

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) **October 27, 2011**

SPS COMMERCE, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-34702
(Commission File Number)

41-2015127
(IRS Employer Identification No.)

333 South Seventh Street, Suite 1000
Minneapolis, MN
(Address of principal executive offices)

55402
(Zip Code)

Registrant's telephone number, including area code: **(612) 435-9400**

Not Applicable

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

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))

Item 2.02. Results of Operations and Financial Condition.

On October 27, 2011 we issued a press release disclosing our results of operations and financial condition for our third quarter ended September 30, 2011. In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference in that filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

99 Press Release dated October 27, 2011

SIGNATURE

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

SPS COMMERCE, INC.

Date: October 27, 2011

By: /s/ KIMBERLY K. NELSON

Name: Kimberly K. Nelson

Title: Executive Vice President and Chief Financial Officer

<u>No.</u>	<u>Description</u>	<u>Manner of Filing</u>
99	Press Release dated October 27, 2011	Filed Electronically

SPS Commerce Reports Third Quarter 2011 Financial Results

Company Continues to Accelerate Growth and Delivers 37% Recurring Revenue Growth Over 2010

MINNEAPOLIS, Oct. 27, 2011 (GLOBE NEWSWIRE) -- SPS Commerce (Nasdaq:SPSC), a leading provider of on-demand supply chain management solutions, today announced financial results for the third quarter ended September 30, 2011.

Revenue was \$15.5 million in the third quarter of 2011, compared to \$11.5 million in the third quarter of 2010, reflecting 35% growth in total revenue from the third quarter 2010. Recurring revenue grew 37% from the third quarter of 2010.

Net income in the third quarter of 2011 was \$177,000 or \$0.01 per diluted share, compared to net income of \$886,000 or \$0.07 per diluted share, in the third quarter of 2010. Non-GAAP net income per diluted share was \$0.07, compared to non-GAAP net income per diluted share of \$0.09 in the third quarter of 2010. Adjusted EBITDA for the third quarter of 2011 was \$1.5 million, compared to \$1.4 million in the third quarter of 2010.

"We are experiencing momentum across our entire business, highlighted by our accelerating recurring revenue growth which exceeded 35% this quarter," said Archie Black, President and CEO of SPS Commerce. "2011 has been a tremendous year for SPS Commerce and we will continue to ramp our investments in sales, marketing and product development to take advantage of the large market opportunity we are addressing. The supply chain is rapidly adopting cloud computing and we are positioned to capture significant market share as the largest pure SaaS provider to this global industry."

Revenue for the nine months ended September 30, 2011 was \$42.1 million, compared to \$32.7 million for the comparable period in 2010. Net income for the nine months ended September 30, 2011 was \$560,000, or \$0.04 per diluted share, compared to net income of \$2.4 million, or \$0.22 per diluted share, for the comparable period in 2010. Non-GAAP net income per diluted share for the nine months ended September 30, 2011 was \$0.18 compared to non-GAAP net income per diluted share of \$0.26 for the comparable period in 2010. Adjusted EBITDA for the first nine months ended September 30, 2011 was \$3.8 million, compared to \$4.1 million for the comparable period in 2010.

"Our strong top line growth this quarter was driven by three factors. First, the success of our viral platform drove recurring revenue growth through our installed customer base and increased wallet share. Second, we increased our revenue from testing and certification through an increased number of retailer enablement campaigns which demonstrates the industry's need for more efficient supply chain processes. And third, we continue to successfully integrate our Direct EDI acquisition, bringing more of their customers onto our platform and creating additional revenue expansion opportunities," said Kim Nelson, Chief Financial Officer of SPS Commerce.

Guidance

For the fourth quarter of 2011, revenue is expected to be in the range of \$15.7 million to \$15.9 million, representing growth of 32% to 33% compared to the fourth quarter of 2010. Fourth quarter net income per diluted share is expected to be in the range of \$0.00 to \$0.02. Non-GAAP net income per diluted share is expected to be in the range of \$0.06 to \$0.08. Adjusted EBITDA is expected to be in the range of \$1.4 to \$1.6 million. Non-cash, share-based compensation expense is expected to be approximately \$500,000.

For the full year of 2011, revenue is expected to be in the range of \$57.8 to \$58.0 million, representing growth of approximately 30% compared to 2010. Full year net income per diluted share is expected to be in the range of \$0.05 to \$0.06. Non-GAAP net income per diluted share is expected to be in the range of \$0.24 to \$0.25. Adjusted EBITDA is expected to be in the range of \$5.2 to \$5.4 million. Non-cash, share-based compensation expense is expected to be approximately \$1.8 million and amortization is expected to be \$650,000.

Quarterly Conference Call

To access the call, please dial (877) 312-7508, or outside the U.S. (253) 237-1184, at least five minutes prior to the 3:30 p.m. CT start time. A live webcast of the call will also be available at www.investors.spscommerce.com under the Events and Presentations menu. An audio replay will be available between 6:30 p.m. CT October 27, 2011 and 10:59 p.m. CT November 11, 2011 by calling (855) 859-2056 or (404) 537-3406, with Conference ID 12312813. The replay will also be available on our website at www.investors.spscommerce.com.

About SPS Commerce

SPS Commerce is a leading provider of on-demand supply chain management solutions, providing integration, collaboration, connectivity, visibility and data analytics to thousands of customers worldwide. We deliver our solutions over the Internet using a Software-as-a-Service model to improve the way suppliers, retailers, distributors and other customers manage and fulfill orders. Our SPSCommerce.net platform features pre-built integrations used by current and new customers alike, spanning 3,000 order management models across 1,500 retailers, grocers and distributors, as well as integrations to over 100 accounting, warehouse management, enterprise resource planning, and packing and shipping applications. More than 40,000 customers across more than 40 countries have used SPSCommerce.net, making it one of the largest trading partner integration centers. SPS Commerce has 43

consecutive quarters of increased revenues and is headquartered in Minneapolis. For additional information, please contact SPS Commerce at 866-245-8100 or visit www.spscommerce.com.

SPS Commerce is a registered trademark of SPS Commerce, Inc. SPSCommerce.net and the SPS Commerce logo are the property of SPS Commerce, Inc. All other names and trademarks are the property of their respective holders.

The SPS Commerce logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=7184>

Use of Non-GAAP Financial Measures

To supplement its financial statements, SPS Commerce also provides investors with Adjusted EBITDA and non-GAAP net income per share, which are non-GAAP financial measures. SPS Commerce believes that these non-GAAP measures provide useful information to management and investors regarding certain financial and business trends relating to its financial condition and results of operations. SPS Commerce's management uses these non-GAAP measures to compare the company's performance to that of prior periods for trend analyses and planning purposes. It uses Adjusted EBITDA for purposes of determining executive and senior management incentive compensation. These measures are also presented to the company's board of directors.

EBITDA consists of net income plus depreciation and amortization, interest expense, interest income and income tax expense. Adjusted EBITDA consists of EBITDA plus non-cash, stock-based compensation expense. SPS Commerce uses Adjusted EBITDA as a measure of operating performance because it assists the company in comparing performance on a consistent basis, as it removes from operating results the impact of the company's capital structure. SPS Commerce believes Adjusted EBITDA is useful to an investor in evaluating the company's operating performance because it is widely used to measure a company's operating performance without regard to items such as depreciation and amortization, which can vary depending upon accounting methods and the book value of assets, and to present a meaningful measure of corporate performance exclusive of the company's capital structure and the method by which assets were acquired.

Non-GAAP net income per share consists of net income plus non-cash, stock-based compensation expense and amortization expense related to intangible assets divided by the weighted average number of shares of common stock outstanding during each period. SPS Commerce believes non-GAAP net income per share is useful to an investor because it is widely used to measure a company's operating performance.

These non-GAAP measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with generally accepted accounting principles in the United States. These non-GAAP financial measures exclude significant expenses and income that are required by GAAP to be recorded in the company's financial statements and are subject to inherent limitations. SPS Commerce urges investors to review the reconciliation of its non-GAAP financial measures to the comparable GAAP financial measures that are included in this press release. The following tables provide reconciliations of net income to Adjusted EBITDA and non-GAAP net income per share:

SPS COMMERCE, INC.
NON-GAAP RECONCILIATION

(Unaudited; in thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Net income	\$ 177	\$ 886	\$ 560	\$ 2,443
Depreciation and amortization of property and equipment	541	403	1,436	1,148
Amortization of intangible assets	260	--	383	--
Interest expense	--	8	--	66
Interest income	(16)	(104)	(74)	(104)
Income tax expense (benefit)	81	(7)	188	96
	<u>1,043</u>	<u>1,186</u>	<u>2,493</u>	<u>3,649</u>
EBITDA	1,043	1,186	2,493	3,649
Non-cash, stock-based compensation expense	487	232	1,286	458
	<u>\$ 1,530</u>	<u>\$ 1,418</u>	<u>\$ 3,779</u>	<u>\$ 4,107</u>
Adjusted EBITDA	<u>\$ 1,530</u>	<u>\$ 1,418</u>	<u>\$ 3,779</u>	<u>\$ 4,107</u>
Net income	\$ 177	\$ 886	\$ 560	\$ 2,443
Non-cash, stock-based compensation expense	487	232	1,286	458
Amortization of intangible assets	260	--	383	--
	<u>\$ 924</u>	<u>\$ 1,118</u>	<u>\$ 2,229</u>	<u>\$ 2,901</u>
Non-GAAP income	<u>\$ 924</u>	<u>\$ 1,118</u>	<u>\$ 2,229</u>	<u>\$ 2,901</u>

Shares used to compute non-GAAP income

per share

Basic	11,970	11,620	11,918	6,796
Diluted	12,735	12,413	12,685	11,275

Non-GAAP income per share

Basic	\$ 0.08	\$ 0.10	\$ 0.19	\$ 0.43
Diluted	\$ 0.07	\$ 0.09	\$ 0.18	\$ 0.26

Forward-Looking Statements

This press release may contain forward-looking statements, including information about management's view of SPS Commerce's future expectations, plans and prospects, within the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. These statements involve known and unknown risks, uncertainties and other factors which may cause the results of SPS Commerce to be materially different than those expressed or implied in such statements. Certain of these risk factors and others are included in documents SPS Commerce files with the Securities and Exchange Commission, including but not limited to, SPS Commerce's Annual Report on Form 10-K for the year ended December 31, 2010, as well as subsequent reports filed with the Securities and Exchange Commission. Other unknown or unpredictable factors also could have material adverse effects on SPS Commerce's future results. The forward-looking statements included in this press release are made only as of the date hereof. SPS Commerce cannot guarantee future results, levels of activity, performance or achievements. Accordingly, you should not place undue reliance on these forward-looking statements. Finally, SPS Commerce expressly disclaims any intent or obligation to update any forward-looking statements to reflect subsequent events or circumstances.

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SPS COMMERCE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited; in thousands, except share amounts)

	September 30, 2011	December 31, 2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 31,546	\$ 40,473
Accounts receivable, less allowance for doubtful accounts of \$212 and \$209, respectively	7,695	5,574
Deferred costs, current	5,486	4,720
Prepaid expenses and other current assets	1,233	874
Total current assets	45,960	51,641
PROPERTY AND EQUIPMENT, net	3,082	2,760
GOODWILL	5,877	1,166
INTANGIBLE ASSETS, net	6,027	290
OTHER ASSETS		
Deferred costs, net of current portion	2,396	1,943
Other non-current assets	80	80
	<u>\$ 63,422</u>	<u>\$ 57,880</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Capital lease obligations, current	\$ --	\$ 122
Accounts payable	1,387	998
Accrued compensation and benefits	5,189	3,577
Accrued expenses and other current liabilities	1,126	807
Deferred revenue, current	3,806	3,585
Total current liabilities	11,508	9,089
OTHER LIABILITIES		
Deferred revenue, less current portion	6,104	5,002
Other non-current liabilities	225	281

COMMITMENTS and CONTINGENCIES

STOCKHOLDERS' EQUITY

Preferred stock, \$0.001 par value; 5,000,000 shares authorized; 0 shares issued and outstanding	--	--
Common stock, \$0.001 par value; 55,000,000 shares authorized; 11,980,101 and 11,849,572 shares issued and outstanding, respectively	12	12
Additional paid-in capital	107,781	106,264
Accumulated deficit	(62,208)	(62,768)
Total stockholders' equity	<u>45,585</u>	<u>43,508</u>
	<u>\$ 63,422</u>	<u>\$ 57,880</u>

SPS COMMERCE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited; in thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Revenues	\$ 15,529	\$ 11,491	\$ 42,115	\$ 32,678
Cost of revenues	4,076	3,211	11,147	9,293
Gross profit	<u>11,453</u>	<u>8,280</u>	<u>30,968</u>	<u>23,385</u>
Operating expenses				
Sales and marketing	6,404	4,139	17,382	11,768
Research and development	1,605	1,108	4,259	3,218
General and administrative	2,914	2,165	8,208	5,805
Amortization of intangible assets	260	--	383	--
Total operating expenses	<u>11,183</u>	<u>7,412</u>	<u>30,232</u>	<u>20,791</u>
Income from operations	270	868	736	2,594
Other income (expense)				
Interest expense	--	(8)	--	(66)
Interest income	16	104	74	104
Other expense	(28)	(85)	(62)	(93)
Total other income (expense), net	<u>(12)</u>	<u>11</u>	<u>12</u>	<u>(55)</u>
Income before income taxes	258	879	748	2,539
Income tax expense (benefit)	(81)	7	(188)	(96)
Net income	<u>\$ 177</u>	<u>\$ 886</u>	<u>\$ 560</u>	<u>\$ 2,443</u>
Net income per share				
Basic	\$ 0.01	\$ 0.08	\$ 0.05	\$ 0.36
Diluted	\$ 0.01	\$ 0.07	\$ 0.04	\$ 0.22
Weighted average common shares used to compute net income per share				
Basic	11,970	11,620	11,918	6,796
Diluted	12,735	12,413	12,685	11,275

SPS COMMERCE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited; in thousands)

	Nine Months Ended	
	September 30,	
	2011	2010
Cash flows from operating activities		
Net income	\$ 560	\$ 2,443

Reconciliation of net income to net cash provided by operating activities

Depreciation and amortization of property and equipment	1,436	1,148
Amortization of intangible assets	383	--
Provision for doubtful accounts	245	225
Stock-based compensation	1,286	458
Change in carrying value of preferred stock warrants	--	27
Other	--	1
Changes in assets and liabilities, net of effect of acquisition		
Accounts receivable	(2,265)	(975)
Prepaid expenses and other current assets	(264)	450
Other assets	--	(18)
Deferred costs	(1,219)	(724)
Accounts payable	389	(287)
Deferred revenue	1,323	866
Accrued compensation and benefits	1,612	714
Accrued expenses and other current liabilities	60	(256)
Net cash provided by operating activities	<u>3,546</u>	<u>4,072</u>
Cash flows from investing activities		
Acquisition of Direct EDI	(10,865)	--
Purchases of property and equipment	<u>(1,716)</u>	<u>(1,230)</u>
Net cash used in investing activities	<u>(12,581)</u>	<u>(1,230)</u>
Cash flows from financing activities		
Borrowings on line of credit	--	4,450
Payments on line of credit	--	(5,950)
Payments on equipment loans	--	(732)
Payments of capital lease obligations	(122)	(338)
Net proceeds from initial public offering	--	32,902
Stock offering costs	(108)	--
Net proceeds from exercise of options to purchase common stock	338	8
Net cash provided by financing activities	<u>108</u>	<u>30,340</u>
Net increase (decrease) in cash and cash equivalents	(8,927)	33,182
Cash and cash equivalents at beginning of period	<u>40,473</u>	<u>5,931</u>
Cash and cash equivalents at end of period	<u>\$ 31,546</u>	<u>\$ 39,113</u>

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