

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) April 29, 2004

LivePerson, Inc.

(Exact name of registrant as specified in its charter)

Delaware

0-30141

13-3861628

(State or other jurisdiction of
incorporation)

(Commission File Number)

(IRS Employer Identification No.)

462 Seventh Avenue, 21st Floor, New York, New York

10018

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (212) 609-4200

(Former name or former address, if changed since last report)

ITEM 7. Financial Statements and Exhibits.

(c) Exhibits. The following documents are included as exhibits to this report:

99.1 Press release issued April 29, 2004.

ITEM 12. Results of Operations and Financial Condition.

A copy of the press release issued by LivePerson, Inc. on April 29, 2004, announcing its results of operations and financial condition for the quarter ended March 31, 2004, is included herewith as Exhibit 99.1 and is incorporated herein by reference. The information included in this Current Report on Form 8-K (including Exhibit 99.1 hereto) that is furnished pursuant to this Item 12 shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section or Sections 11 and 12(a) (2) of the Securities Act of 1933, as amended. The information contained herein and in the accompanying exhibit shall not be incorporated by reference into any filing of the Registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing, unless expressly incorporated by specific reference into such filing.

SIGNATURES

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

LIVEPERSON, INC.

(Registrant)

April 29, 2004

/s/ TIMOTHY E. BIXBY

Date

Timothy E. Bixby
President, Chief Financial Officer and Secretary

EXHIBIT INDEX

Exhibit

99.1 Press release issued April 29, 2004.

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**LivePerson First Quarter Revenue Increases 61%
From Prior Year**

Quarterly sequential revenue growth is 16%

NEW YORK, NY – April 29, 2004 – LivePerson, Inc. (NasdaqSC: LPSN), a leading provider of software solutions for online communications including sales, marketing and customer service, today announced financial results for the first quarter ended March 31, 2004.

Revenue for the first quarter was \$4.1 million, a 61% increase from the first quarter of 2003, and a 16% sequential increase versus the fourth quarter of 2003. Revenue growth was driven primarily by the Island Data acquisition that was effective January 1, 2004, as well as by the addition of new clients and existing client growth.

“We are pleased with the results in the first quarter,” CEO Robert LoCascio stated. “We believe that our continued revenue growth, improvement in profitability and contribution from the Island Data acquisition are evidence of the potential long-term success of the hosted software model and a recurring subscription revenue stream.”

New clients added during the quarter included Zurich Financial, which has contracted to use LivePerson’s Service Edition product, as well as Adobe, Canon and Intel added in conjunction with the Island Data transaction. LivePerson’s existing client base also continued to grow, including increased business with HP, Qwest and Forex, as well as an expansion into our fully integrated Service Platinum product with Toyota.

Net income for the first quarter of 2004 was \$0.7 million or \$0.02 per share, as compared to net income of \$0.3 million or \$0.01 per share in the fourth quarter of 2003, and a net loss of \$(0.1) million, or \$(0.00) per share in the first quarter of 2003.

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the first quarter of 2004 was \$1.0 million versus \$0.7 million in the fourth quarter of 2003 and \$0.3 million in the first quarter of 2003.

A reconciliation of the differences between EBITDA and the most comparable financial measure calculated and presented in accordance with generally accepted accounting principles (GAAP) is located under the heading “Reconciliation of Non-GAAP Financial Information to GAAP” immediately following the Condensed Consolidated Statements of Operations included in this press release.

LivePerson considers EBITDA and cash from operations to be important financial indicators of the Company's operational strength and the performance of its business. EBITDA should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for, or superior to, GAAP results. The non-GAAP measures included in this press release have been reconciled to the nearest GAAP measure.

Financial Expectations

The Company currently expects the following financial results:

- Sequential quarterly revenue growth of 6%, to \$4.3 million for Q2 2004
- Annual revenue growth of 54%, to \$18.5 million for the full year 2004
- EBITDA of \$0.03 per share and GAAP EPS of \$0.02 in Q2 2004
- EBITDA of \$0.12 per share and GAAP EPS of \$0.08 for the full year 2004

The difference between EBITDA per share, a non-GAAP measure, and GAAP EPS, is interest, taxes, depreciation and amortization and is expected to be \$0.01 per share in Q2 and \$0.04 per share for the full year 2004.

LivePerson, Inc.
Condensed Consolidated Statements of Operations
(In Thousands, Except Share and Per Share Data)

Three Months Ended
March 31,
(Unaudited)

	<u>2004</u>	<u>2003</u>
Total revenue	\$ 4,073	\$ 2,529
Operating expenses:		
Cost of revenue	693	493
Product development	439	331
Sales and marketing	1,154	727
General and administrative	921	813
Amortization of other intangibles	179	253
Total operating expenses	3,386	2,617
Income (loss) from operations	687	(88)
Other income, net	12	5
Net income (loss)	\$ 699	\$ (83)
Basic net income (loss) per share	\$ 0.02	\$ (0.00)
Diluted net income (loss) per share	\$ 0.02	\$ (0.00)
Weighted average shares outstanding used in basic net income (loss) per share calculation	37,010,432	34,155,869
Weighted average shares outstanding used in diluted net income (loss) per share calculation	38,724,658	34,155,869

LivePerson, Inc.
Reconciliation of Non-GAAP Financial Information to GAAP
(In Thousands, Except Share and Per Share Data)

Unaudited Supplemental Data

The following information is not a financial measure under generally accepted accounting principles (GAAP). In addition, it should not be construed as an alternative to any other measures of performance determined in accordance with GAAP, or as an indicator of our operating performance, liquidity or cash flows generated by operating, investing and financing activities as there may be significant factors or trends that it fails to address. We present this financial information because we believe that it is helpful to some investors as one measure of our operations. We caution investors that non-GAAP financial information, by its nature, departs from traditional accounting conventions; accordingly, its use can make it difficult to compare our results with our results from other reporting periods and with the results of other companies.

	Three Months Ended	
	March 31,	
	(Unaudited)	
	<u>2004</u>	<u>2003</u>
Net income (loss) in accordance with generally accepted accounting principles	\$ 699	\$ (83)
Add/(less):		
(a) Amortization of other intangibles	179	253
(b) Non-cash compensation	60	6
(c) Depreciation	57	93
(d) Interest income, net	(12)	(12)
EBITDA (1)	\$ 983	\$ 257
Fully diluted EBITDA per share	\$ 0.03	\$ 0.01
Weighted average shares used in EBITDA per share calculation		
Fully diluted	38,724,658	34,861,746
EBITDA	\$ 983	\$ 257

Add/(less):		
Changes in operating assets and liabilities	(1,134)	63
Provision for doubtful accounts	15	15
Interest income, net	12	12
	<hr/>	<hr/>
Net cash (used in) provided by operating activities	\$ (124)	\$ 347
	<hr/>	<hr/>

(1) Earnings before interest, taxes, depreciation and amortization.

LivePerson, Inc.
Condensed Consolidated Balance Sheets
(In Thousands, Except Share and Per Share Data)

	<u>March 31, 2004</u> (unaudited)	<u>December 31,</u> <u>2003</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 10,641	\$ 10,898
Accounts receivable, net	1,088	1,239
Prepaid expenses and other current assets	320	318
	<hr/>	<hr/>
Total current assets	12,049	12,455
Property and equipment, net	472	341
Other intangibles, net	1,940	361
Security deposits	123	129
Other assets	268	251
	<hr/>	<hr/>
Total assets	\$ 14,852	\$ 13,537
	<hr/>	<hr/>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 31	\$ 116
Accrued expenses	1,319	2,577
Deferred revenue	1,345	1,276
	<hr/>	<hr/>
Total current liabilities	2,695	3,969
Other liabilities	249	232
Commitments and contingencies		
Total stockholders' equity	11,908	9,336
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Total liabilities and stockholders' equity	\$ 14,852	\$ 13,537
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About LivePerson

LivePerson is a leading provider of software solutions for online communications, including online sales, marketing and customer service. LivePerson's services enable online businesses to communicate securely with Internet users in real time, thereby enhancing the online experience. With real-time solutions consisting of chat, marketing and selling tools, a self-service FAQ product and email management, LivePerson offers clients the opportunity to increase sales, lower customer service costs and increase responsiveness to customer needs. LivePerson is headquartered in New York City.

EBITDA Financial Disclosure

Investors are cautioned that the EBITDA, or earnings before interest, taxes, depreciation and amortization, information contained in this press release is not a financial measure under generally accepted accounting principles. In addition, it should not be construed as an alternative to any other measures of performance determined in accordance with generally accepted accounting principles, or as an indicator of our operating performance, liquidity or cash flows generated by operating, investing and financing activities, as there may be significant factors or trends that it fails to address. We present this financial information because we believe that it is

helpful to some investors as one measure of our operations. We caution investors that non-GAAP financial information such as EBITDA, by its nature, departs from traditional accounting conventions; accordingly, its use can make it difficult to compare our current results with our results from other reporting periods and with the results of other companies.

Forward Looking Statements

Statements in this press release regarding LivePerson that are not historical facts are forward-looking statements and 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 quarter 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 the quarter. 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. The following factors, among others, could cause our actual results to differ materially from those described in a forward-looking statement: our history of losses; potential fluctuations in our quarterly and annual results; responding to rapid technological change and changing client preferences; competition in the real-time sales, marketing and customer service solutions market; continued use by our clients of the LivePerson services and their purchase of additional services; technology systems beyond our control and technology-related defects that could disrupt the LivePerson services; risks related to adverse business conditions experienced by our clients; our dependence on key employees; competition for qualified personnel; the possible unavailability of financing as and if needed; risks related to the operational integration of acquisitions; risks related to our international operations, particularly our operations in Israel, and the current civil and political unrest in that region; risks related to protecting our intellectual property rights or potential infringement of the intellectual property rights of third parties; our dependence on the continued use of the Internet as a medium for commerce and the viability of the infrastructure of the Internet; and risks related to the regulation or possible misappropriation of personal information. This list is intended to identify only certain of the principal factors that could cause actual results to differ from those discussed in the forward-looking statements. Readers are referred to the reports and documents filed from time to time by us with the Securities and Exchange Commission for a discussion of these and other important risk factors that could cause actual results to differ from those discussed in forward-looking statements.