

LogMeIn, Inc.
Form S-1/A
November 07, 2008

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As filed with the Securities and Exchange Commission on November 7, 2008

Registration No. 333-148620

**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**

LOGMEIN, 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)*

20-1515952

*(I.R.S. Employer
Identification Number)*

**500 Unicorn Park Drive
Woburn, Massachusetts 01801
(781) 638-9050**

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

**Michael K. Simon
Chairman, President and Chief Executive Officer
500 Unicorn Park Drive
Woburn, Massachusetts 01801
(781) 638-9050**

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

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Approximate date of commencement of proposed sale to 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 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 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):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a 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 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 preliminary 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, dated November 7, 2008

PROSPECTUS

Shares

LogMeIn, Inc.

Common Stock

This is the initial public offering of common stock by LogMeIn, Inc. We are offering _____ shares of common stock.

The estimated initial public offering price is between \$ _____ and \$ _____ per share. Currently, no public market exists for the shares. We intend to apply to list our shares of common stock for quotation on The NASDAQ Global Market under the symbol LOGM.

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

	Per Share	Total
Initial public offering price	\$ _____	\$ _____
Underwriting discounts	\$ _____	\$ _____
Proceeds to us (before expenses)	\$ _____	\$ _____

We have granted the underwriters a 30-day option to purchase up to an additional _____ shares from us on the same terms and conditions as set forth above if the underwriters sell more than _____ 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 _____, 2008.

Barclays Capital

JPMorgan

Thomas Weisel Partners LLC

Piper Jaffray

RBC Capital Markets

Prospectus dated , 2008

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You should rely only on the information contained in this prospectus. We 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, 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.

No action is being taken in any jurisdiction outside the United States to permit a public offering of the common stock or possession or distribution of this prospectus in that jurisdiction. Persons who come into possession of this prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus applicable to that jurisdiction.

Until _____, 2008, all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligations to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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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. Our paying customer base grew from approximately 83,000 premium accounts in September 2007 to more than 152,000 premium accounts in September 2008.

We believe LogMeIn Free and LogMeIn Hamachi, 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. Over 17.3 million registered users have connected over 50 million computers and other Internet enabled devices to a LogMeIn service, and during the third quarter of 2008, the total number of devices connected to our service grew at an average of approximately 86,000 per day. We complement our free services with nine premium services that offer additional features and functionality. These premium services include LogMeIn Rescue and LogMeIn IT Reach, our flagship remote support and management services, and LogMeIn Pro, 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 8.6 million computers to our services each day.

We sell our premium services on a subscription basis at prices ranging from approximately \$40 to \$1,900 per year. During the first nine months of 2008, we completed over 280,000 transactions at an average transaction price of approximately \$158 and generated revenues of \$35.7 million, as compared to \$18.4 million for the first nine months of 2007, an increase of approximately 94%. In 2007, we generated revenues of \$27.0 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.

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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.

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.

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Technology-enabled cost advantage. Our patent-pending 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.

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 multi-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 and Intel share revenue generated by the use of the services by third parties to the extent it exceeds the minimum payments. In conjunction with this agreement, Intel Capital purchased

2,222,223 shares of our series B-1 redeemable convertible preferred stock for \$10.0 million in December 2007.

Risks That We Face

You should carefully consider the risks described under the **Risk Factors** section 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 to LogMeIn, Inc. and our subsidiaries on a consolidated basis.

LogMeIn®, Gravity , LogMeIn Backup®, LogMeIn Free®, LogMeIn Hamachi®, LogMeIn® Ignition , LogMeIn Rescue®, LogMeIn® Rescue+Mobile , LogMeIn Pr®, 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	shares
Common stock to be outstanding after this offering	shares
Over-allotment option	shares
Use of proceeds	We intend to use the net proceeds from this offering for working capital and other general corporate purposes, including the development of new services, sales and marketing activities and capital expenditures. We may also use a portion of the net proceeds for the acquisition of, or investment in, companies, technologies, services or assets that complement our business. Pending specific use of net proceeds as described in this prospectus, we intend to invest the net proceeds to us from this offering in short-term investment grade and U.S. government securities. See the Use of Proceeds section of this prospectus for more information.
Risk factors	You should read the Risk Factors section of this prospectus for a discussion of factors to consider carefully before deciding to invest in shares of our common stock.
Proposed NASDAQ Global Market symbol	LOGM

The number of shares of our common stock to be outstanding after this offering is based on the number of shares of our common stock outstanding as of September 30, 2008, and excludes:

8,121,250 shares of common stock issuable upon exercise of stock options outstanding as of September 30, 2008 at a weighted average exercise price of \$1.64 per share; and

an additional 197,582 shares of common stock reserved for future issuance under our equity compensation plans as of September 30, 2008.

Unless otherwise indicated, all information in this prospectus assumes:

the adoption of our amended and restated certificate of incorporation, which we refer to as our certificate of incorporation, and our amended and restated bylaws, which we refer to as our bylaws, to be effective upon the closing of this offering;

the automatic conversion of all outstanding shares of our redeemable convertible preferred stock into 30,901,339 shares of our common stock upon the closing of this offering; and

no exercise of the underwriters' over-allotment option.

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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	
	2005	2006	2007	2007	2008
	(In thousands, except per share data)				
Consolidated Statement of Operations					
Data:					
Revenue	\$ 3,518	\$ 11,307	\$ 26,998	\$ 18,418	\$ 35,727
Cost of revenue(1)	767	2,033	3,925	2,755	4,292
Gross profit	2,751	9,274	23,073	15,663	31,435
Operating expenses:					
Research and development(2)	1,634	3,232	6,661	4,390	8,987
Sales and marketing(2)	5,758	10,050	19,488	13,344	23,407
General and administrative(2)	1,351	2,945	3,661	2,377	4,937
Legal settlements			2,225	1,925	600
Amortization of intangibles(3)		141	328	246	246
Total operating expenses	8,743	16,368	32,363	22,282	38,177
Loss from operations	(5,992)	(7,094)	(9,290)	(6,619)	(6,742)
Interest, net	105	365	260	171	202
Other income (expense), net	(27)	28	(25)	(20)	(105)
Net loss	(5,914)	(6,701)	(9,055)	(6,468)	(6,645)
Accretion of redeemable convertible preferred stock	(279)	(1,790)	(1,919)	(1,432)	(1,761)
Net loss attributable to common stockholders	\$ (6,193)	\$ (8,491)	\$ (10,974)	\$ (7,900)	\$ (8,406)
Net loss attributable to common stockholders per share: basic and diluted	\$ (0.75)	\$ (0.99)	\$ (1.19)	\$ (0.87)	\$ (0.86)
Weighted average shares outstanding used in computing per share amounts: basic and diluted	8,310	8,586	9,214	9,042	9,797
Pro forma net loss per share: basic and diluted(4)			\$ (0.24)		\$ (0.16)

Pro forma weighted average number of common shares used in pro forma per share calculations: basic and diluted(4)	37,924	40,698
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- (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.
- (4) Pro forma basic and diluted net loss per share have been calculated assuming the automatic conversion of all outstanding shares of redeemable convertible preferred stock into 30,901,339 shares of our common stock upon the closing of this offering.

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	As of September 30, 2008		
	Actual	Pro Forma(1)	Pro Forma as Adjusted(2)
	(In thousands)		
Consolidated Balance Sheet Data:			
Cash and cash equivalents	\$ 19,671	\$ 19,671	
Working capital (excluding deferred revenue)	18,661	18,661	
Total assets	34,261	34,261	
Deferred revenue, including long-term portion	26,721	26,721	
Total liabilities	33,974	33,974	
Redeemable convertible preferred stock	34,256		
Total stockholder s equity (deficit)	(33,970)		287