

## **Demandware's 2Q loss overshadowed by revenue gains**

The Associated Press

Demandware Inc.'s second-quarter losses widened as the company poured more money into selling its electronic commerce tools to merchants looking for help in running their websites and mobile applications.

The spending helped reel in more retailers and contributed to a 43 percent increase in Demandware's second-quarter revenue, feeding investor optimism about the company's growth potential. Demandware shares added \$1.64, or more than 6 percent, to \$27.40 in afternoon trading following Tuesday's release of the company's second-quarter numbers.

The gains burnished the stock's performance since Demandware went public in March at \$16 per share.

Demandware has emerged as a hot commodity because it's immersed in one of technology's hottest trends — leasing software over the Internet. The concept, known as "cloud computing," requires customers to pay a monthly or annual fee for applications stored in remote data centers instead of buying the software to own and maintain on their own computers.

Other cloud-computing companies, most notably Salesforce.com Inc., have already delivered impressive stock market returns, raising hopes that recent entrants into the field will do the same.

But Demandware is still struggling to prove it can be consistent moneymaker. Since its 2004 inception, Demandware has posted an annual profit just once — in 2010 when it earned \$309,000.

In its latest quarter ended in June, Demandware lost \$5.6 million, or 19 cents per share. That compared to a loss of \$2.5 million, or 71 cents per share, at the same time last year. The per-share loss in the 2011 period was larger because Demandware had fewer outstanding shares before its initial public offering.

If not for certain accounting items unrelated to its ongoing business, Demandware said it would have lost 12 cents per share. That figure was better than the loss of 23 cents per share projected by analysts in a FactSet survey.

The company, which is based in Burlington, Mass., generated second-quarter revenue of \$18.4 million — about \$2 million above analyst estimates. Demandware's revenue totaled \$12.9 million at the same time last year.

Demandware ended June with 124 customers.

## **Demandware's 2Q loss overshadowed by revenue gains**

Published on Electronic Component News (<http://www.ecnmag.com>)

---

**Source URL (retrieved on 08/23/2014 - 3:37am):**

<http://www.ecnmag.com/news/2012/08/demandwares-2q-loss-overshadowed-revenue-gains>