

Bridgeline Software, Inc.  
Form 10-Q  
February 16, 2010

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-Q  
\_\_\_\_\_

(Mark One)

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

For the quarterly period ended December 31, 2009

OR

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

Commission File Number: 333-139298

\_\_\_\_\_  
Bridgeline Software, Inc.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

52-2263942  
(I.R.S. Employer Identification No.)

10 Sixth Road  
Woburn, MA  
(Address of principal executive offices)

01801  
(Zip Code)

(781) 376-5555  
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

\_\_\_\_\_

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.     Yes     No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).     Yes     No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).     Yes     No

The number of shares of Common Stock, par value \$0.001 per share, outstanding as of February 12, 2010 was 11,188,208.

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Bridgeline Software, Inc.  
Quarterly Report on Form 10-Q  
For the Quarterly Period ended December 31, 2009

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Bridgeline Software, Inc.

Quarterly Report on Form 10-Q

For the Quarterly Period ended December 31, 2009

Statements contained in this Report on Form 10-Q that are not based on historical facts are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of forward-looking terminology such as “should,” “could,” “may,” “will,” “expect,” “believe,” “estimate,” “anticipate,” “intends,” “continue,” or similar terms or variations of those terms or the negative of those terms. These statements appear in a number of places in this Form 10-Q and include statements regarding the intent, belief or current expectations of Bridgeline Software, Inc. Forward-looking statements are merely our current predictions of future events. Investors are cautioned that any such forward-looking statements are inherently uncertain, are not guaranties of future performance and involve risks and uncertainties. Actual results may differ materially from our predictions. Important factors that could cause actual results to differ from our predictions include the impact of the global financial deterioration on our business, our inability to manage our future growth effectively or profitably, our license renewal rate, the impact of competition and our ability to maintain margins or market share, the performance of our products, our ability to protect our proprietary technology, the security of our software, our ability to maintain our listing on the Nasdaq Capital Market, our dependence on our management team and key personnel, or our ability to hire and retain future key personnel. Although we have sought to identify the most significant risks to our business, we cannot predict whether, or to what extent, any of such risks may be realized, nor is there any assurance that we have identified all possible issues which we might face. We assume no obligation to update our forward-looking statements to reflect new information or developments. We urge readers to review carefully the risk factors described in our Annual Report on Form 10-K for the fiscal year ended September 30, 2009 as well as in the other documents that we file with the Securities and Exchange Commission. You can read these documents at [www.sec.gov](http://www.sec.gov).

Where we say “we,” “us,” “our,” “Company” or “Bridgeline” we mean Bridgeline Software, Inc.

## PART I—FINANCIAL INFORMATION

## Item 1. Financial Statements.

Bridgeline Software, Inc.

Consolidated Balance Sheets  
(in thousands, except share and per share data)  
(Unaudited)

	December 31, 2009	September 30, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$3,076	\$3,060
Accounts receivable and unbilled receivables, net	4,056	3,468
Prepaid expenses and other current assets	365	320
Total current assets	7,497	6,848
Equipment and improvements, net	1,327	1,448
Intangible assets, net	1,349	1,490
Goodwill	14,369	13,899
Other assets	834	570
Total assets	\$25,376	\$24,255
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$767	\$714
Accrued liabilities	1,354	1,194
Line of credit	1,350	1,000
Capital lease obligations – current	57	77
Deferred revenue	1,148	890
Total current liabilities	4,676	3,875
Capital lease obligations, net of current portion	56	62
Other long term liabilities	448	414
Total liabilities	5,180	4,351
Commitments and contingencies		
Stockholders' equity:		
Preferred stock - \$0.001 par value; 1,000,000 shares authorized; none issued and outstanding	—	—
Common stock - \$0.001 par value; 20,000,000 shares authorized; 11,182,209 and 11,182,209 shares issued and outstanding, respectively	11	11
Additional paid-in capital	35,690	35,620
Accumulated deficit	(15,391)	(15,611)
Accumulated other comprehensive income	(114)	(116)
Total stockholders' equity	20,196	19,904
Total liabilities and stockholders' equity	\$25,376	\$24,255

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



Bridgeline Software, Inc.

Consolidated Statements of Operations  
(Dollars in thousands except per share data)  
(unaudited)

Three Months Ended  
December 31,

2009