

SEACHANGE INTERNATIONAL INC  
Form 10-Q  
June 09, 2011

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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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 April 30, 2011

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 0-21393

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SEACHANGE INTERNATIONAL, INC.  
(Exact name of registrant as specified in its charter)

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Delaware  
(State or other jurisdiction of incorporation or organization)

04-3197974  
(IRS Employer Identification No.)

50 Nagog Park, Acton, MA 01720  
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (978) 897-0100

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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 during

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the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

The number of shares outstanding of the registrant's Common Stock on June 3, 2011 was 32,132,043.

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## PART I – FINANCIAL INFORMATION

## ITEM 1. Financial Statements

SEACHANGE INTERNATIONAL, INC.  
CONSOLIDATED BALANCE SHEETS  
(in thousands, except share data)

	April 30, 2011 (unaudited)	January 31, 2011
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$79,161	\$73,145
Restricted cash	1,200	1,332
Marketable securities	9,118	7,340
Accounts receivable, net of allowance for doubtful accounts of \$955 and \$995, respectively	45,741	48,843
Unbilled receivables	5,522	5,644
Inventories, net	14,402	14,393
Prepaid expenses and other current assets	8,014	7,148
Deferred tax assets	3,756	3,775
<b>Total current assets</b>	<b>166,914</b>	<b>161,620</b>
Property and equipment, net	36,097	36,381
Marketable securities, long-term	1,566	4,379
Investments in affiliates	3,082	2,913
Intangible assets, net	30,686	30,306
Goodwill	68,502	65,273
Other assets	2,164	2,163
Deferred tax assets, long-term	2,187	2,156
<b>Total assets</b>	<b>\$311,198</b>	<b>\$305,191</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
Accounts payable	\$9,813	\$11,249
Other accrued expenses	20,082	16,528
Customer deposits	2,723	3,993
Deferred revenues	38,064	37,039
Deferred tax liabilities	210	183
<b>Total current liabilities</b>	<b>70,892</b>	<b>68,992</b>
Deferred revenue, long-term	6,861	6,930
Other liabilities, long-term	8,635	11,231
Distribution and losses in excess of investment	1,233	1,161
Taxes payable, long-term	2,984	3,013
Deferred tax liabilities, long-term	5,148	4,722
<b>Total liabilities</b>	<b>95,753</b>	<b>96,049</b>
<b>Stockholders Equity:</b>		
Convertible preferred stock, \$0.01 par value, 5,000,000 shares authorized, none issued or outstanding	—	—
	322	319

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Common stock, \$0.01 par value;100,000,000 shares authorized; 32,088,477 and 31,876,815 shares issued; 32,048,693 and 31,837,031 shares outstanding, respectively		
Additional paid-in capital	208,788	207,121
Treasury stock, at cost 39,784 and 39,784 common shares, respectively	(1 )	(1 )
Accumulated earnings	10,137	10,521
Accumulated other comprehensive loss	(3,801 )	(8,818 )
Total stockholders' equity	215,445	209,142
Total liabilities and stockholders' equity	\$311,198	\$305,191

The accompanying notes are an integral part of these consolidated financial statements.

SEACHANGE INTERNATIONAL, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(in thousands, except share data)  
(unaudited)

	Three Months Ended April 30,	
	2011	2010
<b>Revenues:</b>		
Products	\$ 18,985	\$ 24,634
Services	33,075	29,954
Total revenues	52,060	54,588
<b>Cost of revenues:</b>		
Products	6,976	9,678
Services	20,200	17,532
Total cost of revenues	27,176	27,210
Gross profit	24,884	27,378
<b>Operating expenses:</b>		
Research and development	11,067	13,564
Selling and marketing	7,352	6,384
General and administrative		