LogMeIn, Inc.
Form 424B1
November 20, 2009

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Filed pursuant to Rule 424(b)(1)
Registration No. 333-162936

Prospectus

3,125,000 *Shares*

LogMeIn, Inc.

Common Stock

We are offering 99,778 shares of common stock. The selling stockholders identified in this prospectus, including certain members of management, are offering an additional 3,025,222 shares of common stock. We will not receive any proceeds from the sale of shares by the selling stockholders.

Our common stock is listed on The NASDAQ Global Market under the symbol LOGM. On November 19, 2009, the closing price of our common stock as reported on The NASDAQ Global Market was $19.49.

Investing in our common stock involves risks. See Risk Factors beginning on page 8 of this prospectus.

	Per Share	Total
Public offering price	$ 18.50	$ 57,812,500
Underwriting discounts	$ 1.0175	$ 3,179,687
Proceeds to us (before expenses)	$ 17.4825	$ 1,744,369
Proceeds to selling stockholders (before expenses)	$ 17.4825	$ 52,888,444

The selling stockholders have granted the underwriters a 30-day option to purchase up to an additional 468,750 shares on the same terms and conditions as set forth above if the underwriters sell more than 3,125,000 shares of common stock in this offering.

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.

The underwriters expect to deliver the shares on or about November 25, 2009.

J.P. Morgan **Barclays Capital**

Thomas Weisel Partners LLC **Piper Jaffray** **RBC Capital Markets**

Prospectus dated November 19, 2009

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Over 86 Million Devices Connected Worldwide by LogMeln LogMeIn remote hosts at noon ET on 11/4/09 Remote Support On-demand remote support solution used by helpdesk and IT professionals to assist remote PC, Mac and smartphone users and applications. Remote Systems Management Web-based management console used by business and IT professionals to deploy and administer remote access, management and networking. Remote Backup Remote Access Premium access to remote computers used by consumers, businesses and IT professionals that includes file transfer, remote printing, remote sound, file sharing, desktop sharing, drive mapping, file sync and other capabilities. Free remote control of PC and Mac computer desktops. One-click access to remote computers without a web browser that works from a desktop, a portable USB drive, or an iPhone or iPod touch. VPN Connectivity Rescue Central Pro2 Free Ignition

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You should rely only on the information contained in this prospectus. We have not, the selling stockholders have not, and the underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, the selling stockholders are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where an offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate as of the date on the front cover of this prospectus only, regardless of the time of delivery of this prospectus or of any sale of our common stock. Our business, prospects, financial condition and results of operations may have changed since that date.

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 common stock. You should read this entire prospectus carefully, especially the Risk Factors section of this prospectus and our consolidated financial statements and related notes appearing at the end of this prospectus, before making an investment decision.

Overview

LogMeIn provides on-demand, remote-connectivity solutions to small and medium-sized businesses, or SMBs, IT service providers and consumers. We believe our solutions are used to connect more Internet-enabled devices worldwide than any other connectivity service. Businesses and IT service providers use our solutions to deliver end-user support and to access and manage computers and other Internet-enabled devices more effectively and efficiently from a remote location, or remotely. Consumers and mobile workers use our solutions to access computer resources remotely, thereby facilitating their mobility and increasing their productivity. Our solutions, which are deployed and accessed from anywhere through a web browser, or on-demand, are secure, scalable and easy for our customers to try, purchase and use.

We believe LogMeIn Free and LogMeIn Hamachi^2, our popular free services, provide on-demand remote access, or remote-connectivity, to computing resources for more users than any other on-demand connectivity service, giving us access to a diverse group of users and increasing awareness of our fee-based, or premium, services. As of September 30, 2009, over 27.1 million registered users have connected over 86 million computers and other Internet-enabled devices to a LogMeIn service. We complement our free services with nine premium services that offer additional features and functionality. These premium services include LogMeIn Rescue and LogMeIn Central, our flagship remote support and management services, and LogMeIn Pro^2, our premium remote access service. Sales of our premium services are generated through word-of-mouth referrals, web-based advertising, expiring free trials that we convert to paid subscriptions and direct marketing to new and existing customers.

We deliver each of our on-demand solutions as a service that runs on Gravity, our proprietary platform consisting of software and customized database and web services. Gravity establishes secure connections over the Internet between remote computers and other Internet-enabled devices and manages the direct transmission of data between remotely-connected devices. This robust and scalable platform connects over eleven million computers to our services each day.

During the nine months ended September 30, 2009, we generated revenues of $54.2 million, as compared to $35.7 million in the nine months ended September 30, 2008, an increase of approximately 52%. In fiscal 2008, we generated revenues of $51.7 million.

Industry Background

Mobile workers, IT professionals and consumers save time and money by accessing computing resources remotely. Remote access allows mobile workers and consumers to use applications, manage documents and collaborate with others whenever and wherever an Internet connection is available. Remote-connectivity solutions also allow IT professionals to deliver support and management services to remote end users and computers and other Internet-enabled devices.

A number of trends are increasing the demand for remote-connectivity solutions:

Increasingly mobile workforce. Workers are spending less of their time in a traditional office environment and are increasingly telecommuting and traveling with Internet-enabled devices.

Increasing use of IT outsourcing by SMBs. SMBs generally have limited internal IT expertise and IT budgets and are therefore increasingly turning to third-party service providers to manage the complexity of IT services at an affordable cost.

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Growing adoption of on-demand solutions. By accessing hosted, on-demand solutions through a web browser, companies can avoid the time and costs associated with installing, configuring and maintaining IT support applications within their existing IT infrastructure.

Increasing need to support the growing number of Internet-enabled consumer devices. Consumer adoption of Internet-enabled devices is growing rapidly. Manufacturers, retailers and service providers struggle to provide cost-effective support for these devices and often turn to remote support and management solutions in order to increase customer satisfaction while lowering the cost of providing that support.

Proliferation of Internet-enabled mobile devices (smartphones). The rapid proliferation and increased functionality of smartphones is creating a growing need for remote support of these devices.

Our Solutions

Our solutions allow our users to remotely access, support and manage computers and other Internet-enabled devices on demand. We believe our solutions benefit users in the following ways:

Reduced set-up, support and management costs. Businesses easily set up our on-demand services with little or no modification to the remote location s network or security systems and without the need for upfront technology or software investment. In addition, our customers lower their support and management costs by performing management-related tasks remotely.

Increased mobile worker productivity. Our remote-access services allow non-technical users to access and control remote computers and other Internet-enabled devices, increasing their mobility and allowing them to remain productive while away from the office.

Increased end-user satisfaction. Our services enable help desk technicians to quickly and easily gain control of a remote user s computer. Once connected, the technician can diagnose and resolve problems while interacting with and possibly training the end user.

Reliable, fast and secure services. Our services possess built-in redundancy of servers and other infrastructure in three data centers, two located in the United States and one located in Europe. Our proprietary platform enables our services to connect and manage devices at enhanced speeds. Our services implement industry-standard security protocols and authenticate and authorize users of our services without storing passwords.

Easy to try, buy and use. Our services are simple to install, and our customers can use our services to manage their remote systems from any web browser. In addition, our low service delivery costs and hosted delivery model allow us to offer each of our services at competitive prices and to offer flexible payment options.

Our Competitive Strengths

We believe that the following competitive strengths differentiate us from our competitors and are key to our success:

Large established user community. Our large and growing community of users drives awareness of our services through personal recommendations, blogs and other online communication methods and provides us with a significant audience to which we can market and sell premium services.

Efficient customer acquisition model. We believe our free products and our large user base help generate word-of-mouth referrals, which in turn increases the efficiency of our paid marketing activities, the large majority of which are focused on pay-per-click search engine advertising.

Technology-enabled cost advantage. Our patented service delivery platform, Gravity, reduces our bandwidth and other infrastructure requirements, which we believe makes our services faster and less expensive to deliver as compared to competing services.

On-demand delivery. Delivering our services on-demand allows us to serve additional customers with little incremental expense and to deploy new applications and upgrades quickly and efficiently to our existing customers.

High recurring revenue and high transaction volumes. We believe that our sales model of a high volume of new and renewed subscriptions at low transaction prices increases the predictability of our revenues compared to perpetual license-based software businesses.

Growth Strategy

Our objective is to extend our position as a leading provider of on-demand, remote-connectivity solutions. To accomplish this, we intend to:

Acquire new customers. We seek to continue to attract new customers by aggressively marketing our solutions and encouraging trials of our services while expanding our sales force.

Increase sales to existing customers. We plan to continue upselling and cross-selling our broad portfolio of services to our existing customer base by actively marketing our portfolio of services through e-commerce and by expanding our sales force.

Continue to build our user community. We plan to grow our community of users by marketing our services through paid advertising to target prospective customers who are seeking remote-connectivity solutions and by continuing to offer our popular free services, LogMeIn Free and LogMeIn Hamachi[2].

Expand internationally. We intend to expand our international sales and marketing staff and increase our international marketing expenditures to take advantage of this opportunity.

Continue to expand our service portfolio. We intend to continue to invest in the development of new on-demand, remote-connectivity services for businesses, IT service providers and consumers. We also intend to extend our services to work with other types of Internet-connected devices.

Pursue strategic acquisitions. We plan to pursue acquisitions that complement our existing business, represent a strong strategic fit and are consistent with our overall growth strategy.

Intel Relationship

In December 2007, we entered into a service and marketing agreement with Intel Corporation to jointly develop a service that delivers connectivity to computers built with Intel components. Under the terms of this four-year agreement, we are adapting our service delivery platform, Gravity, to work with specific technology delivered with Intel hardware and software products. The agreement provides that Intel will market and sell the services to its customers. Intel pays us a minimum license and service fee on a quarterly basis during the term of the agreement. We began recognizing revenue associated with the Intel service and marketing agreement in the quarter ended September 30, 2008. In addition, we share with Intel revenue generated by the use of the services by third parties to the extent it exceeds the minimum payments.

Risks That We Face

You should carefully consider the risks described under the Risk Factors section beginning on page 8, and elsewhere in this prospectus. These risks could materially and adversely impact our business, financial condition, operating results and cash flow, which could cause the trading price of our common stock to decline and could result in a partial or total loss of your investment.

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Our Corporate Information

In February 2003, we incorporated under the laws of Bermuda. In August 2004, we completed a domestication in the State of Delaware under the name 3am Labs, Inc. We changed our name to LogMeIn, Inc. in March 2006. Our principal executive offices are located at 500 Unicorn Park Drive, Woburn, Massachusetts 01801, and our telephone number is (781) 638-9050. Our website address is www.logmein.com. The information contained on, or that can be accessed through, our website is not a part of this prospectus. We have included our website address in this prospectus solely as an inactive textual reference.

Unless the context otherwise requires, the terms LogMeIn, our company, we, us and our in this prospectus refer LogMeIn, Inc. and our subsidiaries on a consolidated basis.

LogMeIn®, Gravity , LogMeIn Backup®, LogMeIn Central , LogMeIn Free®, LogMeIn Hamachi®, LogMeIn® Ignition , LogMeIn Rescue®, LogMeIn® Rescue+Mobile , LogMeIn Pro®, LogMeIn IT Reach® and RemotelyAnywhere® are trademarks or registered trademarks of LogMeIn, Inc. Other trademarks or service marks appearing in this prospectus are the property of their respective holders.

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THE OFFERING

Common stock offered by us	99,778 shares
Common stock offered by the selling stockholders	3,025,222 shares
Common stock to be outstanding after this offering	22,302,879 shares
Over-allotment option offered by selling stockholders	468,750 shares
Use of proceeds	We intend to use the net proceeds to us from this offering for general corporate purposes. We will not receive any of the proceeds from the sale of shares by the selling stockholders. The selling stockholders include certain members of management. See the Use of Proceeds section of this prospectus for more information.
Risk factors	You should read the Risk Factors section beginning on page 8 of this prospectus for a discussion of factors to consider carefully before deciding to invest in shares of our common stock.
NASDAQ Global Market symbol	LOGM

The number of shares of our common stock to be outstanding after this offering is based on 22,203,101 shares of common stock outstanding as of September 30, 2009, and excludes:

- 3,127,300 shares of common stock issuable upon exercise of stock options outstanding as of September 30, 2009 (including an aggregate of 66,330 shares of our common stock that we expect to be sold in this offering by selling stockholders upon the exercise of vested options) at a weighted average exercise price of $4.39 per share; and
- 842,332 shares of common stock reserved for future issuance under our equity compensation plans as of September 30, 2009.

Unless otherwise indicated, all information in this prospectus assumes no exercise of the underwriters over-allotment option. All common share and per common share information referenced in this prospectus have been retroactively adjusted to reflect the 1-for-2.5 reverse split of our common stock effected on June 25, 2009.

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SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables summarize the consolidated financial data for our business as of and for the periods presented. You should read this information together with the Selected Consolidated Financial Data and Management s Discussion and Analysis of Financial Condition and Results of Operations sections of this prospectus and our consolidated financial statements and related notes included elsewhere in this prospectus.

	Year Ended December 31,			Nine Months Ended September 30,	
	2006	2007	2008	2008	2009
	(In thousands, except per share data)			(Unaudited)	
Consolidated Statement of Operations Data:					
Revenue	$ 11,307	$ 26,998	$ 51,723	$ 35,727	$ 54,175
Cost of revenue(1)	2,033	3,925	5,970	4,292	5,508
Gross profit	9,274	23,073	45,753	31,435	48,667
Operating expenses:					
Research and development(2)	3,232	6,661	11,997	8,987	9,487
Sales and marketing(2)	10,050	19,488	31,631	23,407	26,378
General and administrative(2)	2,945	3,611	6,583	4,848	5,787
Legal settlements		2,225	600	600	
Amortization of intangibles(3)	141	328	328	246	246
Total operating expenses	16,368	32,313	51,139	38,088	41,898
Income (loss) from operations	(7,094)	(9,240)	(5,386)	(6,653)	6,769
Interest, net	365	260	216	202	67
Other income (expense), net	28	(25)	(110)	(105)	(301)
Income (loss) before provision for income taxes	(6,701)	(9,005)	(5,280)	(6,556)	6,535
Provision for income taxes		(50)	(122)	(89)	(212)
Net income (loss)	(6,701)	(9,055)	(5,402)	(6,645)	6,323
Accretion of redeemable convertible preferred stock	(1,790)	(1,919)	(2,348)	(1,761)	(1,311)
Net income (loss) attributable to common stockholders	$ (8,491)	$ (10,974)	$ (7,750)	$ (8,406)	$ 5,012
Net income (loss) attributable to common stockholders per share:					
Basic	$ (2.47)	$ (2.98)	$ (1.97)	$ (2.15)	$ 0.28
Diluted	$ (2.47)	$ (2.98)	$ (1.97)	$ (2.15)	$ 0.27
Weighted average shares outstanding:					

Basic	3,434	3,686	3,933	3,919	9,858
Diluted	3,434	3,686	3,933	3,919	11,675

(1) Includes stock-based compensation expense and acquisition-related intangible amortization expense.

(2) Includes stock-based compensation expense.

(3) Consists of acquisition-related intangible amortization expense.

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The following table summarizes our balance sheet data as of September 30, 2009:

- on an actual basis; and

- on an as adjusted basis to reflect (i) the receipt by us of estimated net proceeds of $1.1 million from the sale of 99,778 shares of common stock offered by us, at the public offering price of $18.50 per share, after deducting the estimated underwriting discounts and commissions and offering expenses payable by us, and (ii) the receipt by us of proceeds of $0.1 million from the exercise of options to purchase 66,330 shares of common stock by certain selling stockholders.

	As of September 30, 2009	
	Actual	As Adjusted
	(In thousands) (Unaudited)	
Consolidated Balance Sheet Data:		
Cash and cash equivalents	$ 121,007	$ 122,212
Working capital (excluding deferred revenue)	119,013	120,218
Total assets	134,815	136,020
Deferred revenue, including long-term portion	31,964	31,964
Total liabilities	41,003	41,003
Total stockholders equity	93,812	95,017

RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the risks described below before making an investment decision. Our business, prospects, financial condition or operating results could be harmed by any of these risks, as well as other risks not currently known to us or that we currently consider immaterial. The trading price of our common stock could decline due to any of these risks, and, as a result, you may lose all or part of your investment. Before deciding whether to invest in our common stock you should also refer to the other information contained in this prospectus, including our consolidated financial statements and the related notes.

Risks Related to Our Business

We have had a history of losses.

We experienced net losses of $6.7 million for 2006, $9.1 million for 2007, and $5.4 million for 2008. In the quarter ended September 30, 2008, we achieved profitability and reported net income for the first time. We cannot predict if we will sustain this profitability or, if we fail to sustain this profitability, again attain profitability in the near future or at all. We expect to continue making significant future expenditures to develop and expand our business. In addition, as a newly public company, we incur additional significant legal, accounting and other expenses that we did not incur as a private company. These increased expenditures make it harder for us to achieve and maintain future profitability. Our recent growth in revenue and customer base may not be sustainable, and we may not achieve sufficient revenue to achieve or maintain profitability. We may incur significant losses in the future for a number of reasons, including due to the other risks described in this prospectus, and we may encounter unforeseen expenses, difficulties, complications and delays and other unknown events. Accordingly, we may not be able to achieve or maintain profitability, and we may incur significant losses for the foreseeable future.

Our limited operating history makes it difficult to evaluate our current business and future prospects.

Our company has been in existence since 2003, and much of our growth has occurred in recent periods. Our limited operating history may make it difficult for you to evaluate our current business and our future prospects. We have encountered and will continue to encounter risks and difficulties frequently experienced by growing companies in rapidly changing industries, including increasing expenses as we continue to grow our business. If we do not manage these risks successfully, our business will be harmed.

Our business is substantially dependent on market demand for, and acceptance of, the on-demand model for the use of software.

We derive, and expect to continue to derive, substantially all of our revenue from the sale of on-demand solutions, a relatively new and rapidly changing market. As a result, widespread acceptance and use of the on-demand business model is critical to our future growth and success. Under the perpetual or periodic license model for software procurement, users of the software typically run applications on their hardware. Because companies are generally predisposed to maintaining control of their IT systems and infrastructure, there may be resistance to the concept of accessing the functionality that software provides as a service through a third party. If the market for on-demand, software solutions fails to grow or grows more slowly than we currently anticipate, demand for our services could be negatively affected.

Growth of our business may be adversely affected if businesses, IT support providers or consumers do not adopt remote access or remote support solutions more widely.

Our services employ new and emerging technologies for remote access and remote support. Our target customers may hesitate to accept the risks inherent in applying and relying on new technologies or methodologies to supplant traditional methods of remote connectivity. Our business will not be successful if our target customers do not accept the use of our remote access and remote support technologies.

Adverse economic conditions or reduced IT spending may adversely impact our revenues and profitability.

Our business depends on the overall demand for IT and on the economic health of our current and prospective customers. The use of our service is often discretionary and may involve a commitment of capital and other resources. Weak economic conditions, or a reduction in IT spending even if economic conditions improve, would likely adversely impact our business, operating results and financial condition in a number of ways, including by lengthening sales cycles, lowering prices for our services and reducing sales.

Failure to renew or early termination of our agreement with Intel would adversely impact our revenues.

In December 2007, we entered into a service and marketing agreement with Intel Corporation to jointly develop and market a service that delivers connectivity to computers built with Intel components. Under the terms of this four-year agreement, we are adapting our service delivery platform, Gravity, to work with specific technology delivered with Intel hardware and software products. If we are unable to renew our agreement with Intel after the initial four-year term on commercially reasonable terms, or at all, our revenue would decrease. In addition, the agreement grants Intel early termination rights in certain circumstances, such as a failure of the parties to exceed certain minimum revenue levels after the second and third years of the agreement. If Intel exercises any of its early termination rights, even after Intel s payment of required early termination fees, our revenues would decrease.

Assertions by a third party that our services infringe its intellectual property, whether or not correct, could subject us to costly and time-consuming litigation or expensive licenses.

There is frequent litigation in the software and technology industries based on allegations of infringement or other violations of intellectual property rights. As we face increasing competition and become increasingly visible as a publicly-traded company, the possibility of intellectual property rights claims against us may grow. During 2007 and 2008, we were a defendant in three patent infringement lawsuits and paid approximately $2.8 million to settle these lawsuits. In addition, on July 20, 2009 we received service of a complaint from PB&J Software, LLC, alleging that we have infringed on one of their patents relating to a particular application or system for transferring or storing back-up copies of files from one computer to a second computer. While we believe we have meritorious defenses to this claim, we could be required to spend significant resources investigating and defending this claim. In addition, any adverse determination or settlement of this claim could prevent us from offering a portion of our services or require us to pay damages or license fees.

In addition, although we have licensed proprietary technology, we cannot be certain that the owners rights in such technology will not be challenged, invalidated or circumvented. Furthermore, many of our service agreements require us to indemnify our customers for certain third-party intellectual property infringement claims, which could increase our costs as a result of defending such claims and may require that we pay damages if there were an adverse ruling related to any such claims. These types of claims could harm our relationships with our customers, may deter future customers from subscribing to our services or could expose us to litigation for these claims. Even if we are not a party to any litigation between a customer and a third party, an adverse outcome in any such litigation could make it more difficult for us to defend our intellectual property in any subsequent litigation in which we are a named party.

Any intellectual property rights claim against us or our customers, with or without merit, could be time-consuming, expensive to litigate or settle and could divert management attention and financial resources. An adverse determination also could prevent us from offering our services, require us to pay damages, require us to obtain a license or require that we stop using technology found to be in violation of a third party s rights or procure or develop substitute services that do not infringe, which could require significant resources and expenses.

We depend on search engines to attract a significant percentage of our customers, and if those search engines change their listings or increase their pricing, it would limit our ability to attract new customers.

Many of our customers locate our website through search engines, such as Google. Search engines typically provide two types of search results, algorithmic and purchased listings, and we rely on both types.

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Algorithmic listings cannot be purchased and are determined and displayed solely by a set of formulas designed by the search engine. Search engines revise their algorithms from time to time in an attempt to optimize search result listings. If the search engines on which we rely for algorithmic listings modify their algorithms in a manner that reduces the prominence of our listing, fewer potential customers may click through to our website, requiring us to resort to other costly resources to replace this traffic. Any failure to replace this traffic could reduce our revenue and increase our costs. In addition, costs for purchased listings have increased in the past and may increase in the future, and further increases could have negative effects on our financial condition.

If we are unable to attract new customers to our services on a cost-effective basis, our revenue and results of operations will be adversely affected.

We must continue to attract a large number of customers on a cost-effective basis, many of whom have not previously used on-demand, remote-connectivity solutions. We rely on a variety of marketing methods to attract new customers to our services, such as paying providers of online services and search engines for advertising space and priority placement of our website in response to Internet searches. Our ability to attract new customers also depends on the competitiveness of the pricing of our services. If our current marketing initiatives are not successful or become unavailable, if the cost of such initiatives were to significantly increase, or if our competitors offer similar services at lower prices, we may not be able to attract new customers on a cost-effective basis and, as a result, our revenue and results of op