



Edgar Filing: Bridgeline Digital, Inc. - Form S-1/A

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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:

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

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.



## CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price (1)(2)	Amount of Registration Fee (3)
Class A Units consisting of: (4)	\$7,187,500	\$871.13
(i) Common Stock, par value \$0.001 per share		
(ii) Warrants to purchase Common Stock (5)		
Class B Units consisting of: (4)	\$7,187,500	\$871.13
(i) Series B Convertible Preferred Stock, par value \$0.001 per share		
(ii) Warrants to purchase Common Stock (5)		
(iii) Common Stock issuable upon conversion of the Series B Convertible Preferred Stock (5)		
Common Stock issuable upon exercise of warrants (6)	\$17,968,750	\$2,177.82
Representative's Warrants (5)	-	-
Common Stock underlying Representative's Warrants (7)	\$390,625	\$47.34
Total	\$32,734,375	3,967.42 (8)

Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(o) of the (1) Securities Act of 1933, as amended (the "Securities Act"). Includes securities that the underwriters have the option to purchase to cover over-allotments, if any.

Pursuant to Rule 416 under the Securities Act, the securities being registered hereunder also include such (2) indeterminate number of additional securities as may be issued after the date hereof as a result of stock splits, stock dividends or similar transactions.

(3) Calculated under Section 6(b) of the Securities Act as 0.00012120 of the proposed maximum aggregate offering price.

The proposed maximum offering price of the Class A Units proposed to be sold in the offering will be reduced on (4) a dollar-for-dollar basis on the offering price of any Class B Units offered and sold in the offering, and as such the proposed aggregate maximum offering price of the Class A Units and Class B Units if any, is \$7,187,500.

(5) No additional registration fee is payable pursuant to Rule 457(i) under the Securities Act.

The warrants issued with the Class A Units and Class B Units are exercisable at a per share exercise price equal to (6) 125% of the public offering price of one share of common stock. The proposed maximum aggregate public offering price of the shares of common stock issuable upon exercise of these warrants was calculated to be \$17,968,750, which is equal to 125% of \$14,375,000.

(7) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(g) under the Securities Act.

(8) A filing fee of \$918.47 was previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.



The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS SUBJECT TO COMPLETION DATED OCTOBER 12, 2018

Up to 7,530,120 Class A Units Consisting of Common Stock and Warrants

Up to 6,250 Class B Units Consisting of Series B Convertible Preferred Stock and Warrants

Up to 7,530,120 Shares of Common Stock Underlying the Series B Convertible Preferred Stock and  
7,530,120 Shares of Common Stock Underlying Warrants

Bridgeline Digital, Inc.

We are offering up to 7,530,120 Class A Units for an assumed public offering price of \$0.83 price per Class A Unit (the last reported sale price of our common stock on the Nasdaq Capital Market on October 11, 2018), each Class A Unit consisting of one share of our common stock and one warrant to purchase one share of our common stock at an exercise price equal to 125% of the public offering price of the Class A Units, which warrants will be exercisable upon issuance and will expire five years from the date of issuance. The shares of common stock and warrants that are part of a Class A Unit are immediately separable and will be issued separately in this offering. We are also offering the shares of common stock issuable upon exercise of warrants sold in Class A Units.

We are also offering to those purchasers, if any, whose purchase of Class A Units in this offering would otherwise result in the purchaser, together with its affiliates and certain related parties, beneficially owning more than 4.99% of our outstanding common stock immediately following the consummation of this offering, the opportunity, in lieu of purchasing Class A Units, to purchase Class B Units. Each Class B Unit will consist of one share of our newly designated Series B Convertible Preferred Stock (“Series B Preferred”) with a stated value of \$1,000 per share and convertible into shares of our common stock at a conversion price equal to the public offering price of the Class A Units, together with the equivalent number of warrants as would have been issued to such purchaser if they had purchased Class A Units, rather than Class B Units, based on the public offering price of Class B Units purchased. For each Class B Unit we sell, the number of Class A Units we are offering will be decreased on a dollar-for-dollar basis. Because we will issue a common stock purchase warrant as part of each Class A Unit or Class B Unit, the number of warrants sold in this offering will not change as a result of a change in the mix of the Class A Units and Class B Units sold. The shares of Series B Preferred and warrants that are part of a Class B Unit are immediately separable and will be issued separately in this offering. We are also offering the shares of common stock issuable upon exercise of the warrants sold in Class B Units and conversion of the Series B Preferred.

The number of shares of our common stock outstanding after this offering will fluctuate depending on how many Class B Units are sold in this offering and whether and to what extent holders of shares of Series B Preferred elect to convert such shares into common stock.

Our common stock is currently listed on the Nasdaq Capital Market under the symbol “BLIN.” The last reported sale price of our common stock on October 11, 2018 was \$0.83 per share.

The final public offering price per Class A Unit will be determined through negotiation between us, the underwriter and investors based on market conditions at the time of pricing, and such final offering price may be at a discount to the current market price of our common stock. Therefore, the recent market price used throughout this prospectus may not be indicative of the final public offering price per Class A Unit. The public offering price of the Class B Units will be \$1,000 per unit. There is no established trading market for the warrants or the Series B Preferred and we do not expect a market to develop. In addition, we do not intend to apply for the listing of the warrants or the Series B Preferred on the Nasdaq Capital Market or any other national securities exchange or other trading market. Without an active trading market, the liquidity of the warrants and the Series B Preferred will be limited.

Assuming a public offering price of \$0.83 per Class A Unit (which was the last reported sale price of our common stock on the Nasdaq Capital Market on October 11, 2018), the Series B Preferred included in the Class B Units will be convertible into an aggregate total of 7,530,120 shares of common stock and the warrants included in the Class B Units will be exercisable for an aggregate total of 7,530,120 shares of common stock.





Investing in our securities involves risks. See “Risk Factors” beginning on page 8 of this prospectus for a discussion of the risks that you should consider in connection with an investment in our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Class A Unit	Per Class B Unit	Total
Public offering price	\$	\$	\$
Underwriting discounts and commissions (1)	\$	\$	\$
Proceeds, before expenses, to us	\$	\$	\$

(1) We have also agreed to issue to the representative of the underwriters a five-year warrant to purchase up to 376,506 shares of our common stock (based on an assumed public offering price of \$0.83 per share, which was the last reported sale price of our common stock on the Nasdaq Capital Market on October 11, 2018), an amount equal to 5% of the aggregate number of shares of our common stock sold as part of the Class A Units and shares of our common stock into which the shares of Series B Preferred sold as part of the Class B Units are convertible, with an exercise price equal to the greater of (i) 125% of the public offering price per Class A Unit in this offering and (ii) the closing price of our common stock on the closing date of this offering, as reported by the Nasdaq Capital Market (the “Representative’s Warrants”). In addition, we have also agreed to reimburse the underwriters for certain expenses. See “Underwriting” beginning on page 38 for additional information regarding this warrant and underwriting compensation generally.

We have granted a 45-day option to the representative of the underwriters to purchase (i) a maximum of 1,129,518 additional shares of common stock (15% of the shares of common stock sold as part of the Class A Units and shares of common stock issuable upon conversion of the Series B Preferred sold as part of the Class B Units), and/or (ii) warrants to purchase a maximum of 1,129,518 shares of common stock (15% of the warrants included as part of the Class A Units and Class B Units sold in this offering), solely to cover over-allotments, if any.

The underwriters expect to deliver the securities to purchasers on or about \_\_\_\_\_, 2018, subject to customary closing conditions.

ThinkEquity  
a division of Fordham Financial Management, Inc.

The date of this prospectus is \_\_\_\_\_, 2018



BRIDGELINE DIGITAL, INC.

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ABOUT THIS PROSPECTUS

We have not, and the underwriters have not, authorized anyone to provide you with information different than that which is contained in or incorporated by reference in this prospectus or in any free writing prospectus that we have authorized for use in connection with this offering. We are offering to sell, and seeking offers to buy, the securities covered hereby only in jurisdictions where offers and sales are permitted. The distribution of this prospectus and the offering of the securities in certain jurisdictions may be restricted by law. This prospectus does not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, any securities offered by this prospectus by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation. You should assume that the information appearing in this prospectus, the documents incorporated by reference in this prospectus, and in any free writing prospectus that we have authorized for use in connection with this offering, is accurate only as of the date of those respective documents. Our business, financial condition, results of operations and prospects may have changed since those dates. You should read this prospectus, the documents incorporated by reference in this prospectus, and any free writing prospectus that we have authorized for use in connection with this offering, in their entirety before making an investment decision. You should also read and consider the information in the documents to which we have referred you in the sections of this prospectus entitled “Where You Can Find More Information” and “Incorporation of Certain Information by Reference.”

For investors outside of the United States: No action is being taken in any jurisdiction outside of the United States that would permit a public offering of the securities or possession or distribution of this prospectus in any such jurisdiction. Persons outside of the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the securities and the distribution of this prospectus outside of the United States.

We further note that the representations, warranties and covenants made by us in any agreement that is filed as an exhibit to any document that is incorporated by reference in this prospectus were made solely for the benefit of the parties to such agreement, including, in some cases, for the purpose of allocating risk among the parties to such agreements, and should not be deemed to be a representation, warranty or covenant to you. Moreover, such representations, warranties or covenants were accurate only as of the date when made. Accordingly, such representations, warranties and covenants should not be relied on as accurately representing the current state of our affairs.

Unless the context requires otherwise, references in this prospectus to “Bridgeline,” “Bridgeline Digital,” the “Company,” “we,” “us,” and “our” refer to Bridgeline Digital, Inc., a Delaware corporation.

This prospectus and the information incorporated herein by reference include trademarks, servicemarks and tradenames owned by us or other companies. All trademarks, servicemarks and tradenames included or incorporated by reference in this prospectus are the property of their respective owners.



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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our securities. Before deciding to invest in our securities, you should read this entire prospectus carefully, including the section of this prospectus entitled “Risk Factors” beginning on page 8. All brand names or trademarks appearing in this report are the property of their respective holders. Unless the context requires otherwise, references in this report to “Bridgeline,” the “Company,” “we,” “us,” and “our” refer to Bridgeline Digital, Inc., a Delaware corporation.

Overview

Bridgeline Digital, The Digital Engagement Company™, helps customers maximize the performance of their full digital experience from websites and intranets to online stores. Bridgeline’s Unbound platform integrates Web Content Management, eCommerce, eMarketing, Social Media management, and Web Analytics (Insights) with the goal of assisting marketers deliver digital experiences that attract, engage and convert their customers across all channels. Bridgeline’s Unbound platform combined with its digital services assists customers in maximizing on-line revenue, improving customer service and loyalty, enhancing employee knowledge, and reducing operational costs. Our Unbound franchise product is a platform that empowers large franchise and multi-unit organizations with state-of-the-art web engagement management while providing superior oversight of corporate branding. Our Unbound franchise product also deeply integrates content management, eCommerce, eMarketing and web analytics on one unified platform.

The Unbound platform is delivered through a cloud-based software as a service (“SaaS”) multi-tenant business model, whose flexible architecture provides customers with state of the art deployment providing maintenance, daily technical operation and support; or via a traditional perpetual licensing business model, in which the software resides on a dedicated server in either the customer’s facility or hosted by Bridgeline via a cloud-based hosted services model.

The Bridgeline Unbound Platform is an award-winning application recognized around the globe. Our teams of Microsoft Gold® certified developers have won over 100 industry related awards. In 2017, our Marketing Automation platform was named a 2017 SIIA CODiE Award finalist in the Best Marketing Solution category. In 2016, CIO Review selected Bridgeline Unbound (formerly iAPPS) as one of the 20 Most Promising Digital Marketing Solution Providers. This followed accolades from the SIIA (Software and Information Industry Association) which recognized Content Manager with the 2015 SIIA CODiE Award for Best Web Content Management Platform. Also in 2015, EContent magazine named Bridgeline’s Unbound Digital Engagement Platform to its Trendsetting Products list. The list of 75 products and platforms was compiled by EContent’s editorial staff, and selections were based on each offering’s uniqueness and importance to digital publishing, media, and marketing. We were also recognized in 2015 as a strong performer by Forrester Research, Inc in its independence report, “The Forrester Wave™: Through-Channel Marketing Automation Platforms, Q3 2015.” In recent years, our Content Manager and Commerce products were selected as finalists for the 2014, 2013, and 2012 CODiE Awards for Best Content Management Solution and Best Electronic Commerce Solution, globally. In 2014 and 2013, Bridgeline Digital won twenty-five Horizon Interactive Awards for outstanding development of web applications and websites. Also in 2013, the Web Marketing Association sponsored Internet Advertising Competition honored Bridgeline Digital with three awards for customer websites and B2B Magazine selected Bridgeline Digital as one of the Top Interactive Technology companies in the United States. KMWorld Magazine Editors selected Bridgeline Digital as one of the 100 Companies That Matter in Knowledge Management and also selected Bridgeline’s Unbound (formerly iAPPS) as a Trend Setting Product in 2013.



Corporate Information

We were incorporated in the state of Delaware in 2000. Our principal place of business is located at 80 Blanchard Road, Burlington, Massachusetts 01803. Our telephone number is (781) 376-5555. We maintain a corporate website at <http://www.bridgeline.com>. The information contained on our website is not, and should not be interpreted to be, a part of this prospectus.



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THE OFFERING

The following summary contains general information about this offering. The summary is not intended to be complete. You should read the full text and more specific details contained elsewhere in this prospectus.

Issuer                    Bridgeline Digital, Inc.

Class A Units Offered by us                    Up to 7,530,120 Class A Units, with each Class A Unit consisting of one share of our common stock and a warrant to purchase one share of our common stock at an exercise price equal to 125% of the per unit public offering price of the Class A Units. The Class A Units will not be certificated and the shares of common stock and warrants that are part of such units will be immediately separable and will be issued separately in this offering. Assuming no exercise of the over-allotment option and that we sell all Class A Units (and no Class B Units) being offered in this offering at an assumed public offering price of \$0.83 per Class A Unit (which was the last reported sale price of our common stock on the Nasdaq Capital Market on October 11, 2018), we would issue in this offering an aggregate of 7,530,120 shares of our common stock and warrants to purchase 7,530,120 shares of our common stock. The actual offering price per Class A Unit will be negotiated between us and the underwriters based on the trading of our common stock prior to the offering, among other things, and may be at a discount to the current market price. We are also offering the shares of common stock issuable upon exercise of warrants sold as part of the Class A Units.

Assumed Public Offering Price per Class A Unit                    \$0.83 per Class A Unit

Class B Units Offered by us                    Up to 6,250 Class B Units. We are also offering to each purchaser whose purchase of Class A Units in this offering would otherwise result in the purchaser, together with its affiliates and certain related parties, beneficially owning more than 4.99% of our outstanding common stock immediately following the consummation of this offering, the opportunity to purchase, if the purchaser so chooses, Class B Units, in lieu of Class A Units. Each Class B Unit will consist of one share of our Series B Preferred, with a stated value of \$1,000 per share and convertible into shares of our common stock at conversion price equal to the per unit public offering price of the Class A Units, together with an equivalent number of warrants as would have been issued to such purchaser if they had purchased Class A Units based on the per unit public offering price of the Class A Units. The Class B Units will not be certificated and the shares of Series B Preferred and warrants that are part of such unit will be immediately separable and will be issued separately in this offering. We are also offering the shares of common stock issuable upon exercise of warrants sold in Class B Units and shares issuable upon conversion of the shares of Series B Preferred sold in each Class B Unit. For each Class B Unit we sell, the number of Class A Units we are offering will be decreased on a dollar-for-dollar basis. Because we will issue a warrant as part of each Class A Unit and Class B Unit (together, the “Units”), the number of warrants sold in this offering will not change as a result of a change in the mix of the Units sold.

Public Offering Price per Class B                    \$1,000 per Class B Unit

Unit

Each warrant included in the Units will have an exercise price of 125% of the per unit public offering price of the Class A Units, will be exercisable upon issuance and will expire five years from the date of issuance. Each warrant will be exercisable to purchase one share of our common stock. No fractional shares of common stock will be issued in connection with the exercise of a warrant. In lieu of fractional shares, we will round up to the next whole share. Pursuant to the terms of the warrants, in the event of a fundamental transaction, the Company shall, at the sole option of the holder of the warrants, purchase the warrants from the holder at a price equal to the Black Scholes Value (as defined in the warrant) on the date of the consummation of such fundamental transaction; provided, however, that if the fundamental transaction is not within the Company's control, the holder shall only be entitled to receive the same type of consideration that is being offered to holders of the Company's common stock. The warrants also provide that in the event of a fundamental transaction we are required to cause any successor entity to assume our obligations under the warrants. In addition, holders of the warrants will be entitled to receive, upon exercise of the warrant, the kind and amount of securities, cash or property that the holder would have received had the holder exercised the warrant immediately prior to such fundamental transaction. This prospectus also relates to the offering of the shares of common stock issuable upon exercise of the warrants.

Warrants Offered by us

Over-allotment option

We have granted a 45-day option to the underwriters to purchase (i) a maximum of 1,129,518 additional shares of common stock for a price per share equal to the per unit public offering price of the Class A Units, less underwriting discounts and expenses (15% of the shares of common stock included in the Class A Units and the shares of common stock issuable upon conversion of the Series B Preferred shares sold as part of the Class B Units, and/or (ii) warrants to purchase a maximum of 1,129,518 shares of common stock at an offering price of \$0.01 per warrant (15% of the warrants included as part of the Units sold in this offering), solely to cover over-allotments, if any.

Common Stock to be Outstanding Immediately after this Offering

11,771,375 shares of our common stock (at an assumed offering price of \$0.83 per Class A Unit, which was the last reported sale price of our common stock on the Nasdaq Capital Market on October 11, 2018), assuming that no Class B Units are sold in this offering and that none of the warrants offered hereby are exercised. If the underwriters exercise their over-allotment option in full, the total number of shares of common stock outstanding immediately after this offering would be 12,900,893 (at an assumed offering price of \$0.83 per Class A Unit, which was the last reported sale price of our common stock on the Nasdaq Capital Market on October 11, 2018), assuming that no Class B Units are sold in this offering and that none of the warrants offered hereby are exercised.

Series B Convertible Preferred Stock

The shares of Series B Preferred offered as a part of the Class B Units will be convertible into shares of our common stock (subject to adjustment as provided in the related certificate of designation of preferences, rights and limitations) at any time at the option of the holder, at a conversion price equal to the per unit public offering price of the Class A Units. See "Description of Securities We Are Offering" for a discussion of the terms of the Series B Preferred.

Use of Proceeds

We estimate that we will receive net proceeds from this offering of approximately \$4.6 million, or approximately \$5.4 million if the underwriters exercise their over-allotment option in full, in each case, after deducting underwriting discounts and commissions, our estimated offering expenses and amounts necessary to repay certain term notes.

We currently intend to use a portion of the net proceeds that we receive from this offering to repay certain term notes, and to utilize the remaining net proceeds for research and development, working capital needs, capital expenditures and other general corporate purposes. In addition, we may use a portion of the net proceeds from this offering to pursue potential strategic acquisitions, although we do not have any specific plans or arrangements to do so at this time. See “Use of Proceeds” on page 17 of this prospectus.

Risk Factors

Investing in our securities involves significant risks. Before making a decision whether to invest in our securities, please read the information contained in or incorporated by reference under the heading “Risk Factors” in this prospectus, the documents we have incorporated by reference herein, and under similar headings in other documents filed after the date hereof and incorporated by reference into this prospectus. See “Incorporation of Certain Information by Reference” and “Where You Can Find More Information.”

“BLIN.”

Nasdaq Capital  
Market Symbol

There is no established public trading market for the warrants or shares of Series B Preferred offered herein, and we do not expect an active trading market to develop. We do not intend to list the warrants or Series B Preferred on the Nasdaq Capital Market or any other securities exchange or other trading market. Without an active trading market, the liquidity of the warrants and the Series B Preferred will be limited.



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The number of shares of our common stock shown above to be outstanding immediately after the offering is based on 4,241,225 shares outstanding as of October 11, 2018, and assumes the issuance and sale of 7,530,120 Class A Units in this offering and no Class B Units. Unless we specifically state otherwise, the share information in this prospectus excludes:

459,846 shares of our common stock issuable upon the exercise of outstanding stock options outstanding at a weighted-average exercise price of \$6.81 per share;

546,151 shares of common stock issuable upon the exercise of warrants at a weighted-average exercise price of \$6.16 per share;

260,534 shares of common stock reserved for future issuance under our 2016 Stock Incentive Plan (the “2016 Plan”);

161,455 shares of common stock issuable upon conversion of 262,364 outstanding shares of Series A Convertible Preferred Stock (“Series A Preferred”); and

376,506 shares of common stock issuable upon the exercise of the Representative’s Warrants to be issued to the representative of the underwriters upon closing of this offering.

The above numbers reflect the 1-for-5 stock split effectuated by us on July 24, 2017.

Unless otherwise indicated, all information in this prospectus assumes:

no conversion of outstanding shares of Series A Preferred;

no shares of Series B Preferred are sold in this offering;

no exercise of outstanding warrants or the outstanding stock options issued under the 2016 Plan, as described above;  
and

no exercise by the underwriters of their over-allotment option.

To the extent we sell any Class B Units in this offering, the same aggregate number of common stock equivalents resulting from this offering would be convertible under the Series B Preferred issued as part of the Class B Units.





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SUMMARY FINANCIAL DATA

The following tables set forth a summary of our historical financial data as of, and for the periods ended on, the dates indicated. We have derived the statements of operations data for the years ended September 30, 2017 and 2016 from our audited financial statements and the related notes appearing in our Annual Report on Form 10-K for the year ended September 30, 2017 (the “2017 10-K”), which is incorporated by reference into this prospectus. The statements of operations data for the nine-months ended June 30, 2018 and 2017 and the balance sheet data as of June 30, 2018 have been derived from our unaudited financial statements appearing in our Quarterly Report on Form 10-Q for the period ended June 30, 2018 (the “June 10-Q”), which is incorporated by reference into this prospectus. In the opinion of the management, the unaudited data reflects all adjustments, consisting of normal and recurring adjustments, necessary for a fair presentation of results as of and for these periods.

The following summary financial data should be read together with our consolidated financial statements and related notes appearing in the 2017 10-K and in the June 10-Q, as well as in the sections entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in each of the 2017 10-K and in our June 10-Q, each of which are incorporated by reference into this prospectus. Our audited consolidated financial statements have been prepared in U.S. dollars in accordance with U.S. generally accepted accounting principles. Our historical results for any prior period are not indicative of our future results, and our results for the nine-months ended June 30, 2018 may not be indicative of our results for the year ending September 30, 2018.



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(dollars in thousands)

	Nine Months Ended		Years Ended	
	June 30,		September 30,	
	2018	2017	2017	2016
Revenue	(unaudited)			
Digital engagement services	\$5,559	\$6,298	\$8,498	\$8,520
Subscription and perpetual licenses	4,367	5,018	6,788	6,084
Managed service hosting	839	743	1,007	1,291
Total revenue	10,765	12,059	16,293	15,895
Cost of revenue				
Digital engagement services	3,666	3,569	4,911	5,143
Subscription and perpetual licenses	1,503	1,468	1,969	1,835
Managed service hosting	213	209	280	304
Total cost of revenue	5,382	5,246	7,160	7,282
Gross profit	5,383	6,813	9,133	8,613
Operating expenses				
Sales and marketing	3,045	3,661	4,807	4,934
General and administrative	2,156	2,395	3,256	3,456
Research and development	1,221	1,175	1,587	1,578
Depreciation and amortization	305	468	582	1,309
Goodwill impairment	4,615	-	-	-
Restructuring expenses	187	249	286	879
Total operating expenses	11,529	7,948	10,518	12,156
Loss from operations	(6,146)	(1,135)	(1,385)	(3,543)
Interest and other expense, net	(115)	(122)	(201)	(914)
Loss on inducement of debt (convertible notes)	-	-	-	(3,414)
Loss before income taxes	(6,261)	(1,257)	(1,586)	(7,871)
(Benefit)/provision for income taxes	11	13	16	(47)
Net loss	\$(6,272)	\$(1,270)	\$(1,602)	\$(7,824)
Dividends on convertible preferred stock	(231)	(207)	(281)	(131)
Net loss applicable to common shareholders	(6,503)	(1,477)	(1,883)	(7,955)
Net loss per share attributable to common shareholders:				
Basic and diluted	\$(1.54)	\$(0.36)	\$(0.45)	\$(4.20)

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Number of weighted average shares outstanding:

Basic and diluted	4,222,848	4,129,481	4,147,140	1,893,003
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Consolidated Balance Sheet Data:	As of June 30, 2018		
			Pro Forma
(unaudited, dollars in thousands)	Actual	Pro Forma(1)	As Adjusted(2)
Cash and cash equivalents	\$427	\$1,187	\$ 5,755
Total assets	11,422	12,182	16,750
Debt, current portion, less unamortized discount and issuance costs	198	958	198
Debt, net of current portion	2,810	2,810	2,810
Total liabilities	6,090	6,850	6,090
Total stockholders' equity	5,332	5,332	10,660

- The pro forma figures give effect to the sale by the Company of certain term promissory notes (the "Term Notes") in the aggregate principal amount of \$941,176, which sales occurred on September 7, 2018. After recording \$141,176 of original issue discount and debt issuance costs of \$40,000, the Company received net cash proceeds in the aggregate amount of \$760,000 for the Term Notes. The original issue discount and debt issuance costs are recorded as a contra liability and will be amortized over the life of the Term Notes. The Term Notes have an original issue discount of fifteen percent (15%), bear interest at a rate of twelve percent (12%) per annum, and mature on the earlier to occur of (i) six months from September 7, 2018, or (ii) the consummation of a debt or equity financing resulting in gross proceeds to the Company of at least \$3.0 million. In connection with the issuance of the Term Notes, each purchaser also entered into a Subordination Agreement with the Company's lenders, Heritage Bank of Commerce and Montage Capital II, L.P. (the "Lenders"), pursuant to which the purchasers agreed to subordinate (i) all of the Company's indebtedness and obligations to the purchasers, whether presently existing or arising in the future, to all of the Company's indebtedness to the Lenders, and (ii) all of the purchasers' security interests, if any, to all of the Lenders' security interests in property of the Company.
- (1) equity financing resulting in gross proceeds to the Company of at least \$3.0 million. In connection with the issuance of the Term Notes, each purchaser also entered into a Subordination Agreement with the Company's lenders, Heritage Bank of Commerce and Montage Capital II, L.P. (the "Lenders"), pursuant to which the purchasers agreed to subordinate (i) all of the Company's indebtedness and obligations to the purchasers, whether presently existing or arising in the future, to all of the Company's indebtedness to the Lenders, and (ii) all of the purchasers' security interests, if any, to all of the Lenders' security interests in property of the Company.
- (2) Pro forma as adjusted balance sheet data reflects the items described in footnote 1 and our sale of 7,530,120 Class A Units in this offering at an assumed public offering price of \$0.83 per share, which was the last reported sale price of our common stock on the Nasdaq Capital Market on October 11, 2018, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, as well as the amounts necessary to repay the Term Notes, including all accrued interest, which amounted to approximately \$10,000 as of October 11, 2018, out of proceeds of this offering. Pro forma as adjusted balance sheet data is illustrative only and will change based on the actual public offering price and other terms of this offering determined at pricing. Each \$0.25 increase (decrease) in the assumed public offering price per Class A Unit would increase (decrease) the amount of cash and cash equivalents, working capital, total assets, and total stockholders' equity by approximately \$1.8 million, assuming the number of Class A Units offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting underwriting discounts and commissions, estimated offering expenses payable by us, and the amounts necessary to repay the Term Notes, including all accrued interest, which

amounted to approximately \$10,000 as of October 11, 2018. We may also increase or decrease the number of Class A Units to be issued in this offering. Each increase (decrease) of 1.0 million Class A Units offered by us would increase (decrease) the as adjusted amount of cash and cash equivalents, working capital, total assets and total stockholders' deficit by approximately \$771,900, assuming the assumed public offering price per Class A Unit remains the same, and after deducting underwriting discounts and commissions, estimated offering expenses payable by us, and the amounts necessary to repay the Term Notes, including all accrued interest, which amounted to approximately \$10,000 as of October 11, 2018.

The pro forma as adjusted basis assumes no sale of Class B Units and excludes the proceeds, if any, from the exercise of any warrants issued in this offering. The pro forma information discussed above is illustrative only and will be adjusted based on the actual public offering price and other terms of this offering determined between us and the underwriters at pricing.





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RISK FACTORS

An investment in our securities involves a high degree of risk. You should consider the risks, uncertainties and assumptions discussed below as well as all of the other information contained or incorporated by reference in this prospectus, including our Quarterly Reports on Form 10-Q for the quarters ended December 31, 2017, March 31, 2018 and June 30, 2018, and our Annual Report on Form 10-K for the fiscal year ended September 30, 2017. See “Incorporation of Certain Information by Reference” and “Where You Can Find More Information.” It is not possible to predict or identify all such risks. Consequently, we could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial to our operations. The occurrence of any of these known or unknown risks might cause you to lose all or part of your investment in the offered securities.

Risks Related to Our Business

We have incurred significant net losses since inception and expect continue to incur operating losses for the foreseeable future. We may never achieve or sustain profitability, which would depress the market price of our common stock and could cause you to lose all or a part of your investment.

We have incurred net losses in each fiscal year since our inception in 2000, including net losses of \$7.8 million and \$1.6 million during the fiscal years ended September 30, 2017 and 2016, respectively, and net losses of \$6.3 million and \$1.3 million during the nine months ended June 30, 2018 and 2017, respectively. As of September 30, 2017, we had an accumulated deficit of approximately \$54.3 million. We do not know whether or when we will become profitable. Substantially all of our operating losses have resulted from costs incurred in connection with our research and development programs and from general and administrative costs associated with our operations. Although we expect to incur decreasing levels of operating losses over the next several years due to the implementation of our restructuring plan, no assurances can be given. Our prior losses, combined with expected future losses, have had and will continue to have an adverse effect on our stockholders’ equity (deficit) and working capital. Because of the numerous risks and uncertainties associated with our business, we are unable to predict the extent of any future losses or when we will become profitable, if at all. Even if we do become profitable, we may not be able to sustain or increase our profitability on a quarterly or annual basis.

Our debt obligations and operating lease commitments may adversely affect our financial condition and cash flows from operations.

We maintain a \$2.5 million line of credit with our bank, Heritage Bank of Commerce, as well as a non-revolving term loan for up to \$1.0 million through Montage Capital II, L.P., both of which are secured by all of our assets and intellectual property. Additionally, on September 7, 2018, we sold and issued Term Notes in the aggregate principal amount of \$941,176, which had accrued approximately \$10,000 in interest as of October 11, 2018, and which will mature on the earliest to occur of (i) six months from September 7, 2018, or (ii) the consummation of a debt or equity financing resulting in gross proceeds to the Company of at least \$3.0 million. Further, we have contractual commitments in operating lease arrangements, which are not reflected on our consolidated balance sheets. Our ability to meet our expenses and debt obligations will depend on our future performance, which will be affected by financial, business, economic, regulatory and other factors. We will not be able to control many of these factors, such as economic conditions and governmental regulations. Further, our operations may not generate sufficient cash to enable us to service our debt or contractual obligations resulting from our leases. If we fail to make a payment on our debt, we could be in default on such debt. If we are at any time unable to generate sufficient cash flows from operations to service our indebtedness when payment is due, we may be required to attempt to renegotiate the terms of the instruments relating to the indebtedness, seek to refinance all or a portion of the indebtedness or obtain additional financing. There can be no assurance that we would be able to successfully renegotiate such terms, that any such

refinancing would be possible or that any additional financing could be obtained on terms that are favorable or acceptable to us.

Although as of June 30, 2018, we were in compliance with all financial covenants required pursuant to our borrowing facilities, we have failed to satisfy such covenants in the past. A failure to comply with the covenants and other provisions of our outstanding debt could result in events of default under such instruments, which could permit acceleration of all of our borrowings under our revolving credit facility as well as our non-revolving term loan. Any required repayment of our borrowing facilities as a result of a fundamental change or other acceleration would lower our current cash on hand such that we would not have those funds available for use in our business. In addition, in the event we do not have sufficient cash resources to repay our borrowings when due, we may be required to forfeit all or some of our assets to the banks as a result of their security interest in our assets, which would negatively impact our business, financial condition and future prospects, and we may not be able to continue as a going concern.



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If we are unable to manage our future growth efficiently, our business, liquidity, revenues and profitability may suffer.

We anticipate that continued expansion of our core business will require us to address potential market opportunities. For example, we may need to expand the size of our research and development, sales, corporate finance or operations staff. There can be no assurance that our infrastructure will be sufficiently flexible and adaptable to manage our projected growth or that we will have sufficient resources, human or otherwise, to sustain such growth. If we are unable to adequately address these additional demands on our resources, our profitability and growth might suffer. Also, if we continue to expand our operations, management might not be effective in expanding our physical facilities and our systems, and our procedures or controls might not be adequate to support such expansion. Our inability to manage our growth could harm our business and decrease our revenues.

We may require additional financing to execute our business plan and further expand our operations.

We may require additional funding to further expand our operations. We currently have a borrowing facility with Heritage Bank from which we can borrow, and this line is subject to financial covenants that must be met. It is not certain that all or part of this line will be available to us in the future. In addition, we have received a term loan for up to \$1.0 million with Montage Capital II, L.P. We also depend on other sources of financing and this may not be available to us in a timely basis if at all, or on terms acceptable to us. Further, our ability to obtain financing may be limited by rules of the Nasdaq Capital Market. If we fail to obtain acceptable funding when needed, we may not have sufficient resources to fund our operations, and this would have a material adverse effect on our business.

Our revenue and quarterly results may fluctuate, which could adversely affect our stock price.

We have experienced, and may in the future experience, significant fluctuations in our quarterly operating results that may be caused by many factors. These factors include, amongst others:

changes in demand for our products;

introduction, enhancement or announcement of products by us or our competitors;

market acceptance of our new products;

the growth rates of certain market segments in which we compete;

size and timing of significant orders;

budgeting cycles of customers;

mix of products and services sold;

changes in the level of operating expenses;

completion or announcement of acquisitions; and

general economic conditions in regions in which we conduct business.

The length of our sales cycle can fluctuate significantly which could result in significant fluctuations in license revenues being recognized from quarter to quarter.

The decision by a customer to purchase our products often involves the development of a complex implementation plan across a customer's business. This process often requires a significant commitment of resources both by prospective customers and us. Given the significant investment and commitment of resources required in order to implement our software, it may take several months, or even several quarters, for marketing opportunities to materialize. If a customer's decision to purchase our products is delayed or if the installation of our products takes longer than originally anticipated, the date on which we may recognize revenue from these sales would be delayed. Such delays and fluctuations could cause our revenue to be lower than expected in a particular period and we may not be able to adjust our costs quickly enough to offset such lower revenue, potentially negatively impacting our results of operations.

We are dependent upon a small number of major customers, and a failure to renew our licenses with such customers could reduce our revenue.

During fiscal year 2017, two of our customers in aggregate accounted for 24% of total sales. Our customers have no obligation to renew their subscription licenses, and some customers have elected not to do so, including a number of our large customers in the recent two fiscal years. Our license renewal rates may decline or fluctuate as a result of a number of factors, including customer dissatisfaction with our products and services, our failure to update our products to maintain their attractiveness in the market, or constraints or changes in budget priorities faced by our customers. A decline in license renewal rates could cause our revenue to decline which would have a material adverse effect on our operations.



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We face intense and growing competition, which could result in price reductions, reduced operating margins and loss of market share.

We operate in a highly competitive marketplace and generally encounter intense competition to create and maintain demand for our services and to obtain service contracts. If we are unable to successfully compete for new business and license renewals, our revenue growth and operating margins may decline. The market for our Bridgeline Unbound platform (Content Manager, Insights, eCommerce, Marketier, Social) and web development services are competitive and rapidly changing. Barriers to entry in such markets are relatively low. With the introduction of new technologies and market entrants, we expect competition to intensify in the future. Some of our principal competitors offer their products at a lower price, which have in the past and may in the future result in pricing pressures. Such pricing pressures and increased competition generally could result in reduced sales, reduced margins or the failure of our product and service offerings to achieve or maintain more widespread market acceptance.

The web development/services market is highly fragmented with a large number of competitors and potential competitors. Our prominent public company competitors are Big Commerce, Salesforce (Commerce Cloud), Episerver, Hubspot, Sitecore and Adobe (Experience Manager). We face competition from customers and potential customers who develop their own applications internally. We also face competition from potential competitors that are substantially larger than we are and who have significantly greater financial, technical and marketing resources, and established direct and indirect channels of distribution. As a result, they are able to devote greater resources to the development, promotion and sale of their products than we can.

There may be a limited market for our common stock, which may make it more difficult for you to sell your stock and which may reduce the market price of our common stock.

The average amount of shares traded per day in fiscal 2018 was approximately 405,213 shares, compared to approximately 26,000 shares per day in fiscal 2017, 38,000 shares per day for fiscal 2016 and 3,000 shares per day for fiscal 2015. The average trading volume of our common stock can be sporadic and may impair the ability of holders of our common stock to sell their shares at the time they wish to sell them or at a price that they consider reasonable. A low trading volume may also reduce the fair market value of the shares of our common stock. Accordingly, there can be no assurance that the price of our common stock will reflect our actual value. There can be no assurance that the daily trading volume of our common stock will increase or improve either now or in the future.

The market price of our common stock is volatile, which could adversely affect your investment in our common stock.

The market price of our common stock is volatile and could fluctuate significantly for many reasons, including, without limitation, as a result of the occurrence of those risks discussed herein, actual or anticipated fluctuations in our operating results and general economic and industry conditions. During fiscal 2017 and fiscal 2018, the closing price of our common stock as reported on the Nasdaq Capital Market fluctuated between \$2.12 and \$4.55, and between \$0.86 and \$3.50, respectively. We are required to meet certain financial criteria in order to maintain our listing on the Nasdaq Capital Market. One such requirement is that we maintain a minimum closing bid price of at least \$1.00 per share for our common stock. If we fail this requirement, then the Nasdaq Capital Market will issue a notice that we are not in compliance and we will need to take corrective actions in order to not be delisted. Such corrective actions could include a reverse stock split.

If our products fail to perform properly due to undetected errors or similar problems, our business could suffer, and we could face product liability exposure.



We develop and sell complex web engagement software, which may contain undetected errors or bugs. Such errors can be detected at any point in a product's life cycle, but are frequently found after introduction of new software or enhancements to existing software. We continually introduce new products and new versions of our products. Despite internal testing and testing by current and potential customers, our current and future products may contain serious defects. If we detect any errors before we ship a product, we might have to delay product shipment for an extended period of time while we address the problem. We might not discover software errors that affect our new or current products or enhancements until after they are deployed, and we may need to provide enhancements to correct such errors. Therefore, it is possible that, despite our testing, errors may occur in our software. These errors could result in the following:

- harm to our reputation;
- lost sales;
- delays in commercial release;
- product liability claims;
- contractual disputes;
- negative publicity;
- delays in or loss of market acceptance of our products;
- license terminations or renegotiations; or
- unexpected expenses and diversion of resources to remedy errors.



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Furthermore, our customers may use our software together with products from other companies. As a result, when problems occur, it might be difficult to identify the source of the problem. Even when our software does not cause these problems, the existence of these errors might cause us to incur significant costs, divert the attention of our technical personnel from our product development efforts, impact our reputation, or cause significant customer relations problems.

Technology and customer requirements evolve rapidly in our industry, and if we do not continue to develop new products and enhance our existing products in response to these changes, our business could suffer.

We will need to continue to enhance our products in order to maintain our competitive position. We may not be successful in developing and marketing enhancements to our products on a timely basis, and any enhancements we develop may not adequately address the changing needs of the marketplace. Overlaying the risks associated with our existing products and enhancements are ongoing technological developments and rapid changes in customer requirements. Our future success will depend upon our ability to develop and introduce in a timely manner new products that take advantage of technological advances and respond to new customer requirements. The development of new products is increasingly complex and uncertain, which increases the risk of delays. We may not be successful in developing new products and incorporating new technology on a timely basis, and any new products may not adequately address the changing needs of the marketplace. Failure to develop new products and product enhancements that meet market needs in a timely manner could have a material adverse effect on our business, financial condition and operating results.

If we are unable to protect our proprietary technology and other intellectual property rights, our ability to compete in the marketplace may be substantially reduced.

If we are unable to protect our intellectual property, our competitors could use our intellectual property to market products similar to our products, which could decrease demand for such products, thus decreasing our revenue. We rely on a combination of copyright, trademark and trade secret laws, as well as licensing agreements, third-party non-disclosure agreements and other contractual measures to protect our intellectual property rights. These protections may not be adequate to prevent our competitors from copying or reverse-engineering our products. Our competitors may independently develop technologies that are substantially similar or superior to our technology. To protect our trade secrets and other proprietary information, we require employees, consultants, advisors and collaborators to enter into confidentiality agreements. These agreements may not provide meaningful protection for our trade secrets, know-how or other proprietary information in the event of any unauthorized use, misappropriation or disclosure of such trade secrets, know-how or other proprietary information. The protective mechanisms we include in our products may not be sufficient to prevent unauthorized copying. Existing copyright laws afford only limited protection for our intellectual property rights and may not protect such rights in the event competitors independently develop similar products. In addition, the laws of some countries in which our products are or may be licensed do not protect our products and intellectual property rights to the same extent as do the laws of the United States.

Policing unauthorized use of our products is difficult and litigation could become necessary in the future to enforce our intellectual property rights. Any litigation could be time consuming and expensive to prosecute or resolve, result in substantial diversion of management attention and resources, and materially harm our business or financial condition.

If a third party asserts that we infringe upon its proprietary rights, we could be required to redesign our products, pay significant royalties or enter into license agreements.

Claims of infringement are becoming increasingly common as the software industry develops and as related legal protections, including but not limited to patents, are applied to software products. Although we do not believe that our products infringe on the rights of third parties, a third party may assert that our technology or technologies of entities we acquire violates its intellectual property rights. As the number of software products in our markets increases and the functionality of these products further overlap, we believe that infringement claims will become more common. Any claims against us, regardless of their merit, could:

be expensive and time consuming to defend;

result in negative publicity;

force us to stop licensing our products that incorporate the challenged intellectual property;

require us to redesign our products;

divert management's attention and our other resources; and/or

require us to enter into royalty or licensing agreements in order to obtain the right to use necessary technologies, which may not be available on terms acceptable to us, if at all.



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We believe that any successful challenge to our use of a trademark or domain name could substantially diminish our ability to conduct business in a particular market or jurisdiction and thus decrease our revenue and result in possible losses to our business.

We depend on a third-party cloud platform provider to host our Unbound SaaS environment and managed services business and if we were to experience a disruption in service, our business and reputation could suffer.

We host our SaaS and managed hosting customers via a third-party, Amazon Web Services. If upon renewal date our third-party provider does not provide commercially reasonable terms, we may be required to transfer our services to a new provider, such as data center facility, and we may incur significant equipment costs and possible service interruption in connection with doing so. Interruptions in our services might reduce our revenue, cause us to issue credits or refunds to customers, subject us to potential liability, or harm our renewal rates.

If our security measures or those of our third-party cloud computing platform provider are breached and unauthorized access is obtained to a customer's data, our services may be perceived as not being secure, and we may incur significant legal and financial exposure and liabilities.

Security breaches could expose us to a risk of loss of our customers' information, litigation and possible liability. While we have security measures in place, they may be breached as a result of third-party action, including intentional misconduct by computer hackers, employee error, malfeasance or otherwise and result in someone obtaining unauthorized access to our IT systems, our customers' data or our data, including our intellectual property and other confidential business information. Because the techniques used to obtain unauthorized access, or to sabotage systems, change frequently and generally are not recognized until launched against a target, we may be unable to implement adequate preventative measures. In addition, our customers may authorize third-party technology providers to access their customer data, and some of our customers may not have adequate security measures in place to protect their data that is stored on our services. Because we do not control our customers or third-party technology providers, or the processing of such data by third-party technology providers, we cannot ensure the integrity or security of such transmissions or processing. Malicious third parties may also conduct attacks designed to temporarily deny customers access to our services. Any security breach could result in a loss of confidence in the security of our services, damage our reputation, negatively impact our future sales, disrupt our business and lead to legal liability.

We rely on encryption and authentication technology from third parties to provide the security and authentication to effectively secure transmission of confidential information, including consumer payment card numbers. Such technology may not be sufficient to protect the transmission of such confidential information or these technologies may have material defects that may compromise the confidentiality or integrity of the transmitted data. Any imposition of liability, particularly liability that is not covered by insurance or is in excess of insurance coverage, could harm our reputation, business and operating results. We might be required to expend significant capital and other resources to protect further against security breaches or to rectify problems caused by any security breach, which, in turn could divert funds available for corporate growth and expansion or future acquisitions.

We are dependent upon our management team and the loss of any of these individuals could harm our business.

We are dependent on the efforts of our key management personnel. The loss of any of our key management personnel, combined with an inability to find a suitable replacement, or our inability to recruit and train additional key management and other personnel in a timely manner, could materially and adversely affect our business, operations and future prospects. We maintain a key man insurance policy covering our Chief Executive Officer.

Because competition for highly qualified personnel is intense, we might not be able to attract and retain the employees we need to support our planned growth.

We will need to increase the size and maintain the quality of our sales force, software development staff and professional services organization to execute our growth plans. To meet our objectives, we must attract and retain highly qualified personnel with specialized skill sets. Competition for qualified personnel can be intense, and we might not be successful in attracting and retaining them. Our ability to maintain and expand our sales, product development and professional services teams will depend on our ability to recruit, train and retain top quality people with advanced skills who understand sales to, and the specific needs of, our target customers. For these reasons, we have experienced, and we expect to again experience in the future, challenges in hiring and retaining highly skilled employees with appropriate qualifications for our business. In addition to hiring services personnel to meet our needs, we may also engage additional third-party consultants as contractors, which could have a negative impact on our financial results. If we are unable to hire or retain qualified personnel, or if newly hired personnel fail to develop the necessary skills or reach productivity slower than anticipated, it would be more difficult for us to sell our products and services, and we could experience a shortfall in revenue and not achieve our planned growth.





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Future acquisitions may be difficult to integrate into our existing operations, may disrupt our business, dilute stockholder value, divert management's attention, or negatively affect our operating results.

We have acquired multiple businesses since our inception in 2000. Future acquisitions could involve substantial investment of funds or financings by issuance of debt or equity securities and could result in one-time charges and expenses and have the potential to either dilute the interests of existing stockholders or result in the issuance of or assumption of debt. Any such acquisition may not be successful in generating revenues, income or other returns to us, and the resources committed to such activities will not be available to us for other purposes. Moreover, if we are unable to access capital markets on acceptable terms or at all, we may not be able to consummate acquisitions, or may have to do so based upon less than optimal capital structure. Our inability to take advantage of growth opportunities for our business or to address risks associated with acquisitions or investments in businesses may negatively affect our operating results. Additionally, any impairment of goodwill or other intangible assets acquired in an acquisition or in an investment, or charges to earnings associated with any acquisition or investment activity, may materially reduce our earnings which, in turn, may have an adverse material effect on the price of our common stock.

We are also subject to anti-takeover provisions under Delaware law, which could delay or prevent a change of control. Together these provisions may make the removal of management more difficult and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our securities. Provisions in our amended and restated bylaws and Delaware law may have the effect of discouraging lawsuits against our directors and officers.

Our amended and restated bylaws require that derivative actions brought in our name, actions against our directors, officers, other employees or stockholders for breach of fiduciary duty and other similar actions may be brought only in the Court of Chancery in the State of Delaware. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and consented to the forum provisions in our amended and restated bylaws.

This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, other employees or stockholders, which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provision contained in our amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results and financial condition.

Increasing government regulation could affect our business and may adversely affect our financial condition.

We are subject not only to regulations applicable to businesses generally, but also to laws and regulations directly applicable to electronic commerce. In addition, an inability to satisfy the standards of certain voluntary third-party certification bodies that our customers may expect, such as an attestation of compliance with the Payment Card Industry ("PCI") Data Security Standards, may have an adverse impact on our business and results. Further, there are various statutes, regulations, and rulings relevant to the direct email marketing and text-messaging industries, including the Telephone Consumer Protection Act ("TCPA"), the CAN-SPAM Act and related Federal Communication Commission ("FCC") orders. The interpretation of many of these statutes, regulations, and rulings is evolving in the courts and administrative agencies and an inability to comply may have an adverse impact on our business and results. If in the future we are unable to achieve or maintain industry-specific certifications or other requirements or standards relevant to our customers, it may harm our business and adversely affect our results.

We may also expand our business in countries that have more stringent data protection laws than those in the United States, and such laws may be inconsistent across jurisdictions and are subject to evolving and differing interpretations. In particular, the European Union has passed the General Data Protection Regulation (“GDPR”), which came into force on May 25, 2018. The GDPR includes more stringent operational requirements for entities that receive or process personal data (as compared to U.S. privacy laws and previous EU laws), along with significant penalties for non-compliance, more robust obligations on data processors and data controllers, greater rights for data subjects, and heavier documentation requirements for data protection compliance programs. Additionally, both laws regulating privacy and third-party products purporting to address privacy concerns could negatively affect the functionality of, and demand for, our products and services, thereby reducing our revenue.



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Federal, state, and foreign governments may adopt laws and regulations applicable to our business. Any such legislation or regulation could dampen the growth of the Internet and decrease its acceptance. If such a decline occurs, companies may choose in the future not to use our products and services. Any new laws or regulations in the following areas could affect our business:

user privacy;

the pricing and taxation of goods and services offered over the Internet;

the content of websites;

trademarks and copyrights;

consumer protection, including the potential application of “do not call” registry requirements on customers and consumer backlash in general to direct marketing efforts of customers;

the online distribution of specific material or content over the Internet; or

the characteristics and quality of products and services offered over the Internet.

We have issued preferred stock with rights senior to our common stock, and may issue additional preferred stock in the future, in order to consummate a merger or other transaction necessary to continue as a going concern.

Our Certificate of Incorporation authorizes the issuance of up to 1.0 million shares of preferred stock, par value \$0.001 per share, without shareholder approval and on terms established by our board of directors, of which 264,000 shares have been designated as Series A Preferred and        shares have been designated as Series B Preferred. We may issue additional shares of preferred stock in order to consummate a financing or other transaction, in lieu of the issuance of common stock. The rights and preferences of any such class or series of preferred stock would be established by our board of directors in its sole discretion and may have dividend, voting, liquidation and other rights and preferences that are senior to the rights of our common stock.

We have never paid dividends on our common stock, and we do not anticipate paying dividends on our common stock in the future.

We have never paid cash dividends on our common stock, and do not believe that we will pay any cash dividends on our common stock in the future. Because we have no plan to pay cash dividends on our common stock, an investor would only realize income from his investment in our shares if there is a rise in the market price of our common stock, which is uncertain and unpredictable.

## Risks Related to this Offering

Purchasers in this offering will experience immediate and substantial dilution in the book value of their investment.

You will incur immediate and substantial dilution as a result of this offering. After giving effect to the sale by us of 7,530,120 Class A Units, at an assumed public offering price of \$0.83 per Class A Unit (which was the last reported sale price of our common stock on the Nasdaq Capital Market on October 11, 2018), assuming no sale of any Class B Units and after deducting estimated underwriting discounts and commissions, estimated offering expenses payable by us and the amounts necessary to repay the Term notes, including all accrued interest, which amounted to

approximately \$10,000 as of October 11, 2018, upon consummation of this offering, you can expect an immediate dilution of approximately \$0.61 per share. See “Dilution” below for a more detailed discussion of the dilution you will incur if you purchase securities in the offering.

Our management team may invest or spend the proceeds of this offering in ways with which you may not agree or in ways which may not yield a significant return.

Our management will have broad discretion over the use of proceeds from this offering. We currently intend to use the net proceeds from the sale of securities offered by this prospectus for general corporate purposes, including, but not limited to, research and development, capital expenditures, repayment of indebtedness, and additions to working capital. We may also use the net proceeds from the sale of the securities under this prospectus to acquire or invest in complementary businesses, technologies, products or assets. However, our management will have broad discretion in the application of the net proceeds from this offering and could spend the proceeds in ways that do not improve our results of operations or enhance the value of our common stock. The failure by management to apply these funds effectively could result in financial losses that could have a material adverse effect on our business, cause the price of our common stock to decline and delay the development of our product candidates.



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The warrants are speculative and holders of the warrants will not have rights of common stockholders until such warrants are exercised.

The warrants being offered do not confer any rights of common stock ownership on their holders, such as voting rights or the right to receive dividends, but rather merely represent the right to acquire shares of common stock at a fixed price for a limited period of time. Specifically, commencing on the date of issuance, holders of the warrants may exercise their right to acquire the common stock and pay an exercise price per share equal to 125% of the public offering price, or \$1.04 per share (assuming a public offering price of \$0.83 per Class A Unit, which was the last reported sale price of our common stock on the Nasdaq Capital Market on October 11, 2018) prior to five years from the date of issuance, after which date any unexercised warrants will expire and have no further value. Moreover, there can also be no assurance that the market price of our common stock will ever equal or exceed the exercise price of the warrants, and consequently, whether it will ever be profitable for holders of the warrants to exercise the warrants.

There is no public market for the warrants or the Series B Preferred.

There is no established public trading market for the warrants or the Series B Preferred offered in this offering, and we do not expect a market to develop. In addition, we do not intend to apply to list the warrants or the Series B Preferred on any national securities exchange or other nationally recognized trading system, including the Nasdaq Capital Market. Without an active market, the liquidity of the warrants and the Series B Preferred will be limited.

Sales of a substantial number of shares of our common stock, or the perception that such sales may occur, may adversely impact the price of our common stock.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception that such sales may occur, may adversely impact the price of our common stock, even if there is no relationship between such sales and the performance of our business. As of October 11, 2018, we had 4,241,225 shares of common stock outstanding, as well as stock options to purchase an aggregate of 459,846 shares of our common stock at a weighted average exercise price of \$6.81 per share, outstanding warrants to purchase up to an aggregate of 546,151 shares of our common stock at a weighted average exercise price of \$6.16 per share and 161,455 shares of common stock issuable upon conversion of our outstanding shares of Series A Preferred. The exercise and/or conversion of such outstanding derivative securities may result in further dilution of your investment.

Holders of Series B Preferred will have limited voting rights.

Holders of Series B Preferred will vote with the common stock on an as-converted to common stock basis, provided, however, that in no event will a holder of shares of Series B Preferred Stock be entitled to vote a number of shares in excess of such holder's beneficial ownership limitation. See "Description of Securities We Are Offering."

We may not have the funds necessary to fulfill our obligation to repurchase the warrants in the event of the occurrence of a fundamental transaction.

Under certain circumstances, if a fundamental transaction (as defined in the warrant) occurs, holders of the warrants being sold and issued in this offering may require us to repurchase the remaining unexercised portion of such warrants for an amount of cash equal to the value of the warrant as determined in accordance with the Black Scholes option pricing model and the terms of the warrants. Our ability to repurchase the warrants depends on our ability to generate cash flow in the future. To some extent, this is subject to general economic, financial, competitive, legislative and regulatory factors and other factors that are beyond our control. We cannot assure you that we will maintain sufficient cash reserves or that our business will generate cash flow from operations at levels sufficient to permit us to

repurchase the warrants.

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CAUTIONARY NOTES REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, and any documents we incorporate by reference, contain forward-looking statements that involve substantial risks and uncertainties. All statements contained in this prospectus and any documents we incorporate by reference other than statements of historical facts, including statements regarding our strategy, future operations, future financial position, future revenue, projected costs, prospects, plans, objectives of management and expected market growth, are forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “target,” “potential,” “w,” “should,” “continue,” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward-looking statements include, among other things, statements about:

our ability to implement our business strategy;

anticipated trends and challenges in our business and the markets in which we operate;

our expected future financial performance;

our expectations regarding our operating expenses;

our ability to anticipate market needs or develop new or enhanced products to meet those needs;

our expectations regarding market acceptance of our products;

our ability to compete in our industry and innovation by our competitors;

our ability to protect our confidential information and intellectual property rights;

our ability to successfully identify and manage any potential acquisitions;

our ability to manage expansion into international markets;

our ability to maintain or broaden our business relationships and develop new relationships with strategic alliances, suppliers, customers, distributors or otherwise;

our ability to recruit and retain qualified sales, technical and other key personnel;

our ability to obtain additional financing;

our ability to manage growth;

our ability to maintain the listing of our common stock on the Nasdaq Capital Market; and

other risks and uncertainties, including those described in the section entitled “Risk Factors” in this prospectus, as well as in our Annual Report on Form 10-K for the fiscal year ended September 30, 2017, which risk factors are incorporated herein by reference.

These forward-looking statements are only predictions and we may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, so you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our business, financial condition and operating results. We have included important factors in the cautionary statements included in this prospectus, as well as certain information incorporated by reference into this prospectus, that could cause actual future results or events to differ materially from the forward-looking statements that we make. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make. Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the SEC, we do not plan to publicly update or revise any forward-looking statements contained herein after we distribute this prospectus, whether as a result of any new information, future events or otherwise.

You should read this prospectus and any documents we incorporate by reference with the understanding that our actual future results may be materially different from what we expect. We do not assume any obligation to update any forward-looking statements whether as a result of new information, future events or otherwise, except as required by applicable law.



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## USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of our securities by us in this offering will be approximately \$4.6 million, or approximately \$5.4 million if the underwriters exercise their over-allotment option in full, assuming a public offering price of \$0.83 per Class A Unit (the last reported sale price of our common stock on the Nasdaq Capital Market on October 11, 2018) and \$1,000 per Class B Unit, in each case, after deducting the estimated underwriting discounts and commissions, estimated offering expenses payable by us, the amounts necessary to repay the Term Notes (as set forth below), and excluding the proceeds, if any, from the exercise of the warrants. The public offering price per Class A Unit will be determined between us, the underwriters and investors based on market conditions at the time of pricing, and may be at a discount to the current market price of our common stock. We will only receive additional proceeds from the exercise of the warrants issuable in connection with this offering if such warrants are exercised at their exercise price of 125% of the per unit public offering price of the Class A Units and the holders of such warrants pay the exercise price in cash upon such exercise and do not utilize the cashless exercise provision of the warrants.

Each \$0.25 increase (decrease) in the assumed public offering price of \$0.83 per Class A Unit would increase (decrease) the net proceeds to us from this offering by approximately \$1.8 million, assuming the number of securities offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions, estimated offering expenses payable by us, and the amounts necessary to repay the Term Notes, including all accrued interest, which amounted to approximately \$10,000 as of October 11, 2018. We may also increase or decrease the number of securities we are offering. Each increase (decrease) of 1.0 million shares in the number of securities we are offering would increase (decrease) the net proceeds to us from this offering by approximately \$771,900, assuming that the assumed public offering price per Class A Unit remains the same, and after deducting the estimated underwriting discounts and commissions, estimated offering expenses payable by us, and the amounts necessary to repay the Term Notes, including all accrued interest, which amounted to approximately \$10,000 as of October 11, 2018. This information is illustrative only, and we will adjust this information based on the actual public offering price per Class A Unit and other terms of this offering determined at pricing. We do not expect that a change in the public offering price or the number of shares by these amounts would have a material effect on our intended uses of the net proceeds from this offering, although it may impact the amount of time prior to which we may need to seek additional capital.

On September 7, 2018, we entered into a Note Purchase Agreement (the "Purchase Agreement") with certain accredited investors (each, a "Purchaser"), pursuant to which we sold and issued to the Purchasers Term Notes in the aggregate principal amount of \$941,176, which Term Notes have an original issue discount of fifteen percent (15%), bear interest at a rate of twelve percent (12%) per annum, and have a maturity date of the earlier to occur of (a) six months from the date of execution of the Purchase Agreement, or (b) the consummation of a debt or equity financing resulting in the gross proceeds to the Company of at least \$3.0 million. We received net cash proceeds in the aggregate amount of \$760,000 through the sale of the Term Notes, after subtracting the original issue discount and debt issuance costs, which proceeds we used as general working capital. Upon consummation of this offering, assuming that we receive gross proceeds in an amount exceeding \$3.0 million, we intend to allocate approximately \$941,176, plus any accrued interest, to the repayment of the Term Notes. As of October 11, 2018, the Term Notes had accrued approximately \$10,000 in interest. Michael Taglich, a member of the Company's Board of Directors, and Robert Taglich, Michael Taglich's brother and a former member of the Company's Board of Directors, each purchased Term Notes in the approximate amount of \$121,618, and therefore will each be entitled to receive a portion of the proceeds from the offering used to repay the Term Notes.

We expect to use the remaining net proceeds from this offering for general corporate purposes including, but not limited to, research and development, capital expenditures, repayment of indebtedness, and additions to working

capital. We may also use a portion of the net proceeds from this offering to pursue potential strategic acquisitions, although we do not have any specific plans or arrangements to do so at this time. We cannot currently allocate specific percentages of the net proceeds that we may use for the purposes specified above.

Pending other uses, we intend to invest our proceeds from the offering in short-term investments or hold them as cash. We cannot predict whether the proceeds invested, if any, will yield a favorable return. Our management will have broad discretion in the use of the net proceeds from the offering, and investors will be relying on the judgment of our management regarding the application of the net proceeds.



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## MARKET PRICE OF OUR COMMON STOCK

## Market Information

Our common stock is listed on the Nasdaq Capital Market under the symbol “BLIN.”

On October 11, 2018, the closing price for our common stock as reported on the Nasdaq Capital Market was \$0.83 per share. Shown below is the range of high and low sales prices for our common stock for the periods indicated as reported by the Nasdaq Capital Market. Such quotations represent inter-dealer prices without retail markup, markdown or commission and may not necessarily represent actual transactions. In addition, the below figures have been adjusted to reflect the 1-for-5 stock split effectuated by us on July 24, 2017.

Year Ending September 30, 2019	High	Low
First Quarter (through October 11, 2018)	\$1.18	\$0.79

Year Ending September 30, 2018 High Low

Fourth Quarter	\$3.75	\$0.79
Third Quarter	\$2.19	\$1.14
Second Quarter	\$2.64	\$1.84
First Quarter	\$3.03	\$2.22

Year Ending September 30, 2017 High Low

Fourth Quarter	\$3.12	\$2.12
Third Quarter	\$4.15	\$2.65
Second Quarter	\$4.55	\$3.11
First Quarter	\$3.95	\$2.26

Year Ending September 30, 2016 High Low