

UNITED STATES
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): **May 7, 2014**

LivePerson, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or other Jurisdiction
of Incorporation)

0-30141

(Commission File Number)

13-3861628

(I.R.S. Employer
Identification No.)

**475 Tenth Avenue, New York, New
York**

(Address of Principal Executive Offices)

10018

(Zip Code)

Registrant's telephone number, including area code: **(212) 609-4200**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

A copy of the press release issued by LivePerson, Inc. (the “Registrant”) on May 7, 2014, announcing its results of operations and financial condition for the quarter ended March 31, 2014, is included herewith as Exhibit 99.1 and is incorporated herein by reference. The information included in this Current Report on Form 8-K (including Exhibit 99.1 hereto) that is furnished pursuant to this Item 2.02 shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section or Sections 11 and 12(a) (2) of the Securities Act of 1933, as amended. The information contained herein and in the accompanying exhibit shall not be incorporated by reference into any filing of the Registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing, unless expressly incorporated by specific reference into such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits. The following documents are included as exhibits to this report:

99.1 Press release issued May 7, 2014.

SIGNATURE

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 hereunto duly authorized.

LIVEPERSON, INC.
(Registrant)

Date: May 7, 2014

By: /s/ DANIEL R. MURPHY
Daniel R. Murphy
Chief Financial Officer

EXHIBIT INDEX

99.1 Press release issued May 7, 2014.

Investor contact:
Stacey Yonkus
212-609-4236
syonkus@liveperson.com

LivePerson Announces First Quarter 2014 Financial Results

-- Reports First Quarter Revenue of \$47.8 Million --

-- Signs Largest New Customer Deal in Company's History --

NEW YORK, May 7, 2014 /PRNewswire/ -- LivePerson, Inc. (NASDAQ: LPSN), a leading provider of digital engagement solutions, today announced financial results for the first quarter ended March 31, 2014.

Revenue

Total revenue, which includes our consumer operations, was \$47.8 million for the first quarter. Revenue from business operations (B2B) for the first quarter was \$43.9 million. Revenue from consumer operations for the first quarter was \$3.9 million.

For the first quarter 2014, B2B revenue, excluding the small business segment, grew 17% over the same period last year.

Bookings for the first quarter of 2014 were \$9.0 million, which compares to \$7.5 million in the first quarter of 2013. Bookings are measured as incremental new contractual commitments from new or existing customers, excluding non-recurring and usage-based fees.

“Providing a best-in-class digital experience has become a top priority for many of our larger customers,” said CEO Robert LoCascio. “During the quarter, we signed the largest new customer deal in LivePerson’s history, as well as one of the largest expansions. Our LiveEngage platform is allowing us to strategically align with these great brands and help them build powerful, one-on-one relationships with their customers across all digital touch points.”

Customer Expansion

LivePerson signed a total of 109 deals in the quarter, consisting of both new and existing customers, adding 26 new customers during the quarter, including:

- One of the largest cable telecommunications companies in the U.S.
- A leading international brand of premium travel, business and lifestyle accessories
- One of the biggest providers of supplemental insurance in the U.S.
- One of Australia’s largest telecommunications and media companies

The Company also expanded business with:

- Two of the largest multinational financial services corporations in North America
- A leading airline in the U.K.
- A leading U.S. retailer of pet specialty products and services

Net Loss

Net loss for the first quarter of 2014 was \$0.8 million or \$0.01 per share, as compared to net loss of \$0.2 million or \$0.00 per share in the first quarter of 2013.

Adjusted Net Income and Adjusted EBITDA

Adjusted net income for the first quarter of 2014 was \$3.0 million or \$0.05 per share, as compared to \$3.2 million or \$0.06 per share in the first quarter of 2013.

Adjusted EBITDA for the first quarter of 2014 was \$4.8 million or \$0.09 per share, as compared to \$4.9 million or \$0.09 per share in the first quarter of 2013.

LivePerson considers adjusted net income and adjusted earnings before other income/(expense), taxes, depreciation, amortization, stock-based compensation and other non-cash charges, if any (adjusted EBITDA) to be important financial indicators of the Company's operational strength and the performance of its business. These results should be considered in addition to results prepared in accordance with generally accepted accounting principles in the United States (GAAP), but should not be considered as a substitute for, or superior to, GAAP results.

The difference between adjusted EBITDA per share, a non-GAAP measure, and GAAP EPS, is other income/(expense), taxes, depreciation, amortization, stock-based compensation and other non-cash charges, if any. The difference between adjusted net income per share and GAAP EPS is amortization of purchased intangible assets and stock-based compensation.

A reconciliation of the differences between adjusted EBITDA and adjusted net income, and the most comparable financial measure calculated and presented in accordance with GAAP, is presented under the heading "Reconciliation of Non-GAAP Financial Information to GAAP" immediately following the Condensed Consolidated Statements of Operations included below.

Cash

The Company's cash balance was \$79.4 million at March 31, 2014 as compared to \$91.9 million as of December 31, 2013. The Company used approximately \$3.0 million of cash from operations in the first quarter, and incurred planned capital expenditures primarily related to the purchase of servers and computer networking equipment and expansion of its corporate offices, resulting in a cash outlay of approximately \$1.5 million. As part of its previously announced stock repurchase program, the Company spent approximately \$7.8 million during the first quarter of 2014 to repurchase shares of its common stock.

Financial Expectations

Following is the Company's current expectation for financial and operating performance:

Second Quarter 2014

- Revenue of \$49.0 - \$50.0 million
- Diluted adjusted EBITDA of \$0.07 - \$0.09 per share
- Diluted adjusted net income of \$0.04 - \$0.06 per share
- Diluted GAAP EPS of \$(0.04) - \$(0.02)
- Fully diluted share count of approximately 56.2 million

Full Year 2014

- Revenue of \$199.0 - \$204.0 million
- Diluted adjusted EBITDA of \$0.37 - \$0.41 per share
- Diluted adjusted net income of \$0.21 - \$0.25 per share
- Diluted GAAP EPS of \$(0.11) - \$(0.07)
- Fully diluted share count of approximately 56.2 million

Other Full Year 2014 Assumptions

- Amortization of purchased intangibles of approximately \$4 million
- Stock-compensation expense of approximately \$14 million
- Effective tax rate of approximately 23%
- Depreciation of approximately \$10 million
- Capital expenditures of approximately \$11 million

Stock-Based Compensation

Included in the accompanying financial results are expenses related to stock-based compensation, as follows (in thousands):

	Three Months Ended March 31, 2014
Cost of revenue	\$ 360
Sales and marketing	814
General and administrative	843
Product development	680
Total	<u>\$ 2,697</u>

Amortization of Purchased Intangible Assets

Included in the accompanying financial results are expenses related to the amortization of purchased intangible assets, as follows (in thousands):

	Three Months Ended March 31, 2014
Cost of revenue	\$ 868
General and administrative	190
Total	<u>\$ 1,058</u>

Earnings Teleconference and Video Discussion Information

The Company will discuss its first quarter 2014 financial results during a teleconference today, May 7, 2014. To participate via telephone, callers should dial in five to ten minutes prior to the 5:00pm Eastern start time; domestic callers (U.S. and Canada) should dial 877-507-3684, while international callers should dial 706-634-9559, both should reference the conference ID "35784095". The conference call will also be simulcast live on the Internet and can be accessed by logging onto the investor relations section of the Company's web site at <http://www.liveperson.com/about/ir>.

If you are unable to participate in the live call, the teleconference will be available for replay approximately two hours after the call. To access the replay, please call 855-859-2056 (U.S. and Canada) or 404-537-3406 (international). Please reference the conference ID "35784095". A replay will also be available on the investor relations section of the Company's web site at <http://www.liveperson.com/about/ir>.

The Company will also post a video discussion of its first quarter results on YouTube. To view, click on the following link: <http://www.youtube.com/user/myliveperson>.

About LivePerson

LivePerson, Inc. (NASDAQ: LPSN) offers a cloud-based platform that enables businesses to proactively connect in real-time with their customers via chat, voice, and content delivery at the right time, through the right channel, including websites, social media, and mobile devices. This "intelligent engagement" is driven by real-time behavioral analytics, producing connections based on a true understanding of business objectives and customer needs.

For more information, please visit www.liveperson.com. To view other global press releases about LivePerson, please visit pr.liveperson.com.

Non-GAAP Financial Disclosure

Investors are cautioned that the following financial measures used in this press release are defined as “non-GAAP financial measures” by the Securities and Exchange Commission, or SEC: adjusted EBITDA, or earnings/(loss) before other income/(expense), taxes, depreciation, amortization, stock-based compensation, other non-cash charges, if any; and adjusted net income, or net income excluding amortization of purchased intangible assets and stock-based compensation. These measures may be different from non-GAAP financial measures used by other companies. The presentation of this financial information, which is not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered in isolation. In addition, although we have provided a reconciliation of these measures to the nearest comparable GAAP measures, they should not be construed as alternatives to any other measures of performance determined in accordance with generally accepted accounting principles, or as indicators of our operating performance, liquidity or cash flows generated by operating, investing and financing activities, as there may be significant factors or trends that they fail to address. We present this financial information because we believe that it is helpful to some investors as a measure of our performance. We caution investors that non-GAAP financial information, by its nature, departs from traditional accounting conventions; accordingly, its use can make it difficult to compare our current results with our results from other reporting periods and with the results of other companies.

Safe Harbor Provision

Statements in this press release regarding LivePerson that are not historical facts are forward-looking statements and are subject to risks and uncertainties that could cause actual future events or results to differ materially from such statements. Any such forward-looking statements, including but not limited to financial guidance, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. It is routine for our internal projections and expectations to change as the quarter and year progress, and therefore it should be clearly understood that the internal projections and beliefs upon which we base our expectations may change. Although these expectations may change, we are under no obligation to inform you if they do. Actual events or results may differ materially from those contained in the projections or forward-looking statements. Some of the factors that could cause actual results to differ materially from the forward-looking statements contained herein include, without limitation: potential fluctuations in our quarterly revenue and operating results; competition in the markets for online sales, marketing and customer service solutions, and online consumer services; our ability to retain existing clients and attract new clients; risks related to new regulatory or other legal requirements that could materially impact our business; volatility of the value of certain currencies in relation to the U.S. dollar, particularly the currency of regions where we have operations; additional regulatory requirements, tax liabilities, currency exchange rate fluctuations and other risks as we expand internationally and/or as we expand into direct-to-consumer services; impairments to goodwill that result in significant charges to earnings; responding to rapid technological change and changing client preferences; the adverse effect that the global economic downturn may have on our business and results of operations; our ability to retain key personnel, attract new personnel and to manage staff attrition; our ability to expand our operations internationally; risks related to the ability to successfully integrate past or potential future acquisitions; failures or security breaches in our services, those of our third party providers, or in the websites of our customers; risks related to the regulation or possible misappropriation of personal information belonging to our customers' Internet users; technology systems beyond our control and technology-related defects that could disrupt the LivePerson services; privacy concerns relating to the Internet that could result in new legislation or negative public perception; legal liability and/or negative publicity for the services provided to consumers via our technology platforms; risks related to protecting our intellectual property rights or potential infringement of the intellectual property rights of third parties; risks related to technological or other defects distributing our services; increased allowances for doubtful accounts as a result of an increasing amount of receivables due from customers with greater credit risk; delays in our implementation cycles; risks associated with the recent volatility in the capital markets; our ability to secure additional financing to execute our business strategy; risks associated with our current or any future stock repurchase programs, including whether such programs will enhance long-term stockholder value, and whether such stock repurchases could increase the volatility of the price of our common stock and diminish our cash reserves; our ability to license necessary third party software for use in our products and services, and our ability to successfully integrate third party software; changes in accounting principles generally accepted in the United States; our ability to maintain our reputation; risks related to our complex products; our recognition of revenue from subscriptions; our lengthy sales cycles; risks related to our operations in Israel, and the civil and

political unrest in that region; natural catastrophic events and interruption to our business by man-made problems; the high volatility of our stock price; and risks related to our common stock being traded on more than one securities exchange. This list is intended to identify only certain of the principal factors that could cause actual results to differ from those discussed in the forward-looking statements. Readers are referred to the reports and documents filed from time to time by us with the Securities and Exchange Commission for a discussion of these and other important risk factors that could cause actual results to differ from those discussed in forward-looking statements.

LivePerson, Inc.
Condensed Consolidated Statements of Operations
(In Thousands, Except Share and Per Share Data)
Unaudited

	Three Months Ended	
	March 31,	
	2014	2013
Revenue	\$ 47,828	\$ 42,496
Costs and expenses:		
Cost of revenue	11,735	10,134
Sales and marketing	18,395	14,478
General and administrative	9,499	10,238
Product development	8,951	8,021
Amortization of purchased intangibles	190	224
Total cost and expenses	48,770	43,095
Loss from operations	(942)	(599)
Other (expense) income	(83)	34
Loss before benefit from income taxes	(1,025)	(565)
Benefit from income taxes	(231)	(333)
Net loss	\$ (794)	\$ (232)
Net loss per share of common stock:		
Basic	\$ (0.01)	\$ 0.00
Diluted	\$ (0.01)	\$ 0.00
Weighted-average shares used to compute net loss per share:		
Basic	54,666,535	55,864,045
Diluted	54,666,535	55,864,045

LivePerson, Inc.
Reconciliation on Non-GAAP Financial Information to GAAP
(In Thousands, Except Share and Per Share Data)
Unaudited

Unaudited Supplemental Data

The following information is not a financial measure under generally accepted accounting principles (GAAP). In addition, it should not be construed as an alternative to any other measures of performance determined in accordance with GAAP, or as an indicator of our operating performance, liquidity or cash flows generated by operating, investing and financing activities as there may be significant factors or trends that it fails to address. We present this financial information because we believe that it is helpful to some investors as one measure of our operations. We caution investors that non-GAAP financial information, by its nature, departs from traditional accounting conventions; accordingly, its use can make it difficult to compare our results with our results from other reporting periods and with the results of other companies.

	Three Months Ended	
	March 31,	
	2014	2013
Net loss in accordance with generally accepted accounting principles	\$ (794)	\$ (232)
Add/(less):		
(a) Amortization of purchased intangibles	1,058	418
(b) Stock-based compensation	2,697	3,051
(c) Depreciation	1,981	2,050
(d) Benefit from income taxes	(231)	(333)
(e) Other expense (income)	83	(34)
Adjusted EBITDA ⁽¹⁾	\$ 4,794	\$ 4,920
Diluted adjusted EBITDA per common share	\$ 0.09	\$ 0.09
Weighted average shares used in diluted adjusted EBITDA per common share	56,003,074	57,872,732
Net loss in accordance with generally accepted accounting principles	\$ (794)	\$ (232)
Add:		
(a) Amortization of purchased intangibles	1,058	418
(b) Stock-based compensation	2,697	3,051
Adjusted net income	\$ 2,961	\$ 3,237
Diluted adjusted net income per common share	\$ 0.05	\$ 0.06
Weighted average shares used in diluted adjusted net income per common share	56,003,074	57,872,732
Adjusted EBITDA	\$ 4,794	\$ 4,920
Add/(less):		
(a) Changes in operating assets and liabilities	(8,136)	(6,295)
(b) Provision for doubtful accounts	271	—
(c) Benefit from income taxes	231	333
(d) Deferred income taxes	(76)	352
(e) Other (expense) income	(83)	34
Net cash used in operating activities	\$ (2,999)	\$ (656)

(1) Earnings/(loss) before other income/(expense), taxes, depreciation, amortization, stock-based compensation and other non-cash charges.

LivePerson, Inc.
Condensed Consolidated Balance Sheets
(In Thousands)
Unaudited

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 79,373	\$ 91,906
Accounts receivable, net	28,936	29,489
Prepaid expenses and other current assets	9,363	6,361
Deferred tax assets, net	4,360	5,426
Total current assets	122,032	133,182
Property and equipment, net	17,481	17,618
Intangibles, net	12,130	13,088
Goodwill	33,124	32,724
Deferred tax assets, net	6,897	6,243
Other assets	4,952	2,235
Total assets	<u>\$ 196,616</u>	<u>\$ 205,090</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 11,686	\$ 10,139
Accrued expenses	20,475	25,419
Deferred revenue	7,620	8,747
Total current liabilities	39,781	44,305
Deferred revenue, net of current	—	468
Other liabilities	850	1,264
Total liabilities	<u>40,631</u>	<u>46,037</u>
Commitments and contingencies		
Total stockholders' equity	155,985	159,053
Total liabilities and stockholders' equity	<u>\$ 196,616</u>	<u>\$ 205,090</u>