

ACTIVE NETWORK INC
Form S-1/A
May 20, 2011
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As filed with the Securities and Exchange Commission on May 19, 2011

Registration Number 333-172254

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 4 TO
FORM S-1
REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

The Active Network, Inc.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

7372
(Primary Standard Industrial
Classification Code Number)
10182 Telesis Court, Suite 100

33-0884962
(I.R.S. Employer
Identification Number)

San Diego, California 92121

(858) 964-3800

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

David Alberga

Chief Executive Officer and

Chairman of the Board

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Matthew Landa

President and Director

The Active Network, Inc.

10182 Telesis Court, Suite 100

San Diego, California 92121

(858) 964-3800

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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(858) 350-2300

Approximate date of commencement of proposed sale to the public: as soon as practicable after this registration statement is declared effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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 the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

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Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to such Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion

Preliminary Prospectus dated May 19, 2011

PROSPECTUS

11,000,000 Shares

The Active Network, Inc.

Common Stock

This is The Active Network, Inc.'s initial public offering. We are selling 8,222,222 shares of our common stock and the selling stockholders are selling 2,777,778 shares of our common stock. We will not receive any proceeds from the sale of shares to be offered by the selling stockholders.

We expect the initial public offering price to be between \$16.00 and \$18.00 per share. Currently, no public market exists for the shares. After pricing of the offering, we expect that the shares will trade on the New York Stock Exchange under the symbol ACTV.

Investing in our common stock involves risks that are described in the Risk Factors section beginning on page 11 of this prospectus.

	Per Share	Total
Public offering price	\$	\$
Underwriting discount	\$	\$
Proceeds, before expenses, to us	\$	\$
Proceeds, before expenses, to the selling stockholders	\$	\$

The underwriters may also exercise their option to purchase up to an additional 1,650,000 shares from selling stockholders at the public offering price, less the underwriting discount, for 30 days after the date of this prospectus to cover overallotments, if any.

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 shares will be ready for delivery on or about _____, 2011.

BofA Merrill Lynch

Citi

Allen & Company LLC

Stifel Nicolaus Weisel

RBC Capital Markets

ThinkEquity LLC

WR Hambrecht+Co

The date of this prospectus is _____, 2011.

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You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. We and the underwriters are offering to sell shares of common stock and seeking offers to buy shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date on the front of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the common stock.

The Active Network, Active, Active.com, ActiveWorks, ActiveNet, RegOnline, ReserveAmerica and our logo are some of our trademarks in this prospectus. This prospectus also includes trademarks, trade names and service marks that are the property of other organizations.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before investing in our common stock, you should carefully read this entire prospectus, including our consolidated financial statements and the related notes included in this prospectus and the information set forth under the headings Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations.

THE ACTIVE NETWORK

Mission

*Our mission is to power the world's activities and
connect people with the things they love, want and need to do.*

Overview

We are the leading provider of organization-based cloud computing applications serving a wide range of customer groups including business events, community activities, outdoors and sports. We provide applications that form an online network connecting a fragmented and diverse group of activity and event organizers with a large base of potential participants. Our proprietary technology platform transforms the way organizers manage their activities and events by automating online registrations and streamlining other critical management functions, while also driving consumer participation to their events.

We power a broad range of activities, such as reserving a campsite or tee time, signing up for a marathon or sports league, purchasing a fishing or hunting license, or participating in a community event or corporate conference. From the introduction of our platform in 1999, we have experienced significant growth and now have over 47,000 customer organizations and drive over 70 million annual consumer registrations.

Organizations of all sizes are faced with time-consuming and costly administrative tasks which often detract from maximizing participation in their events. Our proprietary technology platform, ActiveWorks, provides cloud computing applications that reduce the cost and complexity of managing, organizing and promoting activities by replacing low-tech and manual processes. The ActiveWorks architecture allows us to efficiently provide vertically-specialized applications to a large and diverse market. Our applications are delivered over the Internet to any connected device.

Historically, participants have spent considerable time and effort to find, learn about and sign up for activities and events. In response, we believe we have created the leading network of websites that enable consumers to easily discover, choose and register for activities. We create vibrant and highly engaging online communities of like-minded participants through features such as social sharing, targeted recommendations and how-to guides. We leverage this engagement to increase overall participation in our customers' activities and events.

Our business also benefits from a powerful network effect. As more organizations use our platform, we increase the breadth and depth of activities and events offered through our platform. This more comprehensive offering of activities attracts more participants. As we attract more participants, we are able to drive increased demand for our customers' activities, thus increasing registrations and revenue. In this way, we build increasing value for both organizations and participants.

We serve a wide range of customers including community and sports organizations, large corporations, small and medium sized businesses, educational institutions, government agencies, non-profit organizations and other similar entities. We primarily generate revenue from technology fees paid by participants who register for our customers' activities through our cloud computing applications. During the year ended December 31, 2010,

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we generated revenue of \$279.6 million, as compared to \$242.9 million in the year ended December 31, 2009, an increase of 15%. During the three months ended March 31, 2011, we generated revenue of \$72.7 million, as compared to \$63.2 million in the three months ended March 31, 2010, an increase of 15%.

Industry Overview

Organizations of all sizes need to inform, engage and support their respective participants, which include attendees, members, registrants and other constituents. We believe activity and event registration and administration is a broad and large market with more than 800,000 potential customers in North America within our four primary customer groups of sports, community activities, outdoors and business events. According to a study we commissioned through Survey.com, 73% of the U.S. households surveyed paid to take part in a recreational or community activity last year. Based on the results of this survey and our internal analysis, we believe that our target market encompasses more than 1.8 billion total registrations annually in the United States, representing more than \$110 billion in registration spending. We have the opportunity to receive a fraction of each registration fee by providing the applications that help organize and manage activities and events. Furthermore, we believe the market opportunity outside the United States is greater than our domestic market opportunity.

Historically, activities and events have been organized and registrations tracked by using a combination of paper-based systems, basic desktop applications and spreadsheets. Participants register for events by phone, mail or walk-up registration, which is often costly and inefficient for both organizers and participants. This manual approach to event registration can be haphazard, time-consuming and lack sufficient process controls. Mistakes due to incorrect data entry of participant information often lead to incomplete or lost registration forms. These frequent errors add incremental costs for organizers, delay registration for participants and cause problems on-site at the activity or event.

Building a fully functional management system is a costly endeavor. Most organizers cannot afford to make the investment nor do they have the necessary technical resources to develop applications sufficient to run their businesses effectively. When organizers do attempt to automate registration and administration themselves, building and maintaining an internal system often becomes technologically challenging, time-intensive and cost prohibitive.

Our Solution

ActiveWorks, our organization-based cloud computing platform, transforms the way organizers record, track, manage and share information regarding activities and events. We offer applications that allow our customers to reduce cost, attract new participants and focus resources on enhancing the quality of their events. ActiveWorks allows organizers to leverage our large-scale, common infrastructure to manage their activities and events more effectively. Additionally, we have created a number of mobile applications to enhance functionality and access to our solutions.

Our applications provide the following benefits to organizers:

Create operational efficiencies by automating registration and administration. Our applications reduce costs by automating processes such as activity and event registration, facility reservation, roster management, results publishing, membership management and operational reporting.

Manage participant and activity information. ActiveWorks centralizes a comprehensive data set of participant information for each customer and provides a user-friendly interface to easily track, manage and enhance the ongoing relationship between participants and activity organizers.

Communicate real-time with event participants. We enable organizers to engage participants through websites and email. This empowers our customers to seamlessly and efficiently inform, motivate and support participants, thereby building greater affinity for their organizations.

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Provide access to efficient marketing channels. Our integrated platform allows organizers to reach a targeted group of new potential participants through a variety of resources to provide greater exposure for their activities and events.

Our applications provide the following benefits to participants:

Foster discovery through our comprehensive directory. Our websites deliver content based on a participant's interests, while facilitating discovery of new relevant and targeted activities. Our directory provides access to a broad database of events, classes, leagues, tournaments, organizations, facilities and a wide range of other activities.

Support participation. Throughout our offerings, participants can find resources and like-minded individuals to support every step of their journey. We offer free and premium access to training plans, articles, videos, discounts and experts through our websites, mobile applications and other social media channels.

Our Strengths

Our applications are designed to reach many aspects of a consumer's lifestyle from community activities and sports to business events and the outdoors. Given this breadth, we believe the following strengths provide us with a competitive advantage within this large and growing market:

Leader in a large and fragmented market. We believe we have the largest customer base in our industry, including over 47,000 customers and more than 70 million annual registrations.

Proprietary technology platform. Our cloud computing platform allows us to efficiently develop and deliver vertical specialization and feature-rich applications for customers of all sizes.

Dedicated and highly engaged consumers. We provide relevant and vertical-specific directories, content and tools that engage participants and form enthusiastic and dedicated online communities. These participants generate over 1 billion page views annually on our websites.

High degree of predictable and recurring revenue. We have long-term, exclusive contracts with many of our customers. We also have a successful track record of renewing a high percentage of these contracts for multiple successive terms. As a result, a significant percentage of our revenue is predictable and recurring.

Powerful network effect. The continued growth of our customers results in more participants visiting our online communities. This growing audience creates a powerful network effect where our platform becomes increasingly valuable to both our organizers and participants, driving more registrations to our customer's activities while simultaneously offering participants additional relevant activities from which to choose.

Alignment with our customers' interests. Our business is uniquely aligned with the interests of our customers. Like our customers, the success of our business is directly dependent on maximizing the number of participants who register for activities and events.

Economies of scale. We have achieved a level of scale in our business that provides operational and technological competitive advantages. For example, we are able to leverage our significant investment in cloud infrastructure to provide higher levels of service and reliability, while maintaining a lower unit cost structure than our competition. We also apply our solutions experience accumulated through interactions with tens of thousands of organizations to design and develop features that can

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easily be configured for multiple types of customers, thus allowing us to spread our development costs across a much wider market opportunity than our competitors.

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Growth Strategy

To extend our leadership position in the activities and events market, we intend to do the following:

Grow the number of customers we serve. We will continue to promote the migration of organizations towards online management of activities and events, and in so doing, grow our customer base.

Increase our online registration conversion rates. We plan to increase participant usage of online registration services by training our customers in the execution of conversion techniques. We have developed and refined these techniques over the past 12 years through our experience working with tens of thousands of organizations.

Deepen our relationship with existing customers. We are dedicated to developing comprehensive, vertical-specific applications and features that increase the value of our platform to our customers. We believe these enhanced applications will allow us to generate additional revenue.

Pursue strategic acquisitions. We intend to pursue acquisitions to strengthen our market position, broaden our organization base, enhance our capabilities and add new applications to our platform.

Expand internationally. We intend to commit additional resources to markets outside North America. We believe this opportunity is larger than our domestic market, and that we are well positioned to take advantage of this opportunity as our model is readily transferable to new markets.

Customers

We work with organizations of all sizes. We currently have over 47,000 sports, community activities, outdoors and business event customers and received technology fees from more than 70 million registrations in 2010. Based on the results of an online survey we commissioned through Survey.com, we believe the organizations we target produce or organize activities and events for the majority of U.S. households.

In 2010, none of our customers accounted for more than five percent of our total revenue. Our technology customers can be categorized in the following four groups and can be further broken down into the verticals listed in the table below:

<i>Sports</i>	<i>Community Activities</i>	<i>Outdoors</i>	<i>Business Events</i>
Endurance Events	Parks & Recreation Departments	State Campgrounds	Conferences
Leagues & Teams	Schools & Districts	National Parks	Conventions
Golf Courses	City & County Governments	Fishing Licenses	Association Gatherings
Clubs	Camps & Retreats	Hunting Permits	Meetings & Seminars
Tournaments	Faith-Based Organizations	Marinas	Trade Shows & Expos

Risk Factors Associated with our Business

Our business is subject to numerous risks and uncertainties, including those highlighted in the section titled Risk Factors immediately following this prospectus summary. Some of these risks include:

we have a history of significant net losses, and we may never achieve or maintain profitability;

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our limited operating history, new and unproven business model and rapidly evolving market make it difficult to evaluate our future prospects and increase the risk that we will not be successful;

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our growth rate over the past few years may not be sustainable. If we fail to maintain an adequate growth rate, our business will be adversely affected and we may not achieve or maintain profitability;

if we fail to effectively manage our growth, our business and operating results could be harmed; and

acquisitions could prove difficult to integrate, disrupt our business, dilute stockholder value, strain our resources and impair our operating results, financial conditions and prospects.

You should carefully consider these risks and the other risks described under the **Risk Factors** section beginning on page 11, 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.

Corporate Information

We were originally incorporated in California in October 1998 as Racegate.com, Inc. and became a Delaware corporation through a stock exchange agreement in July 1999. In May 2001, we changed our name to The Active Network, Inc. Our principal executive offices are located at 10182 Telesis Court, Suite 100, San Diego, California. Our corporate website address is www.activenetwork.com, and our primary participant website is www.active.com. Information contained on our websites is not a part of this prospectus and the inclusion of our website addresses in this prospectus is an inactive textual reference only. Unless the context requires otherwise, the words **Active**, **The Active Network**, **we**, **company**, **us** and **our** refer to The Active Network and our wholly-owned subsidiaries.

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The Offering

Common stock offered:

By us	8,222,222 shares
By the selling stockholders	2,777,778 shares
Common stock to be outstanding after this offering	52,982,501 shares
Common stock to be held by insiders after this offering	27,820,398 shares will be held by officers, directors and ten percent stockholders after this offering.
Overallotment option	The selling stockholders have granted the underwriters an option to purchase up to 1,650,000 additional shares of our common stock at the initial public offering price for a period of 30 days after the date of this prospectus.
Use of proceeds	We currently plan to use the net proceeds of this offering to retire borrowings under our existing debt facilities, to acquire complementary businesses and for general corporate purposes. We have no commitments with respect to any future acquisitions.
We will not receive any of the proceeds from the sale of shares by the selling stockholders.	
Risk Factors	See Risk Factors beginning on page 11 and other information included in this prospectus for a discussion of factors that you should carefully consider before deciding to invest in our common stock.
Reserved share program	At our request, the underwriters have reserved for sale, at the initial public offering price, up to 550,000 shares of common stock offered by this prospectus to our directors, officers, employees and business associates and related persons.
Proposed NYSE symbol	ACTV
The number of shares of our common stock to be outstanding immediately after this offering is based on 44,760,279 shares of our common stock (including preferred stock on an as-converted basis) outstanding as of March 31, 2011 and excludes, as of March 31, 2011:	

1,775,640 shares of common stock included in treasury stock;

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13,406,661 shares of our common stock subject to outstanding options granted pursuant to our 2002 Stock Option/Stock Issuance Plan, or our 2002 Plan, at a weighted average exercise price of \$3.19, of which 5,181,740 represent shares of our common stock subject to vesting requirements;

296,999 shares of our common stock available for future grant or issuance under our 2002 Plan;

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1,122,000 shares of our common stock available for future grant or issuance under our 2011 Employee Stock Purchase Plan, or our 2011 ESPP, which will become effective upon the completion of this offering, and the annual increases in the number of shares authorized under this plan beginning January 1, 2012;

3,927,000 shares of our common stock which will be available for future grant or issuance under our 2011 Equity Incentive Plan, or our 2011 Plan, which will become effective upon the completion of this offering, and the annual increases in the number of shares authorized under this plan beginning January 1, 2012;

287,601 shares of our common stock issuable upon the conversion of outstanding principal and interest under our convertible promissory notes as of March 31, 2011, with a weighted average conversion price of \$16.00 per share; and

8,050 shares of our common stock issuable upon exercise of outstanding warrants with a weighted average exercise price of \$60.55, which will terminate 90 days following the completion of this offering.

Except as otherwise indicated, all information in this prospectus (except for the historical financial statements) assumes:

an initial public offering price of \$17.00 per share, the midpoint of the price range set forth on the cover page of this prospectus;

the automatic conversion of all shares of our outstanding preferred stock into 34,631,891 shares of common stock effective immediately prior to but contingent upon the completion of this offering;

the exercise, on a cash basis, of warrants to purchase an aggregate of 568,901 shares of common stock at a weighted average exercise price of \$3.90, which will automatically be exercised or cancelled pursuant to their terms upon completion of this offering;

no options, warrants or shares of common stock were issued after March 31, 2011, and no outstanding options or warrants were exercised after March 31, 2011;

the filing of our amended and restated certificate of incorporation, which we will file in connection with the completion of this offering, and the adoption of our amended and restated bylaws, are in effect; and

no exercise of the overallotment option by the underwriters.

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The following tables summarize the consolidated financial data for our business. You should read this summary in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations, Selected Consolidated Financial Data, and our consolidated financial statements and related notes, all included elsewhere in this prospectus. Unless otherwise noted, the following information does not give effect to the conversion of our outstanding preferred stock into common stock.

We derived the consolidated statements of operations data for the years ended December 31, 2008, 2009 and 2010 and the consolidated balance sheet data as of December 31, 2009 and 2010 from our audited consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated statements of operations data for the three months ended March 31, 2010 and 2011, and the unaudited consolidated balance sheet data as of March 31, 2011, are derived from our unaudited consolidated financial statements included elsewhere in this prospectus. We have prepared the unaudited financial information on the same basis as the audited consolidated financial statements and have included, in our opinion, all adjustments, consisting only of normal recurring adjustments, that we consider necessary for a fair presentation of the financial information set forth in those statements. Our historical results are not necessarily indicative of the results that may be expected in the future, and our interim results are not necessarily indicative of the results to be expected for the full fiscal year.

	Years Ended December 31,			Three Months Ended	
	2008	2009	2010	2010	2011
	(unaudited)				
	(In thousands, except per share amounts)				
Consolidated Statements of Operations Data:					
Net revenue:					
Technology revenue	\$ 145,789	\$ 210,483	\$ 237,688	\$ 54,932	\$ 63,108
Marketing services revenue	27,407	32,401	41,912	8,290	9,604
Total net revenue	173,196	242,884	279,600	63,222	72,712
Cost of net revenue:					
Cost of technology revenue	74,316	103,130	115,148	27,035	32,988
Cost of marketing services revenue	5,365	4,058	6,203	1,019	1,162
Total cost of net revenue ⁽¹⁾	79,681	107,188	121,351	28,054	34,150
Gross profit	93,515	135,696	158,249	35,168	38,562
Operating expenses:					
Sales and marketing ⁽¹⁾	48,739	50,556	59,106	14,643	16,940
Research and development ⁽¹⁾	31,997	58,767	61,107	15,042	