

DALEEN TECHNOLOGIES INC

Form 8-K

November 12, 2002

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Securities And Exchange Commission
Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): November 8, 2002

Daleen Technologies, Inc.
(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

0-27491
(Commission File Number)

65-0944514
(I.R.S. Employer
Identification No.)

902 Clint Moore Road, Suite 230
Boca Raton, Florida
(Address of principal executive offices)

33487
(Zip Code)

(561) 999-8000
(Registrant's telephone number, including area code)

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Item 5 Other Events.

Daleen Technologies, Inc. (the Company) today reported that despite a decrease in revenues for the third quarter, incremental reductions in operating expenses and cash used contributed to the Company's third consecutive quarterly decrease in net loss per share. The Company reported revenues of \$1.2 million for its third quarter of 2002. Net loss for the quarter was \$1.7 million, or \$0.07 per share, compared with a \$2.3 million net loss, or \$0.10 per share, during the second quarter of 2002, and compared to a net loss of \$36.8 million, or \$1.68 per share, in the third quarter of 2001. The Company had revenues of \$2.2 million for the third quarter of 2001.

Third Quarter Highlights:

Total expenses were \$3.0 million for the third quarter of 2002, compared to \$4.8 million for the previous quarter, and compared to total expenses of \$37.0 million for the third quarter of 2001. Total expenses in the second quarter of 2002 included \$745,000 in restructuring charges, and total expenses in the third quarter of 2001 included \$23.4 million in goodwill impairment charges. These improvements and the Company's continued diligence in managing expenses and maintaining a lower total cost of operations helped reduce the amount of cash used to support operations to \$1.2 million for the quarter.

Total expenses for the nine months ended September 30, 2002 were \$12.7 million, compared to \$86.4 million for the same period in 2001. Total expenses for the nine months ended September 30, 2002 and 2001 included \$745,000 and \$7.8 million of restructuring charges, respectively. In addition, total expenses for the nine months ended September 30, 2001 included \$27.9 million in impairment charges related to goodwill intangibles and property and equipment.

The Company restructured its license and services contract with Cbeyond Communications to include a schedule of fixed payments through the end of 2006, which creates long term, recurring revenues for the Company.

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Daleen Technologies, Inc. and Subsidiaries

Condensed Unaudited Consolidated Balance Sheets
(in thousands)

	September 30 2002	December 31 2001
	<u> </u>	<u> </u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,984	\$13,093
Restricted cash	30	30
Accounts receivable, net	1,296	2,885
Other current assets	690	436
	<u> </u>	<u> </u>
Total current assets	8,000	16,444
Property and equipment, net	1,534	2,704
Other assets	1,567	2,045
	<u> </u>	<u> </u>
Total assets	\$11,101	\$21,193
	<u> </u>	<u> </u>
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	440	678
Accrued payroll and other accrued expenses	1,650	3,733
Billings in excess of costs	542	1,323
Deferred revenue	917	1,013
Other current liabilities	16	
	<u> </u>	<u> </u>
Total current liabilities	3,565	6,747
Minority Interest		184
Total stockholders equity	7,536	14,262
	<u> </u>	<u> </u>
Total liabilities and stockholders equity	\$11,101	\$21,193
	<u> </u>	<u> </u>

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(in thousands except per share data)

	Three Months Ended			Nine Months Ended	
	Sept 30, 2002	June 30, 2002	Sept 30, 2001	Sept 30, 2002	Sept 30, 2001
Revenue:					
License fees	\$ 397	753	418	1,361	3,193
Professional services & other	849	1,290	1,786	3,831	7,601
Total revenue	1,246	2,043	2,204	5,192	10,794
Cost of revenue:					
License fees	34	63	1,236	171	1,604
Professional services & other	404	608	1,287	1,980	6,331
Total cost of revenue	438	671	2,523	2,151	7,935
Gross margin	808	1,372	(319)	3,041	2,859
Operating expenses:					
Sales & marketing	789	1,083	1,826	3,028	8,781
Research & development	713	1,054	2,430	3,098	10,931
General & administrative	1,093	1,250	3,149	3,681	11,976
Amortization of goodwill & other intangibles			3,661		11,156
Impairment of long lived assets			23,408		27,906
Restructuring charges		745		745	7,758
Total operating expenses	2,595	4,132	34,474	10,552	78,508
Operating loss	(1,787)	(2,760)	(34,793)	(7,511)	(75,649)
Other income:					
Interest income & nonoperating income, net	42	118	447	321	989
Gain on sale of subsidiary		391		391	
Total other income, net	42	509	447	712	989
Net loss	\$ (1,745)	(2,251)	(34,346)	(6,799)	(74,660)
Less: preferred stock dividends			(2,447)		(28,512)
Net loss applicable to common stockholders	\$ (1,745)	(2,251)	(36,793)	(6,799)	(103,172)
Net loss applicable to common stockholders per share basic and diluted	\$ (0.07)	(0.10)	(1.68)	(0.29)	(4.73)
Weighted average outstanding shares - basic and diluted	23,376	23,532	21,870	23,049	21,823

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DALEEN TECHNOLOGIES, INC.

By: /s/ Jeanne Prayther

Jeanne Prayther
Chief Financial Officer and
Secretary

Dated: November 8, 2002