

8X8 INC /DE/
Form 10-Q
January 30, 2019

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

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

For the quarterly period ended December 31, 2018

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 000-21783

8X8, INC.

(Exact name of Registrant as Specified in its Charter)

Delaware

77-0142404

(State or Other Jurisdiction of Incorporation or Organization) (I.R.S. Employer Identification Number)

2125 O'Nel Drive

San Jose, CA 95131

(Address of Principal Executive Offices)

(408) 727-1885

(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 shorter period that the registrant was required to file 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 every Interactive Data File required to be submitted 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 to submit such files). YES NO

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

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Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company
x

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 of the Registrant's Common Stock outstanding as of January 24, 2019 was 95,654,698.

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Part I -- FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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8X8, Inc.

CONSOLIDATED BALANCE SHEETS

(In thousands, unaudited)

	December 31, 2018	March 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 28,325	\$31,703
Short-term investments	86,507	120,559
Accounts receivable, net	19,068	16,296
Deferred sales commission costs	14,443	—
Other current assets	13,166	10,040
Total current assets	161,509	178,598
Property and equipment, net	47,744	35,732
Intangible assets, net	13,273	11,958
Goodwill	39,442	40,054
Restricted cash	8,100	8,100
Deferred sales commission costs, non-current	30,893	—
Other assets	3,065	2,767
Total assets	\$ 304,026	\$277,209
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 28,318	\$23,899
Accrued compensation	19,322	17,412
Accrued taxes	14,474	6,367
Deferred revenue	3,523	2,559
Other accrued liabilities	5,598	6,026
Total current liabilities	71,235	56,263
Non-current liabilities	5,063	2,172
Total liabilities	76,298	58,435
Commitments and contingencies (Note 5)		
Stockholders' equity:		
Common stock	96	93
Additional paid-in capital	457,887	425,790
Accumulated other comprehensive loss	(8,085) (5,645)
Accumulated deficit	(222,170) (201,464)
Total stockholders' equity	227,728	218,774
Total liabilities and stockholders' equity	\$ 304,026	\$277,209

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

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8X8, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts; unaudited)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2018	2017	2018	2017
Service revenue	\$85,911	\$71,891	\$245,378	\$205,105
Product revenue	4,001	3,684	13,441	12,051
Total revenue	89,912	75,575	258,819	217,156
Cost of revenue and operating expenses:				
Cost of service revenue	17,043	12,318	47,988	36,737
Cost of product revenue	5,318	4,675	16,996	14,657
Research and development	16,876	8,527	43,919	24,781
Sales and marketing	60,717	48,830	169,952	131,103
General and administrative	14,196	10,003	42,172	28,575
Impairment of equipment, intangible assets and goodwill	—	9,469	—	9,469
Total operating expenses	114,150	93,822	321,027	245,322
Loss from operations	(24,238)	(18,247)	(62,208)	(28,166)
Other income, net	579	569	1,933	3,084
Loss before income taxes				