Intangible assets, net	1,561	2,363
Other assets	1,033	1,144
Total assets	\$ 85,330	\$107,987
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 569	\$1,625
Accrued compensation	1,980	2,792
Other accrued liabilities	4,026	3,029
Short-term deferred revenue	2,071	2,619
Total current liabilities	8,646	10,065
Long-term deferred revenue	69	72
Other long-term liabilities	713	2,129
Total liabilities	9,428	12,266
Commitments and contingencies (Note 4)		
Stockholders' equity: Common stock; par value \$0.0001, 150,000,000 shares authorized; 55,954,994 issued and 54,690,277 outstanding at September 30, 2015; 55,475,001 issued and 54,264,483		
outstanding at December 31, 2014	5	5
Additional paid-in capital	264,569	262,253
Treasury stock; 1,264,717 shares at September 30, 2015 and 1,192,598 shares at December		
31, 2014	(5,136)	(5,036)
Accumulated other comprehensive loss	(2,152)	(2,028)
Accumulated deficit	(181,384)	
Total stockholders' equity	75,902	95,721

Total liabilities and stockholders' equity

\$85,330 \$107,987

(1) Derived from the December 31, 2014 audited Consolidated Financial Statements included in our Annual Report on Form 10-K, as filed with the Securities and Exchange Commission ("SEC") on March 6, 2015.

See accompanying notes.

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## Table of Contents SUPPORT.COM, INC. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (in thousands except per share amounts) (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenue:				
Services	\$16,563	\$20,844	\$57,733	\$56,639
Software and other	1,302	1,387	3,889	4,382
Total revenue	17,865	22,231	61,622	61,021
Cost of revenue:				
Cost of services	14,357	16,020	48,555	43,513
Cost of software and other	128	189	409	656
Total cost of revenue	14,485	16,209	48,964	44,169
Gross profit	3,380	6,022	12,658	16,852
Gross profit	5,580	0,022	12,038	10,852
Operating expenses:				
Research and development	1,790	1,203	5,244	3,614
Sales and marketing	2,195	1,782	6,492	5,022
General and administrative	3,047	2,808	9,183	8,450
Amortization of intangible assets and other	267	273	802	818
Goodwill impairment	—		14,240	—
Total operating expenses	7,299	6,066	35,961	17,904
Loss from operations	(3,919)	(44 )		