LIVEPERSON INC
Form 10-Q
July 28, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q
ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2017
or
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____________________ to ____________________
Commission file number: 000-30141
LIVEPERSON, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	13-3861628
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)
475 Tenth Avenue, 5th Floor New York, New York	10018
(Address of Principal Executive Offices)	(Zip Code)

(212) 609-4200
(Registrant's Telephone Number, Including Area Code)
Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one).

Large accelerated filer ¨	Accelerated filer ý
Non-accelerated filer ¨	Smaller reporting company ¨
(Do not check if a 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. ¨
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No ý
On July 24, 2017, 58,900,434 shares of the registrant's common stock were outstanding.

LIVEPERSON, INC.
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FORWARD-LOOKING STATEMENTS

STATEMENTS IN THIS REPORT ABOUT LIVEPERSON, INC. THAT ARE NOT HISTORICAL FACTS ARE FORWARD-LOOKING STATEMENTS BASED ON OUR CURRENT EXPECTATIONS, ASSUMPTIONS, ESTIMATES AND PROJECTIONS ABOUT LIVEPERSON AND OUR INDUSTRY. THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL FUTURE EVENTS OR RESULTS TO DIFFER MATERIALLY FROM SUCH STATEMENTS. ANY SUCH FORWARD-LOOKING STATEMENTS ARE MADE PURSUANT TO THE SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. IT IS ROUTINE FOR OUR INTERNAL PROJECTIONS AND EXPECTATIONS TO CHANGE AS THE YEAR OR EACH QUARTER IN THE YEAR PROGRESSES, AND THEREFORE IT SHOULD BE CLEARLY UNDERSTOOD THAT THE INTERNAL PROJECTIONS AND BELIEFS UPON WHICH WE BASE OUR EXPECTATIONS MAY CHANGE PRIOR TO THE END OF EACH QUARTER OR THE YEAR. ALTHOUGH THESE EXPECTATIONS MAY CHANGE, WE ARE UNDER NO OBLIGATION TO INFORM YOU IF THEY DO. OUR COMPANY POLICY IS GENERALLY TO PROVIDE OUR EXPECTATIONS ONLY ONCE PER QUARTER, AND NOT TO UPDATE THAT INFORMATION UNTIL THE NEXT QUARTER. ACTUAL EVENTS OR RESULTS MAY DIFFER MATERIALLY FROM THOSE CONTAINED IN THE PROJECTIONS OR FORWARD-LOOKING STATEMENTS. FACTORS THAT COULD CAUSE OR CONTRIBUTE TO SUCH DIFFERENCES INCLUDE THOSE DISCUSSED IN PART II, ITEM 1A, “RISK FACTORS.”

Part I. Financial Information
Item 1. Financial Statements
LIVEPERSON, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)
(UNAUDITED)

	June 30, 2017	December 31, 2016 (Note 1)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$54,365	$ 50,889
Cash held as collateral	3,757	3,962
Accounts receivable, net of allowance for doubtful accounts of $1,993 and $1,732 as of June 30, 2017 and December 31, 2016, respectively	24,854	31,823
Prepaid expenses and other current assets	9,344	5,477
Total current assets	92,320	92,151
Property and equipment, net	29,690	28,397
Intangibles, net	13,951	16,510
Goodwill	80,423	80,245
Deferred tax assets	786	773
Other assets	1,593	1,562
Total assets	$218,763	$ 219,638
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$3,448	$ 7,288
Accrued expenses and other current liabilities	36,981	40,250
Deferred revenue	36,621	27,145
Total current liabilities	77,050	74,683
Other liabilities	2,951	3,147
Deferred tax liability	3,832	3,332
Total liabilities	83,833	81,162
Commitments and contingencies		
STOCKHOLDERS' EQUITY:		
Common stock	59	58
Additional paid-in capital	294,569	289,524
Treasury stock	(3)	(2)
Accumulated deficit	(158,153)	(144,944)
Accumulated other comprehensive loss	(1,542)	(6,160)
Total stockholders' equity	134,930	138,476
Total liabilities and stockholders' equity	$218,763	$ 219,638

See Notes to Condensed Consolidated Financial Statements (unaudited).

LIVEPERSON, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenue	$54,074	$56,679	$104,993	$112,144
Costs and expenses (1) (2)				
Cost of revenue (3)	15,134	17,508	28,915	33,372
Sales and marketing	23,392	23,088	45,092	45,764
General and administrative	10,437	10,161	20,130	19,690
Product development	9,326	10,719	19,285	19,933
Restructuring costs	2,076	—	2,315	—
Amortization of purchased intangibles	470	1,017	942	1,941
Total costs and expenses	60,835	62,493	116,679	120,700
Loss from operations	(6,761)	(5,814)	(11,686)	(8,556)
Other (expense) income, net	(99)	(646)	221	(12)
Loss before provision for income taxes	(6,860)	(6,460)	(11,465)	(8,568)
Provision for income taxes	673	1,306	1,744	1,861
Net loss	$(7,533)	$(7,766)	$(13,209)	$(10,429)
Net loss per share of common stock:				
Basic	$(0.13)	$(0.14)	$(0.24)	$(0.19)
Diluted	$(0.13)	$(0.14)	$(0.24)	$(0.19)
Weighted-average shares used to compute net loss per share:				
Basic	55,954,158	55,965,525	55,964,568	56,174,603
Diluted	55,954,158	55,965,525	55,964,568	56,174,603
(1) Amounts include stock-based compensation expense, as follows:				
Cost of revenue	$117	$211	$193	$221
Sales and marketing	754	804	1,408	1,434
General and administrative	774	941	1,436	1,793
Product development	702	1,070	1,223	1,897
(2) Amounts include depreciation expense, as follows:				
Cost of revenue	$1,870	$2,374	$3,635	$4,712
Sales and marketing	408	521	789	800
General and administrative	340	382	590	780
Product development	427	351	824	502
(3) Amounts include amortization of purchased intangibles, as follows:				
Cost of revenue	$959	$697	$1,918	$1,394

See Notes to Condensed Consolidated Financial Statements (unaudited).

LIVEPERSON, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(IN THOUSANDS)
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net loss	$ (7,533)	$ (7,766)	$ (13,209)	$ (10,429)
Foreign currency translation adjustment	(1,220)	(1,266)	(4,618)	(2,498)
Comprehensive loss	$ (8,753)	$ (9,032)	$ (17,827)	$ (12,927)

See Notes to Condensed Consolidated Financial Statements (unaudited).

LIVEPERSON, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

	Six Months Ended June 30, 2017	2016
OPERATING ACTIVITIES:		
Net loss	$(13,209)	$(10,429)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Stock-based compensation expense	4,260	5,345
Depreciation	5,838	6,794
Amortization of purchased intangibles	2,860	3,335
Amortization of tenant allowance	(83)	—
Deferred income taxes	(13)	144
Provision for doubtful accounts, net	958	707
Changes in operating assets and liabilities:		
Accounts receivable	6,011	1,032
Prepaid expenses and other current assets	(3,864)	(2,762)
Other assets	(31)	(6)
Accounts payable	(3,881)	(1,056)
Accrued expenses and other current liabilities	(3,204)	(5,101)
Deferred revenue	9,477	15,593
Other liabilities	245	1,166
Net cash provided by operating activities	5,364	14,762
INVESTING ACTIVITIES:		
Purchases of property and equipment, including capitalized software	(7,011)	(6,646)
Cash held as collateral for foreign exchange forward contracts	205	1,448
Payments for acquisitions and intangible assets, net of cash acquired	(239)	—
Net cash used in investing activities	(7,045)	(5,198)
FINANCING ACTIVITIES:		
Proceeds from issuance of common stock in connection with the exercise of options	2,588	655
Repurchase of common stock	(1,781)	(4,571)
Net cash provided by (used in) financing activities	807	(3,916)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	4,350	(2,125)
CHANGE IN CASH AND CASH EQUIVALENTS	3,476	3,523
CASH AND CASH EQUIVALENTS - Beginning of the period	50,889	48,803
CASH AND CASH EQUIVALENTS - End of the period	$54,365	$52,326
SUPPLEMENTAL DISCLOSURE OF OTHER CASH FLOW INFORMATION:		
Cash paid for income taxes	$659	$923
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		

Purchase of property and equipment recorded in accounts payable	$41	$187
Leasehold improvements funded by landlord	$—	$144

See Notes to Condensed Consolidated Financial Statements (unaudited).

LIVEPERSON, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Description of Business and Basis of Presentation

LivePerson, Inc. (the "Company" or "LivePerson") was incorporated in the State of Delaware in November 1995 and the LivePerson service was introduced in November 1998. In April 2000, the Company completed an initial public offering and is currently traded on the Nasdaq Global Select Market and the Tel Aviv Stock Exchange. LivePerson is headquartered in New York City, with U.S. offices in Alpharetta (Georgia) and international offices in Amsterdam, Berlin, London, Mannheim, Melbourne, Milan, Paris, Ra'anana (Israel), Reading (UK), and Tokyo.

LivePerson provides mobile and online business messaging solutions that power digital communication between brands and consumers. LiveEngage, the Company's enterprise-class, cloud-based platform, enables businesses to create a meaningful connection with consumers via messaging. As consumers have reoriented their digital lives around the smartphone, messaging apps have become their preferred communication channel to connect with each other. LivePerson allows brands to align with this new consumer preference by deploying messaging at scale for customer care and sales as an alternative to email or to calling a contact center.

LiveEngage is designed to securely deploy messaging at scale for brands with tens of millions of customers and many thousands of customer care agents. Key benefits include a sophisticated proactive targeting engine and a robust suite of text and mobile messaging, real-time chat messaging, content delivery, customer sentiment, and cobrowsing offerings that power intelligent digital engagement with consumers. LiveEngage powers conversations across each of a brand's primary digital channels, including mobile apps, mobile and desktop web browsers, social media and third-party consumer messaging platforms.

LivePerson optimizes campaign outcomes for sales and service transactions by combining website visitor data with other historical, behavioral, and operational information to develop insights into each step of a consumer's journey. LivePerson's products, coupled with its domain knowledge, industry expertise and consulting services, have been proven to maximize the effectiveness of consumer engagement.

The Company's primary revenue source is from the sale of LivePerson services to businesses of all sizes. The Company also offers an online marketplace that connects independent service providers ("Experts") who provide information and knowledge for a fee via mobile and online messaging with individual consumers ("Users").

Basis of Presentation

The accompanying condensed consolidated financial statements as of June 30, 2017 and for the three and six months ended June 30, 2017 and 2016 are unaudited. In the opinion of management, the unaudited condensed consolidated financial statements have been prepared on the same basis as the annual financial statements and reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the consolidated financial position of LivePerson as of June 30, 2017, and the consolidated results of operations, comprehensive loss and cash flows for the interim periods ended June 30, 2017 and 2016. The financial data and other information disclosed in these notes to the condensed consolidated financial statements related to these periods is unaudited. The results of operations for any interim period are not necessarily indicative of the results of operations for any other future interim period or for a full fiscal year. The condensed consolidated balance sheet at December 31, 2016 has been derived from audited consolidated financial statements at that date.

Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States ("GAAP") have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). These unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2016 included in the Company's Annual Report on Form 10-K filed with the SEC on March 10, 2017.

Principles of Consolidation

The condensed consolidated financial statements include the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated.

Use of Estimates

The preparation of the Company’s condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of income and expenses during the reporting period. These estimates are based on information available as of the date of the condensed consolidated financial statements; therefore, actual results could differ from management’s estimates.

Recently Issued Accounting Standards
In May 2017, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update 2017-09, "Compensation-Stock Compensation (Topic 718): Scope of Modification Accounting" (“ASU 2017-09”). This update clarifies and reduces both (i) diversity in practice and (ii) cost and complexity when applying the guidance in Topic 718, to a change to the terms and conditions of a share-based payment award. ASU 2017-09 is effective for financial statements issued for annual periods, and interim periods within those annual periods, beginning after December 15, 2017. Early adoption is permitted. The amendments in this ASU should be applied prospectively to an award modified on or after the adoption date. The Company is currently evaluating the impact of this updated standard, but does not believe this update will have a significant impact on its consolidated financial statements.
In January 2017, FASB issued Accounting Standards Update No. 2017-04, "Intangibles —Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment" (“ASU 2017-04”). This update addresses concerns over the cost and complexity of the two-step goodwill impairment test. The amendments in this update remove the second step of the test. An entity will apply a one-step quantitative test and record the amount of goodwill impairment as the excess of a reporting unit's carrying amount over its fair value, not to exceed the total amount of goodwill allocated to the reporting unit. The new guidance does not amend the optional qualitative assessment of goodwill impairment. ASU 2017-04 is effective for financial statements issued for annual periods beginning after December 15, 2019, and interim periods within those annual periods. The Company does not expect the adoption of ASU 2017-04 to have a material effect on its financial position, results of operations or cash flows.
In January 2017, the FASB issued Accounting Standards Update No. 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business" (“ASU 2017-01”). This update clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of businesses. The amendments in this update provide a screen to determine when a set is not a business. If the screen is not met, it (1) requires that to be considered a business, a set must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output and (2) removes the evaluation of whether a market participant could replace the missing elements. ASU 2017-01 is effective for financial statements issued for annual periods beginning after December 15, 2017, and interim periods within those annual periods. The Company does not expect the adoption of ASU 2017-01 to have a material effect on its financial position, results of operations or cash flows.
In March 2016, the FASB issued Accounting Standards Update No. 2016-09, “Compensation -Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting” (“ASU 2016-09”). This update is intended to improve the accounting for employee share-based payments and affects all organizations that issue share-based payment awards to their employees. Several aspects of the accounting for share-based payment award transactions are simplified, including:(a) income tax consequences; (b) classification of awards as either equity or liabilities; and (c) classification on the statement of cash flows. The Company adopted this ASU as of the beginning of the first quarter of 2017 and has elected to continue to estimate expected forfeitures over the course of a vesting period. Further, the ASU eliminates the requirement to delay the recognition of excess tax benefits until they reduce current taxes payable. The adoption of ASU 2016-09 did not have any material impact on the Company’s financial statements.
In February 2016, the FASB issued Accounting Standards Update No. 2016-02, “Leases” (“ASU 2016-02”). ASU 2016-02 requires lessees to recognize the following for all leases (with the exception of short-term leases) at the commencement date: a lease liability, which is a lessee‘s obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. Certain targeted improvements were made to align, where necessary, lessor accounting with the lessee accounting model and Topic 606, “Revenue from Contracts with Customers”. The new lease guidance also simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative

period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach. ASU 2016-02 is effective for financial statements issued for annual periods beginning after December 15, 2018. While the Company is currently assessing the impact ASU 2016-02 will have on the consolidated financial statements, the Company expects the primary impact to its consolidated financial position upon adoption will be the recognition, on a discounted basis, of its minimum commitments under non-cancelable operating leases on the consolidated balance sheets resulting in the recording of right of use assets and lease obligations. The Company is also currently evaluating the timing of adoption and the impact that the standard will have on its condensed consolidated financial statements and related disclosures.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"), which supersedes most existing revenue recognition guidance under GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing GAAP. The standard is effective for annual periods beginning after December 15, 2017, and interim periods therein, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). In March 2016, the FASB issued implementation guidance that clarified the considerations in principal versus agent determination. In April 2016, FASB issued guidance that clarified identifying performance obligations and licensing implementation guidance contained in the new revenue recognition standard. In May 2016, FASB issued guidance that addresses narrow-scope improvements to the guidance on collectability, noncash consideration, and completed contracts at transition. In December 2016, FASB issued guidance to make minor corrections or minor improvements to the Codification that are not expected to have a significant effect on current accounting practice or create a significant administrative cost to most entities. The Company currently capitalizes the contract costs over the contracted period. The Company is still analyzing the impact of this ASU as we are currently in the process of analyzing all of our revenue streams, but based on the current work to date, the Company believes that the current revenue recognition policy currently in place already depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services and as a result the adoption of this ASU is not expected to have a material impact on the Company's financial statements. The guidance permits two methods of adoption: retrospectively to each prior reporting period presented, full retrospective method, or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application, modified retrospective method. The Company plans to adopt the standard using the modified retrospective method through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The Company will adopt this guidance at the beginning of its first quarter of fiscal year 2018.

2. Revenue Recognition

The majority of the Company's revenue is generated from monthly service revenues and related professional services from the sale of the LivePerson services. Because the Company provides its application as a service, the Company follows the provisions of FASB Accounting Standards Codification ("ASC") 605-10-S99, "Revenue Recognition" and ASC 605-25, "Revenue Recognition with Multiple-Element Arrangements." The Company charges a monthly, quarterly or annual fee, which varies by type of service, the level of customer usage and website traffic, and in some cases, the number of orders placed via the Company's online engagement solutions.

For certain of the Company's larger customers, the Company may provide call center labor through an arrangement with one or more of several qualified vendors. For most of these customers, the Company passes the fee it incurs with the labor provider and its fee for the hosted services through to its customers in the form of a fixed fee for each order placed via the Company's online engagement solutions. For these Pay for Performance ("PFP") arrangements, in accordance with ASC 605-45, "Principal Agent Considerations," the Company records revenue for transactions in which it acts as an agent on a net basis, and revenue for transactions in which it acts as a principal on a gross basis.

The Company also sells certain of the LivePerson services directly via Internet download. These services are marketed as LiveEngage for small to medium-sized businesses, and are paid for almost exclusively by credit card. Credit card payments accelerate cash flow and reduce the Company's collection risk, subject to the merchant bank's right to hold back cash pending settlement of the transactions. Sales of LiveEngage may occur with or without the assistance of an online sales representative, rather than through face-to-face or telephone contact that is typically required for traditional direct sales.

The Company recognizes monthly service revenue based upon the fee charged for the LivePerson services, provided that there is persuasive evidence of an arrangement, no significant Company obligations remain, collection of the resulting receivable is probable and the amount of fees to be paid is fixed or determinable. The Company's service agreements typically have twelve month terms and, in some cases, are terminable or may terminate upon 30 to 90 days' notice without penalty. When professional service fees add value to the customer on a standalone basis, the Company recognizes professional service fees upon completion and customer acceptance. The Company establishes a selling price hierarchy for determining the selling price of a deliverable, which is based on: (a) vendor-specific objective evidence; (b) third-party evidence; or (c) best estimated selling price. If a professional services arrangement does not qualify for separate accounting, the Company recognizes the fees, and the related labor costs, ratably over the contracted period.

For revenue from the Company's Consumer segment generated from online transactions between Experts and Users, the Company recognizes revenue net of the Expert fees in accordance with ASC 605-45, "Principal Agent Considerations," due primarily to the fact that the Expert is the primary obligor. Additionally, the Company performs as an agent without any risk of loss for collection, and is not involved in selecting the Expert or establishing the Expert's fee. The Company collects a fee from the User and retains a portion of the fee, and then remits the balance to the Expert. Revenue from these transactions is recognized when there is persuasive evidence of an arrangement, no significant Company obligations remain, collection of the resulting receivable is probable and the amount of fees to be paid is fixed and determinable.

3. Net Loss Per Share

The Company calculates earnings per share ("EPS") in accordance with the provisions of ASC 260-10 and the guidance of SEC Staff Accounting Bulletin ("SAB") No. 98. Under ASC 260-10, basic EPS excludes dilution for common stock equivalents and is computed by dividing net income or loss attributable to common shareholders by the weighted average number of common shares outstanding for the period. All options, warrants or other potentially dilutive instruments issued for nominal consideration are required to be included in the calculation of basic and diluted net income attributable to common stockholders. Diluted EPS is calculated using the treasury stock method and reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock and resulted in the issuance of common stock.

Diluted net loss per common share for the three and six months ended June 30, 2017 does not include the effect of 9,423,000 outstanding common stock awards, as the effect of their inclusion is anti-dilutive. Diluted net loss per common share for the three and six months ended June 30, 2016 does not include the effect of 9,156,278 outstanding common stock awards, as the effect of their inclusion is anti-dilutive.

A reconciliation of shares used in calculating basic and diluted net loss per share follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Basic	55,954,158	55,965,525	55,964,568	56,174,603
Effect of assumed exercised options	—	—	—	—
Diluted	55,954,158	55,965,525	55,964,568	56,174,603

4. Segment Information

The Company accounts for its segment information in accordance with the provisions of ASC 280-10, "Segment Reporting." ASC 280-10 establishes annual and interim reporting standards for operating segments of a company. ASC 280-10 requires disclosures of selected segment-related financial information about products, major customers, and geographic areas based on the Company's internal accounting methods. The Company is organized into two operating segments for purposes of making operating decisions and assessing performance. The Business segment facilitates real-time online interactions – chat, voice and content delivery across multiple channels and screens for global corporations of all sizes. The Consumer segment facilitates online transactions between Experts and Users and sells its services to consumers. Both segments currently generate their revenue primarily in the United States. The chief operating decision maker, who is the chief executive officer, evaluates performance, makes operating decisions, and allocates resources based on the operating income of each segment. The reporting segments follow the same accounting polices used in the preparation of the Company's condensed consolidated financial statements which are described in the summary of significant accounting policies. The Company allocates cost of revenue, sales and marketing and amortization of purchased intangibles to the segments, but it does not allocate product development expenses, general and administrative expenses, restructuring costs and income tax expense because management does not use this information to measure performance of the operating segments. There are currently no inter-segment sales.

Summarized financial information by segment for the three months ended June 30, 2017, based on the Company's internal financial reporting system utilized by the Company's chief operating decision maker, follows (amounts in thousands):

	Business	Consumer	Corporate	Consolidated
Revenue:				
Hosted services – Business	$43,927	$ —	$—	$ 43,927
Hosted services – Consumer	—	4,460	—	4,460
Professional services	5,687	—	—	5,687
Total revenue	49,614	4,460	—	54,074
Cost of revenue	14,206	928	—	15,134
Sales and marketing	21,242	2,150	—	23,392
Amortization of purchased intangibles	470	—	—	470
Unallocated corporate expenses	—	—	21,839	21,839
Operating income (loss)	$13,696	$ 1,382	$(21,839)	$ (6,761)

Summarized financial information by segment for the three months ended June 30, 2016, based on the Company's internal financial reporting system utilized by the Company's chief operating decision maker, follows (amounts in thousands):

	Business	Consumer	Corporate	Consolidated
Revenue:				
Hosted services – Business	$46,729	$ —	$—	$ 46,729
Hosted services – Consumer	—	4,238	—	4,238
Professional services	5,712	—	—	5,712
Total revenue	52,441	4,238	—	56,679
Cost of revenue	16,691	817	—	17,508
Sales and marketing	21,315	1,773	—	23,088
Amortization of purchased intangibles	1,017	—	—	1,017
Unallocated corporate expenses	—	—	20,880	20,880
Operating income (loss)	$13,418	$ 1,648	$(20,880)	$ (5,814)

Summarized financial information by segment for the six months ended June 30, 2017, based on the Company's internal financial reporting system utilized by the Company's chief operating decision maker, follows (amounts in thousands):

	Business	Consumer	Corporate	Consolidated
Revenue:				
Hosted services – Business	$85,420	$ —	$—	$ 85,420
Hosted services – Consumer	—	8,630	—	8,630
Professional services	10,943	—	—	10,943
Total revenue	96,363	8,630	—	104,993
Cost of revenue	27,112	1,803	—	28,915
Sales and marketing	40,785	4,307	—	45,092
Amortization of purchased intangibles	942	—	—	942
Unallocated corporate expenses	—	—	41,730	41,730
Operating income (loss)	$27,524	$ 2,520	$(41,730)	$ (11,686)

Summarized financial information by segment for the six months ended June 30, 2016, based on the Company's internal financial reporting system utilized by the Company's chief operating decision maker, follows (amounts in thousands):

	Business	Consumer	Corporate	Consolidated
Revenue:				
Hosted services – Business	$92,688	$ —	$—	$ 92,688
Hosted services – Consumer	—	8,004	—	8,004
Professional services	11,452	—	—	11,452
Total revenue	104,140	8,004	—	112,144
Cost of revenue	31,929	1,443	—	33,372
Sales and marketing	42,328	3,436	—	45,764
Amortization of purchased intangibles	1,941	—	—	1,941
Unallocated corporate expenses	—	—	39,623	39,623
Operating income (loss)	$27,942	$ 3,125	$(39,623)	$ (8,556)

Geographic Information

The Company is domiciled in the United States and has international operations in the United Kingdom, Asia-Pacific, Latin America and Western Europe, particularly France and Germany. The following table presents the Company's revenues attributable to domestic and foreign operations for the periods presented (amounts in thousands):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
United States	$34,078	$38,272	$65,763	$76,063
Other Americas [(1)]	1,968	1,546	3,940	3,092
Total Americas	36,047	39,818	69,703	79,155
EMEA [(2)] [(4)]	13,953	12,274	27,465	23,880
APAC [(3)]	4,075	4,587	7,825	9,109
Total revenue	$54,074	$56,679	$104,993	$112,144

[(1)] Canada, Latin America and South America

[(2)] Europe, the Middle East and Africa ("EMEA")

[(3)] Asia-Pacific ("APAC")

[(4)] Includes revenues from the United Kingdom of $9.1 million and $8.2 million for three months ended and $18.2 million and $16.3 million for the six months ended June 30, 2017 and 2016, respectively.

The following table presents the Company's long-lived assets by geographic region for the periods presented (amounts in thousands):

	June 30,	December 31,
	2017	2016
United States	$94,524	$93,845
Israel	12,703	13,940
Australia	9,254	9,496
Netherlands	7,523	7,495
Other [(1)]	2,439	2,711
Total long-lived assets	$126,443	$127,487

[(1)] United Kingdom, Germany, Japan, France and Italy

No individual customer accounted for 10% or more of consolidated revenue for any of the periods presented. No individual customer accounted for 10% or more of accounts receivable as of June 30, 2017 and December 31, 2016.

5. Goodwill and Intangible Assets

Goodwill

The changes in the carrying amount of goodwill for the six months ended June 30, 2017 are as follows (amounts in thousands):

	Business	Consumer	Consolidated
Balance as of December 31, 2016	$72,221	$ 8,024	$ 80,245
Adjustments to goodwill:			
Foreign exchange adjustment	178	—	178
Balance as of June 30, 2017	$72,399	$ 8,024	$ 80,423

Intangible Assets

Intangible assets are summarized as follows (amounts in thousands):

	As of June 30, 2017			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Amortization Period
Amortizing intangible assets:				
Technology	$28,232	$ (21,652)	$ 6,580	5.3 years
Customer relationships	15,851	(9,596)	6,255	8.0 years
Trade names	1,299	(1,287)	12	2.1 years
Non-compete agreements	1,449	(1,360)	89	2.3 years
Patents	1,419	(431)	988	12.8 years
Other	262	(235)	27	2.7 years
Total	$48,512	$ (34,561)	$ 13,951	

	As of December 31, 2016			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Amortization Period
Amortizing intangible assets:				
Technology	$28,018	$ (19,736)	$ 8,282	5.3 years
Customer relationships	16,009	(8,857)	7,152	8.0 years
Trade names	1,295	(1,277)	18	2.1 years
Non-compete agreements	1,446	(1,220)	226	2.3 years
Patents	1,180	(376)	804	12.4 years
Other	263	(235)	28	2.7 years
Total	$48,211	$ (31,701)	$ 16,510	

Amortization expense is calculated over the estimated useful life of the asset. Aggregate amortization expense for intangible assets was $1.4 million and $1.7 million for the three months ended June 30, 2017 and 2016, respectively. Aggregate amortization expense for intangible assets was $2.9 million and $3.3 million for the six months ended June 30, 2017 and 2016, respectively. For the three and six months ended June 30, 2017 and 2016, respectively, a portion of this amortization is included in cost of revenue. Estimated amortization expense for the next five years is as follows (amounts in thousands):

	Estimated Amortization Expense
2017	$ 1,823
2018	2,583
2019	2,374
2020	2,179
2021	1,969
Thereafter	3,023
Total	$ 13,951

6. Property and Equipment

The following table presents the detail of property and equipment for the periods presented (amounts in thousands):

	June 30, 2017	December 31, 2016
Computer equipment and software	$89,527	$ 82,477
Furniture, equipment and building improvements	15,108	15,027
	104,635	97,504
Less: accumulated depreciation	(74,945)	(69,107)
Total	$29,690	$ 28,397

In accordance with its policy, the Company reviews the estimated useful lives of its fixed assets on an ongoing basis. This review indicated that the actual lives of certain co-location assets were longer than the estimated useful lives used for depreciation purposes in the Company’s financial statements.

7. Accrued Expenses and Other Current Liabilities

The following table presents the detail of accrued expenses and other current liabilities for the periods presented (amounts in thousands):

	June 30, 2017	December 31, 2016
Payroll and other employee related costs	$12,026	$ 15,468
Professional services and consulting and other vendor fees	15,132	15,277
Unrecognized tax benefits	4,626	4,240
Sales commissions	1,274	3,312
Contingent earnout (see Note 8)	—	210
Other	3,923	1,743
Total	$36,981	$ 40,250

8. Fair Value Measurements

The Company measures its cash equivalents at fair value based on an expected exit price as defined by the authoritative guidance on fair value measurements, which represents the amount that would be received on the sale of an asset or paid to transfer a liability, as the case may be, in an orderly transaction between market participants. As such, fair value may be based on assumptions that market participants would use in pricing an asset or liability. The authoritative guidance on fair value measurements establishes a consistent framework for measuring fair value on either a recurring or nonrecurring basis whereby inputs, used in valuation techniques, are assigned a hierarchical level. The following are the hierarchical levels of inputs to measure fair value:

- Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Inputs reflect: quoted prices for identical assets or liabilities in markets that are not active; quoted prices for similar assets or liabilities in active markets; inputs other than quoted prices that are observable for the assets or liabilities; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: Unobservable inputs reflecting the Company’s assumptions incorporated in valuation techniques used to determine fair value. These assumptions are required to be consistent with market participant assumptions that are reasonably available.

Financial Assets and Liabilities

The carrying amount of cash, accounts receivable, and accounts payable approximate their fair value due to their short-term nature. The Company’s assets and liabilities that are measured at fair value on a recurring basis, by level, within the fair value hierarchy as of June 30, 2017 and December 31, 2016, are summarized as follows (amounts in thousands). The Company’s restricted cash balance of $3.8 million at June 30, 2017 and $4.0 million at December 31, 2016 is not held in a money market account and is not included in the following table.

	June 30, 2017				December 31, 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Cash equivalents:								
Money market funds	$3,084	$—	$ —	$3,084	$3,076	$—	$—	$3,076
Foreign currency derivative contracts	—	2,020	—	2,020	—	108	—	108
Total assets	$3,084	$2,020	$ —	$5,104	$3,076	$108	$—	$3,184
Liabilities:								
Contingent earn-outs	$—	$—	$ —	$—	$—	$—	$210	$210
Foreign currency derivative contracts	—	2	—	2	—	66	—	66
Total liabilities	$—	$2	$ —	$2	$—	$66	$210	$276

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. Observable or market inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company’s assumptions based on the best information available.

The Company's money market funds are measured at fair value on a recurring basis based on quoted market prices in active markets and are classified as level 1 within the fair value hierarchy. The Company's contingent earn-out liability and foreign currency derivative contracts are measured at fair value on a recurring basis and are classified as level 3 and level 2, respectively, within the fair value hierarchy. On a nonrecurring basis, the Company uses fair value measures when analyzing asset impairment. Long-lived tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If it is determined such indicators are present and the review indicates that the assets will not be fully recoverable, based on undiscounted estimated cash flows over the remaining amortization periods, their carrying values are reduced to estimated fair value. The Company uses an income approach and inputs that constitute level 3. During the third quarter of each year, the Company evaluates goodwill for impairment at the reporting unit level. The Company uses qualitative factors in accordance with ASU No. 2011-08 to determine whether it is "more likely than not" that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. This measurement is classified based on level 3 input.

There is no remaining contingent earn-out as of June 30, 2017. The contingent earn-out related to the acquisition of Synchronite was based on the fulfillment of a complete product integration and a minimum number of "Co-Browse" interactions per month.

The changes in fair value of the level 3 liabilities are as follows (amounts in thousands):

	Contingent Earn-Out	
	June 30, 2017	December 31, 2016
Balance, Beginning of Period	$210	$ 377
Cash payments	(210)	(167)
Balance, End of Period	$—	$ 210

Derivative Financial Instruments

The Company is exposed to foreign exchange risks that in part are managed by using derivative financial instruments. The Company entered into foreign currency forward contracts related to risks associated with foreign operations. The Company does not use derivatives for trading purposes. Derivatives are recorded at their estimated fair values based upon Level 2 inputs. Derivatives designated and effective as cash flow hedges are reported as a component of other comprehensive income and reclassified to earnings in the same periods in which the hedged transactions impact earnings. Gains and losses related to derivatives not meeting the requirements of hedge accounting and the portion of derivatives related to hedge ineffectiveness are recognized in current earnings.

In accordance with the foreign currency forward contracts, the Company was required to pledge cash as collateral security to be maintained at the bank. The collateral shall remain in control of the lender, and these funds can be used to satisfy the outstanding obligation. Accordingly, the Company had cash at the bank of approximately $3.8 million at June 30, 2017 and $4.0 million at December 31, 2016, which is recorded as cash held as collateral in current assets.

The following summarizes certain information regarding the Company's outstanding foreign currency derivative contracts related primarily to intercompany receivables and payables for the periods presented (in thousands):

	As of June 30, 2017	As of December 31, 2016
Notional amount of foreign currency derivative contracts	$22,363	$ 44,438
Fair value of foreign currency derivatives contracts	$2,018	$ 42

The fair value of the Company's derivative instruments is summarized below (in thousands):

		Fair Value of Derivative Instruments	
	Balance Sheet Location	As of June 30, 2017	As of December 31, 2016
Derivative Assets			
Derivatives not designated as hedging instruments:			
Foreign currency derivatives contracts	Prepaid expenses and other current assets	$2,020	$ 108
Derivative Liabilities			
Derivatives not designated as hedging instruments:			
Foreign currency derivatives contracts	Accrued expenses and other liabilities	$2	$ 66

The following summarizes certain information regarding the Company's derivatives that are not designated or are not effective as hedges (in thousands):

Gain (losses) on Derivative Instruments
Recognized in Statements of Operations

	Location	Three Months Ended June 30, 2017	2016	Six Months Ended June 30, 2017	2016
Foreign currency derivatives contracts	Other expense	$38	$(393)	$213	$ 88

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9. Commitments and Contingencies

Contractual Obligations

The Company leases facilities and certain equipment under agreements accounted for as operating leases. These leases generally require the Company to pay all executory costs such as maintenance and insurance. Rental expense for operating leases for the three and six months ended June 30, 2017 was approximately $2.3 million and $4.6 million, respectively. Rental expense for operating leases for the three and six months ended June 30, 2016 was approximately $2.6 million and $5.3 million, respectively.

Employee Benefit Plans

The Company has a 401(k) defined contribution plan covering all eligible employees. The Company provides for employer matching contributions equal to 50% of employee contributions, up to the lesser of 5% of eligible compensation or $6,000. Matching contributions are deposited into the employee's 401(k) account and are subject to 5 year graded vesting. Salaries and related expenses include $0.4 million and $0.8 million of employer matching contributions for the three and six months ended June 30, 2017. Salaries and related expenses include $0.3 million and $0.7 million of employer matching contributions for the three and six months ended June 30, 2016.

Letters of Credit

As of June 30, 2017, the Company has a $1.9 million letter of credit outstanding substantially in favor of a certain landlord for office space. In addition, the Company has a letter of credit totaling $0.1 million as a security deposit for the due performance by the Company of the terms and conditions of a supply contract. There were no draws against these letters of credit during the three and six months ended June 30, 2017.

10. Stockholders' Equity

Common Stock

As of June 30, 2017, there were 100,000,000 shares of common stock authorized, and 58,763,919 shares issued and outstanding. As of December 31, 2016, there were 100,000,000 shares of common stock authorized, and 58,276,447 shares issued and outstanding. The par value for common shares is $0.001.

Preferred Stock

As of June 30, 2017 and December 31, 2016, there were 5,000,000 shares of preferred stock authorized, and zero shares issued and outstanding. The par value for preferred shares is $0.001.

Stock Repurchase Program

On December 10, 2012, the Company's Board of Directors approved a stock repurchase program through June 30, 2014. Under the stock repurchase program, the Company is authorized to repurchase shares of its common stock, in the open market or privately negotiated transactions, at times and prices considered appropriate by the Board of Directors depending upon prevailing market conditions and other corporate considerations. On March 13, 2014, the Company's Board of Directors increased the aggregate purchase price of the stock repurchase program from $30.0 million to $40.0 million. On July 23, 2014, the Company's Board of Directors increased the aggregate purchase price of the stock repurchase program from $40.0 million to $50.0 million. On February 16, 2016, the Company's Board of Directors increased the aggregate purchase price of the total stock repurchase program by an additional $14.0 million. On November 21, 2016, the Company's Board of Directors increased the aggregate purchase price of the stock repurchase program from $64.0 million to $74.0 million and extended the expiration date of the program out to December 31, 2017. There were 247,430 shares repurchased under this program during the six months ended June 30, 2017, which were recorded in treasury stock at par on the condensed consolidated balance sheets as of June 30, 2017. As of June 30, 2017, approximately $18.4 million remained available for purchase under the program.

Stock-Based Compensation

The Company follows FASB ASC 718-10, "Stock Compensation," which addresses the accounting for transactions in which an entity exchanges its equity instruments for goods or services, with a primary focus on transactions in which an entity obtains employee services in share-based payment transactions. ASC 718-10 requires measurement of the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions). Incremental compensation costs arising from subsequent modifications of awards after the grant date must be recognized.

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The per share weighted average fair value of stock options granted during the three and six months ended June 30, 2017 was $3.55 and $3.50, respectively. The per share weighted average fair value of stock options granted during the three and six months ended June 30, 2016 was $3.03 and $3.00, respectively. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Dividend yield	0.0%	0.0%	0.0%	0.0%
Risk-free interest rate	1.7% - 1.9%	1.0% - 1.4%	1.7% - 1.9%	1.0% - 1.4%
Expected life (in years)	5	5	5	5
Historical volatility	46.6% - 47.6%	47.7% - 48.2%	46.6% - 47.6%	47.3% - 48.2%

A description of the methods used in the significant assumptions used to estimate the fair value of stock-based compensation awards follows:

Dividend yield – The Company uses 0% as it has never issued dividends and does not anticipate issuing dividends in the near term.

Risk-free interest rate – The Company uses the market yield on U.S. Treasury securities at five years with constant maturity, representing the current expected life of stock options in years.

Expected life – The Company uses historical data to estimate the expected life of a stock option.

Historical volatility – The Company uses a trailing five year from grant date to determine volatility.

Stock Option Plans

During 1998, the Company established the Stock Option and Restricted Stock Purchase Plan (the “1998 Plan”). Under the 1998 Plan, the Board of Directors could issue incentive stock options or nonqualified stock options to purchase up to 5,850,000 shares of common stock. The 2000 Stock Incentive Plan (the “2000 Plan”) succeeded the 1998 Plan. Under the 2000 Plan, the options which had been outstanding under the 1998 Plan were incorporated in the 2000 Plan increasing the number of shares available for issuance under the plan by approximately 4,150,000, thereby reserving for issuance 10,000,000 shares of common stock in the aggregate.

The Company established the 2009 Stock Incentive Plan (as amended and restated, the “2009 Plan”) as a successor to the 2000 Plan. Under the 2009 Plan, the options which had been outstanding under the 2000 Plan were incorporated into the 2009 Plan and the Company increased the number of shares available for issuance under the plan by 6,000,000. The Company amended the 2009 Plan (the “Amended 2009 Plan”) effective June 7, 2012. The Amended 2009 Plan increased the number of shares authorized for issuance under the plan by an additional 4,250,000.

Subject to stockholder approval, which was obtained on June 2, 2017, the Company's Board of Directors amended and restated the Amended 2009 Plan effective April 30, 2017. The amended and restated plan increased the number of shares authorized for issuance under the plan by an additional 4,000,000, thereby reserving for issuance 27,817,744 shares of common stock in the aggregate. Options to acquire common stock granted thereunder have 10-year terms.

As of June 30, 2017, approximately 5.4 million shares of common stock were reserved for issuance under the 2009 Plan (taking into account all option exercises through June 30, 2017).

Employee Stock Purchase Plan

In June 2010, the Company’s stockholders approved the 2010 Employee Stock Purchase Plan with 1,000,000 shares of common stock initially reserved for issuance. Subject to stockholder approval, which was obtained on June 2, 2017, the Company's Board of Directors amended and restated the 2010 Employee Stock Purchase Plan effective April 30, 2017. The amended and restated plan increased the number of shares authorized for issuance under the plan by an additional 1,000,000, thereby reserving for issuance 2,000,000 shares of common stock in the aggregate. As of June 30, 2017, approximately 1.1 million shares of common stock were reserved for issuance under the Employee Stock Purchase Plan (taking into account all share purchases through June 30, 2017).

Stock Option Activity

A summary of the Company's stock option activity and weighted average exercise prices follows:

	Stock Option Activity Options (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Balance outstanding at December 31, 2016	7,769	$ 10.88		
Granted	1,420	8.18		
Exercised	(280)	6.92		
Cancelled or expired	(533)	11.57		
Balance outstanding at June 30, 2017	8,376	$ 10.51	6.07	$ 13,799
Options vested and expected to vest	7,660	$ 10.73	5.76	$ 11,732
Options exercisable at June 30, 2017	5,608	$ 11.27	4.76	$ 7,585

The total fair value of stock options exercised during the six months ended June 30, 2017 was approximately $1.0 million. On January 1, 2017, the Company adopted ASU 2016-09, Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting ("ASU 2016-09") and elected to continue to estimate forfeitures over the course of a vesting period. As of June 30, 2017, there was approximately $8.2 million of total unrecognized compensation cost related to nonvested share-based compensation arrangements. That cost is expected to be recognized over a weighted average period of approximately 2.7 years.

The following table summarizes information about outstanding and vested stock options as of June 30, 2017:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number of Shares Outstanding (in thousands)	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number of Shares (in thousands)	Weighted-Average Exercise Price
$1.79 - $7.02	932	3.96	$ 5.22	714	$ 4.81
$7.04 - $7.45	393				