

VERINT SYSTEMS INC  
Form 8-K  
December 17, 2018

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 8-K

Current Report  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934  
Date of Report (Date of earliest event reported): December 13, 2018

Verint Systems Inc.  
(Exact name of registrant as specified in its charter)

001-34807  
(Commission File Number)

|                                                   |                                         |
|---------------------------------------------------|-----------------------------------------|
| Delaware                                          | 11-3200514                              |
| (State or other jurisdiction<br>of incorporation) | (I.R.S. Employer<br>Identification No.) |

|                                                      |            |
|------------------------------------------------------|------------|
| 175 Broadhollow Road, Melville, New York             | 11747      |
| (Address of principal executive offices)             | (Zip code) |
| (631) 962-9600                                       |            |
| (Registrant's telephone number, including area code) |            |

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. "

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Item 7.01 Regulation FD Disclosure.

On December 13, 2018, Verint Systems Inc., a Delaware corporation ("Verint"), entered into a definitive agreement (the "Purchase Agreement"), pursuant to which it will, through a subsidiary, purchase all of the issued and outstanding (a) shares of capital stock of ForeSee Results, Inc., a Delaware corporation, and (b) membership interests in RSR Acquisition, LLC, a Delaware limited liability company and an affiliate of ForeSee (together, "ForeSee"), in each case, on and subject to the terms and conditions set forth in the Purchase Agreement.

Financial Terms and Updated non-GAAP Outlook for the Year Ending January 31, 2020

Verint will acquire ForeSee for \$58.9 million of cash to be paid at closing, plus a deferred payment of \$6.0 million. The acquisition is expected to close during our fourth quarter and we are maintaining our guidance for the current year ending January 31, 2019.

Subject to closing the acquisition during our fourth quarter, we are updating our initial non-GAAP outlook for the year ending January 31, 2020 as follows:

• **Total Revenue:** We are increasing our outlook for non-GAAP revenue by \$20 million to \$1.345 billion with a range of +/- 2%.

• **EPS:** We are maintaining our outlook for non-GAAP EPS at \$3.50 at the mid-point of our revenue guidance, and expect the business combination to be accretive longer-term as we accelerate the growth of our cloud VOC business.

GAAP Measures

Our initial non-GAAP outlook for the year ending January 31, 2020 excludes the following GAAP measures which we are able to quantify with reasonable certainty:

• Amortization of intangible assets of approximately \$45 million.

• Amortization of discount on convertible notes of approximately \$12 million.

Our initial non-GAAP outlook for the year ending January 31, 2020 excludes the following GAAP measures for which we are able to provide a range of probable significance:

• Revenue adjustments related to completed acquisitions are expected to be between approximately \$9 million and \$11 million.

• Stock-based compensation is expected to be between approximately \$64 million and \$68 million, assuming market prices for our common stock approximately consistent with current levels.

The GAAP measures excluded from our non-GAAP outlook for the year ending January 31, 2020 described above do not include the impact of this acquisition, which we cannot determine until an accounting for the acquisition, including an allocation of the purchase price to the fair values of the net assets acquired, is completed. We expect to complete this accounting prior to reporting our operating results for the three months and year ending January 31, 2019, and expect it to impact the amortization of intangible assets, revenue adjustments related to acquisitions, and stock-based compensation which are excluded from our non-GAAP outlook for the year ending January 31, 2020. We are unable, without unreasonable efforts, to quantify these GAAP measures at this time.

Our non-GAAP outlook does not include the potential impact of any other in-process business acquisitions that may close after the date hereof, and, unless otherwise specified, reflects foreign currency exchange rates approximately consistent with current rates.

We are unable, without unreasonable efforts, to provide a reconciliation for other GAAP measures which are excluded from our non-GAAP outlook, including the impact of future business acquisitions or acquisition expenses, future restructuring expenses, and non-GAAP income tax adjustments due to the level of unpredictability and uncertainty associated with these items. For these same reasons, we are unable to assess the probable significance of these excluded items.

On December 17, 2018, Verint issued a press release regarding its entry into the Purchase Agreement. A copy of such press release has been furnished as Exhibit 99.1 to this Current Report on Form 8-K.

#### Cautions About Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements, including statements regarding expectations, predictions, views, opportunities, plans, strategies, beliefs, and statements of similar effect relating to Verint Systems Inc. These forward-looking statements are not guarantees of future performance and they are based on management's expectations that involve a number of known and unknown risks, uncertainties, assumptions, and other important factors, any of which could cause our actual results or conditions to differ materially from those expressed in or implied by the forward-looking statements. Some of the factors that could cause our actual results or conditions to differ materially from current expectations include, among others: uncertainties regarding the impact of general economic conditions in the United States and abroad, particularly in information technology spending and government budgets, on our business; risks associated with our ability to keep pace with technological changes, evolving industry standards, and customer challenges, such as the proliferation and strengthening of encryption, and the transition of portions of the software market to the cloud, to adapt to changing market potential from area to area within our markets, and to successfully develop, launch, and drive demand for new, innovative, high-quality products that meet or exceed customer needs, while simultaneously preserving our legacy businesses and migrating away from areas of commoditization; risks due to aggressive competition in all of our markets, including with respect to maintaining margins and sufficient levels of investment in our business; risks created by the continued consolidation of our competitors or the introduction of large competitors in our markets with greater resources than we have; risks associated with our ability to successfully compete for, consummate, and implement mergers and acquisitions, including risks associated with valuations, capital constraints, costs and expenses, maintaining profitability levels, expansion into new areas, management distraction, post-acquisition integration activities, and potential asset impairments; risks relating to our ability to effectively and efficiently enhance our existing operations and execute on our growth strategy and profitability goals, including managing investments in our business and operations, managing our cloud transition and our revenue mix, and enhancing and securing our internal and external operations; risks associated with our ability to effectively and efficiently allocate limited financial and human resources to business, developmental, strategic, or other opportunities, and risk that such investments may not come to fruition or produce satisfactory returns; risks that we may be unable to establish and maintain relationships with key resellers, partners, and systems integrators; risks associated with our reliance on third-party suppliers, partners, or original equipment manufacturers ("OEMs") for certain components, products, or services, including companies that may compete with us or work with our competitors; risks associated with the mishandling or perceived mishandling of sensitive or confidential information and with security vulnerabilities or lapses, including information technology system breaches, failures, or disruptions; risks that our products or services, or those of third-party suppliers, partners, or OEMs which we use in or with our offerings or otherwise rely on, may contain defects or may be vulnerable to cyber-attacks; risks associated with our significant international operations, including, among others, in Israel, Europe, and Asia, exposure to regions subject to political or economic instability, fluctuations in foreign exchange rates, and challenges associated with a significant portion of our cash being held overseas; risks associated with a significant amount of our business coming from domestic and foreign government customers, including the ability to maintain security clearances for applicable projects, and reputational risks associated with our security solutions; risks associated with complex and changing local and foreign regulatory environments in the jurisdictions in which we

operate, including, among others, with respect to trade compliance, anti-corruption, information security, data privacy and protection, tax, labor, government contracts, and regulations related to our security solutions; risks associated with our ability to retain and recruit qualified personnel in regions in which we operate, including in new markets and growth areas we may enter; challenges associated with selling sophisticated solutions, including with respect to educating our customers on the benefits of our solutions or assisting them in realizing such benefits, and offering and maintaining a broad solution portfolio; challenges associated with pursuing larger sales opportunities, including with respect to longer sales cycles, transaction reductions, deferrals, or cancellations during the sales cycle, risk of customer concentration, our ability to accurately forecast when a sales opportunity will convert to an order, or to forecast revenue and expenses, and increased volatility of our operating results from period to period; risks that our intellectual property rights may not be adequate to protect our business or assets or that others may make claims on our intellectual property or claim infringement on their intellectual property rights; risks that our

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customers or partners delay or cancel orders or are unable to honor contractual commitments due to liquidity issues, challenges in their business, or otherwise; risks that we may experience liquidity or working capital issues and related risks that financing sources may be unavailable to us on reasonable terms or at all; risks associated with significant leverage resulting from our current debt position or our ability to incur additional debt, including with respect to liquidity considerations, covenant limitations and compliance, fluctuations in interest rates, dilution considerations (with respect to our convertible notes), and our ability to maintain our credit ratings; risks arising as a result of contingent or other obligations or liabilities assumed in our acquisition of our former parent company, Converse Technology, Inc. ("CTI"), or associated with formerly being consolidated with, and part of a consolidated tax group with, CTI, or as a result of the successor to CTI's business operations, Mavenir, Inc., being unwilling or unable to provide us with certain indemnities to which we are entitled; risks relating to the adequacy of our existing infrastructure, systems, processes, policies, procedures, and personnel and our ability to successfully implement and maintain enhancements to the foregoing and adequate systems and internal controls for our current and future operations and reporting needs, including related risks of financial statement omissions, misstatements, restatements, or filing delays; and risks associated with changing accounting principles or standards, tax laws and regulations, tax rates, and the continuing availability of expected tax benefits. We assume no obligation to revise or update any forward-looking statement, except as otherwise required by law. For a detailed discussion of these risk factors, see our Annual Report on Form 10-K for the fiscal year ended January 31, 2018, our Quarterly Report on Form 10-Q for the quarter ended October 31, 2018, and other filings we make with the SEC. The information set forth under this Item 7.01 is being furnished and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit

Number Description

99.1      Press Release of Verint Systems Inc., dated December 17, 2018

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SIGNATURES

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

VERINT SYSTEMS INC.

Date: December 17, 2018

By: /s/ Douglas E. Robinson  
Name: Douglas E. Robinson  
Title: Chief Financial Officer

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EXHIBIT INDEX

Exhibit

Number Description

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