U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-QSB

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2000

[_] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

COMMISSION FILE NUMBER 001-15169

PERFICIENT, INC.
(EXACT NAME OF SMALL BUSINESS ISSUER AS SPECIFIED IN ITS CHARTER)

DELAWARE	74-2853258
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

7600B NORTH CAPITAL OF TEXAS HIGHWAY, SUITE 340
AUSTIN, TX 78731
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(512) 531-6000
(ISSUER'S TELEPHONE NUMBER, INCLUDING AREA CODE)

NONE
(FORMER NAME, FORMER ADDRESS AND FORMER FISCAL YEAR, IF CHANGED SINCE LAST REPORT)

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports) Yes X No ___, and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___.

The number of shares of the Registrant's Common Stock outstanding as of June 30, 2000 was 6,071,038.

PERFICIENT, INC.

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FOR QUARTERLY PERIOD ENDED JUNE 30, 2000

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

PERFICIENT, INC.

CONSOLIDATED BALANCE SHEETS

	December 31, 1999	June 30, 2000
		(unaudited)
ASSETS		
Current assets:		
Cash	$ 5,818,918	$ 2,907,811
Accounts receivable, net of allowance for doubtful accounts of $68,058 as of December 31, 1999 and $286,058 as of June 30, 2000	560,149	5,841,773
Other receivable	3,185	0
Income tax receivable	10,916	10,916
Other current assets	68,479	55,856
Total current assets	6,461,647	8,816,356
Property and equipment, net	80,827	644,257
Goodwill, net	0	53,331,369
Other noncurrent assets	73,943	276,437
Total assets	$ 6,616,417	$ 63,068,419
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Current liabilities:		
Accounts payable	$ 165,176	$ 330,863
Note payable to Compete shareholders	0	2,455,106
Line of credit	0	200,000
Current portion of capital lease obligation	0	92,699
Other current liabilities	199,150	2,238,414
Total current liabilities	364,326	5,317,082
Capital lease obligation, less current portion	0	95,677
Total liabilities	364,326	5,412,759
Stockholders' equity:		
Common Stock, $.001 par value; 20,000,000 shares authorized; 3,503,333 and 6,071,038 issued and outstanding at December 31, 1999 and June 30, 2000, respectively	3,503	6,071
Additional paid-In capital	7,777,392	63,471,025
Unearned stock compensation	(152,000)	(114,000)
Accumulated other comprehensive loss	0	(3,005)
Retained deficit	(1,376,804)	(5,704,431)
Total stockholders' equity	6,252,091	57,655,660
Total liabilities and stockholders' equity	$ 6,616,417	$ 63,068,419

See accompanying notes to interim consolidated financial statements.

PERFICIENT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

	Three months ended June 30, 1999	Three months ended June 30, 2000	Six months ended June 30, 1999	Six months ended June 30, 2000
Consulting revenues	$ 505,082	$ 4,677,303	$ 771,357	$ 6,497,992
Cost of consulting revenues	201,129	2,342,094	354,211	3,279,923
Gross margin	303,953	2,335,209	417,146	3,218,069
Selling, general and administrative	295,830	2,899,703	433,690	4,258,401
Stock compensation	19,000	19,000	918,000	38,000
Intangibles amortization	0	3,215,361	0	3,409,723
Loss from operations	(10,877)	(3,798,855)	(934,544)	(4,488,055)
Interest income, net	0	50,078	0	160,429
Loss before income taxes	(10,877)	(3,748,777)	(934,544)	(4,327,626)
Benefit for income taxes	0	0	(4,335)	0
Net loss	$ (10,877)	$ (3,748,777)	$ (930,209)	$ (4,327,626)
Net loss per share:				
Basic and diluted	$ (0.00)	$ (0.81)	$ (0.38)	$ (1.03)

See accompanying notes to interim consolidated financial statements.

PERFICIENT, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Six months ended June 30, 1999	Six months ended June 30, 2000
OPERATING ACTIVITIES		
Net loss	$ (930,209)	$ (4,327,626)
Adjustments to reconcile net loss to net cash used in operations:		
Depreciation	9,737	69,441
Intangibles amortization	0	3,409,723
Non-cash compensation	918,000	38,000
Non-cash interest expense	0	35,416
Loss from disposal of fixed assets	0	502
Changes in operating assets and liabilities (net of the effect of acquisitions)		
Accounts receivable	(324,926)	(2,925,936)
Other receivable	0	3,185
Other current assets	(5,300)	19,957
Other noncurrent assets	0	(180,733)
Accounts payable	142,967	136,443
Other liabilities	47,572	1,098,902
Net cash used in operating activities	(142,159)	(2,622,726)
INVESTING ACTIVITIES		
Purchase of property and equipment	(15,267)	(325,237)
Purchase of businesses, net of cash acquired	0	(4,772,391)
Proceeds from disposal of fixed assets	0	4,977
Net cash used in investing activities	(15,267)	(5,092,651)
FINANCING ACTIVITIES		
Proceeds from shareholder receivable	100,000	0
Proceeds from short-term borrowings	452,418	43,531
Payments on short-term borrowings	(452,418)	(633,385)
Proceeds from stock issuances, net	67,124	5,391,226
Net cash provided by financing activities	167,124	4,801,372
Effect of exchange rate on cash and cash equivalent	0	2,898
Increase (decrease) in cash and cash equivalents	9,698	(2,911,107)
Cash and cash equivalents at beginning of period	22,996	5,818,918
Cash and cash equivalents at end of period	$ 32,694	$ 2,907,811

See accompanying notes to interim consolidated financial statements.

PERFICIENT, INC.

NOTES TO FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying unaudited financial statements of Perficient, Inc. (the "Company"), have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six months ended June 30, 2000 many not be indicative of the result for the full fiscal year ending December 31, 2000. These unaudited financial statements should be read in conjunction with the Company's financial statements filed with the United States Securities and Exchange Commission in the Company's Annual Report on Form 10-KSB for the year ended December 31, 1999.

Certain amounts in the three and six months ended June 30, 1999 have been reclassified to conform to the presentation for the three and six months ended June 30, 2000.

2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. Segment Information

The Company follows the provisions of the Financial Accounting Standards Board Statement No. 131, "Disclosures about Segments of an Enterprise and Related Information." Statement No. 131 requires a business enterprise, based upon a management approach, to disclose financial and descriptive information about its operating segments. Operating segments are components of an enterprise about which separate financial information is available and regularly evaluated by the chief operating decision maker(s) of an enterprise. Under this definition, the Company operates as a single segment for all periods presented.

4. Net Earnings (Loss) Per Share

The Company computes net earnings (loss) per share in accordance with the Financial Accounting Standards Board Statement No. 128, "Earnings per Share," and SEC Staff Accounting Bulletin No. 98 ("SAB 98"). Under the provisions of Statement No. 128 and SAB 98, basic and diluted net earnings (loss) per share is computed by dividing the earnings (loss) available to common stockholders for the period by the weighted average number of shares of Common Stock outstanding during the period. The calculation of diluted earnings (loss) per share excludes shares that are subject to issuance if the effect is antidilutive. Shares subject to issuance include Common Stock subject to repurchase rights, shares of Common Stock issuable upon the exercise of stock options and warrants, and shares subject to a contingency that were issued in connection with certain purchase business combinations.

The following table sets forth the computation of basic net loss per share for the periods:

	Three Months Ended June 30, 1999	Three Months Ended June 30, 2000	Six Months Ended June 30, 1999	Six Months Ended June 30, 2000
Basic:				
Loss from continuing operations-numerator for basic earnings per share	$ (10,877)	$ (3,748,777)	$ (930,209)	$ (4,327,626)
Weighted-average shares of common stock outstanding	2,500,000	5,401,708	2,500,000	4,665,711
Less common stock subject to contingency	--	(797,664)	--	(463,687)
Shares used in computing basic net loss per share	2,500,000	4,604,043	2,500,000	4,202,024
Basic and diluted net loss per share:	$ (0.00)	$ (0.81)	$ (0.38)	$ (1.03)

Diluted net loss per share has not been presented as the effect of the assumed exercise of stock options, warrants and contingently issued shares is antidilutive due to the Company's net loss. The Company had weighted average options and warrants outstanding of approximately 1,087,661 and 1,194,104 for the six and three months ended June 30, 2000, respectively.

5. Recent Accounting Pronouncements

In December 1999, the Securities and Exchange Commission staff released Staff Accounting Bulletin No. 101, "Revenue Recognition" (SAB 101), which provides guidance on the recognition, presentation and disclosure of revenue in financial statements. SAB 101 is to effective beginning in the Company's fourth quarter of fiscal year 2000. Management has not yet completed its determination of the impact, if any, the new standard will have on the consolidated results of operations or financial position.

6. Balance Sheet Components

	December 31, 1999	June 30, 2000 (unaudited)
Accounts receivable:		
Accounts receivable	$ 544,646	$ 4,346,235
Unbilled contract revenue	83,561	1,781,596
Allowance for doubtful accounts	(68,058)	(286,058)
	$ 560,149	5,841,773
Other current liabilities:		
Accrued expenses	$ 135,169	$ 891,399
Payroll liability	63,981	884,449
Accrued broker fee - Compete acquisition	0	462,566
	$ 199,150	$ 2,238,414

7. Comprehensive Loss

The Company's comprehensive loss is comprised of net loss and foreign currency translation adjustments. Total comprehensive loss was $4.3 million and $930,000 for the six month periods ended June 30, 2000 and 1999, respectively.

8. Business Combinations

On January 3, 2000, the Company acquired LoreData, Inc., a Connecticut corporation. The Company acquired LoreData for an aggregate purchase price of approximately $2.4 million, subject to certain post-closing adjustments. The purchase price of $2.4 million (i) $385,000 in cash that was paid at closing, (ii) 30,005 shares of our common stock, par value $0.001 per share, also paid at closing, and (iii) 131,709 shares of common stock that are being held in escrow for disposition by the escrow agent in accordance with an Escrow Agreement dated as of January 3, 2000. The acquisition was accounted for as a purchase business combination. The excess of purchase price over fair value of the net assets was recorded as goodwill ($2.3 million), and is being amortized using the straight-line method over the estimated useful life of three years. As of June 30, 2000, accumulated amortization of goodwill related to the LoreData acquisition was approximately $390,000.

On May 1, 2000, the Company acquired all the outstanding shares and assumed all outstanding options of Compete, Inc. ("Compete"). The aggregate purchase price of Compete consisted of (i) $3,425,000 in cash, (ii) $2,527,500 in non interest bearing promissory notes to be repaid within six months following the closing, (iii) 2,003,866 shares of common stock, of which 1,001,933 shares are subject to adjustment or forfeiture and which are being held in escrow for disposition by the escrow agent in accordance with an Escrow Agreement dated as of May 1, 2000, and (iv) the assumption of Compete, Inc.'s outstanding employee options. Of the 2,200,000 shares of common stock constituting the consideration under the merger, 196,106 of such shares are subject to options to purchase shares of common stock. Options to purchase 46,669 of such shares are exercisable at $0.02 per share, while the remaining options are exercisable at $3.36 per share. The total cost of the acquisition, including the assumption of outstanding options and transaction costs, is as follows (in thousands):

Cash	$ 3,425
Note (less imputed interest of $107.5)	2,420
Common stock	40,077
Assumption of existing stock option plan	8,278
Transaction broker fees	694
Transaction costs	325
Total purchase price	$ 55,219

The acquisition was accounted for as a purchase business combination. Accordingly, the results of operations of Compete have been included with those of the Company for periods subsequent to the date of acquisition. The excess of purchase price over fair value of the net assets was recorded as goodwill ($54.4 million), and is being amortized using the straight-line method over the estimated useful life of three years. As of June 30, 2000, accumulated amortization of goodwill related to the Compete acquisition was approximately $3.02 million.

The unaudited pro forma combined results of operations of Perficient and Compete for the six months ended June 30, 2000 and 1999 after giving effect to certain pro forma adjustments as if the transaction had occurred at the beginning of each of the six month periods are as follows:

	Six months ended June 30, 2000	Six months ended June 30, 1999
Revenues	$ 9,644,811	$ 3,423,894
Operating loss	$ (9,923,305)	$ (9,894,928)
Net loss	$(10,048,268)	$ (9,890,593)
Basic net loss per share	$ (1.67)	$ (2.82)

Total pro forma intangibles amortization includes approximately $9.1 million during the six months ended June 30, 1999 and 2000 as a result of the Compete acquisition. The unaudited pro forma results are not necessarily indicative of the actual results of operations that would have occurred had the acquisition of Compete occurred on January 1, 1999 or of future results.

Item 2.

SPECIAL CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This filing contains many forward-looking statements that involve substantial risks and uncertainties. You can identify these statements by forward-looking words such as "may," "will," "expect," "anticipate," "believe," "estimate" and "continue" or similar words. You should read statements that contain these words carefully because they discuss our future expectations, contain projections of our future operating results or of our financial condition or state other "forward-looking" information.

We believe that it is important to communicate our future expectations to our investors. However, we may be unable to accurately predict or control events in the future. The factors listed in the sections captioned "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as any other cautionary language, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. Before you invest in our common stock, you should be aware that the occurrence of certain of the events described in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section could seriously harm our business.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and notes thereto and the other financial information included elsewhere in this filing. In addition to historical information, this management's discussion and analysis of financial condition and results of operations and other parts of this filing contain forward-looking information that involve risks and uncertainties. Our actual results could differ materially from those anticipated by such forward-looking information as a result of certain factors, including but not limited to, those set forth under "Risk Factors" and elsewhere in this filing.

We were incorporated in September 1997 and began generating revenue in February 1998. We generate revenues from professional services performed for end-user customers of our partners. We refer to the Internet companies with which we work as our "partners." To date, our partners have consisted of Internet software companies and we expect that Internet software companies will comprise our partners for the foreseeable future. Our contractual relationships are with our partners rather than their end-user customers. We generally perform services on a time-and-materials basis and are reimbursed for expenses. We recognize revenue for fees as services are performed.

We established our first partner relationship with Vignette Corporation, an Internet relationship management software company, in February 1998. During 1999 and 2000, we have established partner relationships with several additional Internet software companies. Revenues from Vignette and IBM comprised approximately 33% and 20%, respectively, of pro forma revenues for the quarter ended June 30, 2000 (after giving effect to the acquisition of Compete). Vignette accounted for 51% and 97% of actual revenues for the six months ended June 30, 2000 and 1999 respectively. Our revenues and operating results are subject to substantial variations based on our partners' sales and the frequency with which we are chosen to perform services for their end-user customers. Generally, our partner agreements may be terminated at any time by our partners or by us. These agreements do not obligate our partners to use our services for any minimum amount or at all, and they may use the services of our competitors. Under our agreement with Vignette, we are restricted, for as long as the agreement is in place, from performing services for competitors of Vignette.

Our plan is to establish additional partner relationships with Internet software companies and increase our number of information technology professionals. In connection with our planned expansion, we expect to incur substantial expenses in anticipation of identifying and being retained by new partners. Therefore, we expect that we will continue to incur losses during 2000. We plan to spend significant amounts on:

- Recruiting, training and equipping information technology professionals;

- Expanding our management and technology infrastructure;

- Expanding our physical facilities;

- Sales and marketing expenses; and

- Working capital and general corporate purposes, including potential acquisitions.

The number of information technology professionals who have agreed to perform services for the Company has increased from 8 at December 31, 1998 to 43 at December 31, 1999 and to over 150 at June 30, 2000. We expect our number of information technology professionals to continue to grow significantly. Our personnel costs represent a high percentage of our operating expenses and are relatively fixed in advance of each quarter. Accordingly, if revenues do not increase at a rate equal to expenses, we will incur continuing losses and our business, financial condition, operating results and liquidity will be materially and adversely affected.

On May 1, 2000, we acquired all the outstanding shares and assumed all outstanding options of Compete, Inc. ("Compete"). The aggregate purchase price of Compete consisted of (i) $3,425,000 in cash, (ii) $2,527,500 in non interest bearing promissory notes to be repaid within six months following the closing, (iii) 2,003,866 shares of common stock, of which 1,001,933 shares are subject to adjustment and (iv) the assumption of Compete, Inc.'s outstanding employee options. The total cost of the acquisition, including the assumption of outstanding options and transaction costs, was approximately $55.2 million. The acquisition was accounted for as a purchase business combination. Accordingly, the acquired net assets were recorded at their estimated fair values at the effective date of the acquisition and the results of operations of Compete will be included with those of the Company for the periods subsequent to the acquisition date.

The unaudited pro forma results of operations data and pro forma supplemental data for the three months ended June 30, 2000, assuming the acquisition of Compete occurred on April 1, 2000, is as follows:

PERFICIENT, INC.

STATEMENTS OF OPERATIONS, INCLUDING PRO FORMA EFFECT OF ACQUISITION OF COMPETE, INC.

	Three Months Ended June 30, 2000 Pro Forma
Consulting revenues	$ 5,601,059
Cost of consulting revenues	2,756,556
Gross margin	2,844,503
Selling, general and administrative	3,201,618
Stock compensation	19,000
Intangibles amortization	4,724,661
Loss from operations	(5,100,776)
Acquisition related expenses	(19,364)
Interest income, net	26,620
Net loss	$ (5,093,520)
Supplemental Data:	
Pro forma net loss per share:	
Basic and diluted	$ (1.03)
Shares used in computing pro forma net loss per share	4,956,055
Supplemental Data:	
Net loss as reported	$ (5,093,520)
Non-cash and acquisition related charges	4,843,988
Supplemental net loss before non-cash and acquisition related charges	$ (249,532)
Supplemental net loss before non-cash and acquisition related charges per share - basic and diluted	$ (0.05)

The unaudited pro forma results are not necessarily indicative of the actual results of operations that would have occurred had the acquisition of Compete occurred on April 1, 2000 or of future results. The supplemental operations data and supplemental net loss and supplemental net loss per share information is presented because management believes it is a commonly used financial indicator of a company's operating performance. We believe that neither supplemental net loss nor supplemental net loss per share is intended to be a performance measure that should be regarded as an alternative to, or more meaningful than, either operating income (loss) or net income (loss) as prepared in accordance with generally accepted accounting principles, and may not be comparable to similarly titled measures presented by other companies. Non-cash charges include stock compensation, amortization of intangible assets, including goodwill, and depreciation expense.

RESULTS OF OPERATIONS

SIX MONTHS ENDED JUNE 30, 1999 AND JUNE 30, 2000

Consulting Revenues. Revenues increased from $771,000 for the six months ended June 30, 1999 to $6,498,000 for the six months ended June 30, 1999. The increase in revenues reflected the increase in the number of partners, projects performed and in the number of information technology professionals employed. The acquisition of Compete on May 1, 2000 also attributed to the increase in revenues for the six months ended June 30, 2000. During the six month period ended June 30, 2000, 51% of our revenues was derived from Vignette and 14% of our revenues was derived from projects completed for IBM.

Cost of Consulting Revenues. Cost of revenues, consisting of direct costs, primarily salaries and benefits for information technology professionals assigned to projects and of project related expenses, increased from $354,000 for the six months ended June 30, 1999 to $3,280,000 for the six months ended June 30, 2000. The number of our information technology professionals who have agreed to perform services for the Company increased from 14 at June 30, 1999 to over 150 at June 30, 2000.

Gross Margin. Gross margin increased from $417,000 for the six months ended June 30, 1999 to $3,218,000 for the six months ended June 30, 2000. Gross margin as a percentage of consulting revenues was 49.5% for the six months ended June 30, 2000 and 54% for the six months ended June 30, 1999. The decrease in gross margin is primarily due to increased costs incurred in expanding the number of our consultants during the period.

Selling, general and administrative. Selling, general and administrative expenses consist primarily of marketing activities to solicit partners, salaries and benefits, travel costs and non-reimbursable expenses. Selling, general and administrative expenses increased from $434,000 for the six months ended June 30, 1999 to $4,258,000 for the six months ended June 30, 2000. The increase in selling, general and administrative expenses was related to our increased marketing activities to solicit additional partners and to increases in overhead costs necessary to support the growth in our workforce. We expect these expenses to increase in absolute dollar amounts in connection with our planned expansion.

Stock Compensation. Stock compensation expense consists of non-cash compensation arising from certain sales of stock and option grants to officers, directors or other affiliated persons. We have recognized $880,000 in non-cash compensation in connection with the sale of stock that occurred in January 1999. In addition, we have recorded in stockholders' equity on our balance sheet aggregate deferred stock compensation totaling $228,000 in connection with stock options that were granted in January 1999. Stock option expense will be recognized to the extent of approximately $19,000 per quarter over a three year period ending January 2002, which is the end of the vesting period for the related options. We have recognized approximately $38,000 in non-cash compensation expense during the six month period ended June 30, 2000 relating to the vesting of these options.

Intangibles amortization. Intangibles amortization expense consists of amortization of purchased Goodwill created in our acquisitions of LoreData, Inc. in January 2000 and Compete, Inc. in May 2000. We are amortizing the Goodwill associated with these acquisitions over a 3 year period. Total Intangibles amortization expense for the six months ending June 30, 2000 was $3,410,000.

Interest Income (Expense). Interest income (expense) consists of interest income of $200,000 on cash and investments and interest expense of $40,000 on notes payable. The increase in interest income in 2000 was due to interest income from cash and investment balances on hand as a result of our initial public offering and private placement. The increase in interest expense is due to the $2.5 million note payable related to the Compete acquisition.

THREE MONTHS ENDED JUNE 30, 1999 AND JUNE 30, 2000

Consulting Revenues. Consulting revenues increased from $505,000 for the three months ended June 30, 1999 to $4,677,000 for the three months ended June 30, 2000. The increase in revenues reflected the increase in the number of projects performed and in the number of information technology professionals employed. The acquisition of Compete on May 1, 2000 also attributed to the increase in revenues for the three months ended June 30, 2000. During the three month period ended June 30, 2000, 40% of our revenues was derived from Vignette (33% of total pro forma revenues for the three months ended June 30, 2000 after giving effect to the acquisition of Compete) and 19% of our revenues was derived from projects completed for IBM.

Cost of Consulting Revenues. Cost of revenues, consisting of direct costs, primarily salaries and benefits for information technology professionals assigned to projects and of reimbursable expenses, increased from $201,000 for the three months ended

June 30, 1999 to $2,342,000 for the three months ended June 30, 2000. The number of our information technology professionals increased from 14 at June 30, 1999 to 150 at June 30, 2000.

Gross Margin. Gross margin increased from $304,000 for the three months ended June 30, 1999 to $2,335,000 for the three months ended June 30, 2000. Gross margin as a percentage of consulting revenues was 50% for the three months ended June 30, 2000 and 60% for the three months ended June 30, 1999. The decrease in gross margin is primarily due to costs incurred in expanding the number of our consultants during the period.

Selling, general and administrative. Selling, general and administrative expenses consist primarily of marketing activities to solicit partners, salaries and benefits, travel costs and non-reimbursable expenses. Selling, general and administrative expenses increased from $296,000 for the three months ended June 30, 1999 to $2,900,000 for the three months ended June 30, 2000. The increase in selling, general and administrative expenses was related to our increased marketing activities to solicit additional partners and to increases in overhead costs necessary to support the growth in our workforce. We expect these expenses to increase in absolute dollar amounts in connection with our planned expansion.

Stock Compensation. Stock compensation expense consists of non-cash compensation arising from certain sales of stock and option grants to officers, directors or other affiliated persons. Stock option expense will be recognized to the extent of approximately $19,000 per quarter over a three year period ending January 2002, which is the end of the vesting period for the related options. We have recognized approximately $19,000 in non-cash compensation expense during the three month period ended June 30, 1999 relating to the vesting of options.

Intangibles amortization. Intangibles amortization expense consists of amortization of purchased Goodwill created in our acquisitions of LoreData, Inc. in January 2000 and Compete, Inc. in May 2000. We are amortizing the Goodwill associated with these acquisitions over a 3 year period. Total Intangibles amortization expense for the three months ending June 30, 2000 was $3,215,000.

Interest Income (Expense). Interest income (expense) consists of interest income of $90,000 on cash and investments and interest expense of $40,000 on notes payable. The increase in interest income in 2000 was due to interest income from cash and investment balances on hand as a result of our initial public offering and private placement. The increase in interest expense is due to the $2.5 million note payable related to the Compete acquisition.

LIQUIDITY AND CAPITAL RESOURCES

We received approximately $6.3 million in July 1999 from an initial public offering of 1,000,000 shares of our common stock, net of underwriting discounts, commissions and expenses. The primary purposes of the initial public offering were to obtain additional equity capital, create a public market for our common stock and facilitate future access to public markets. Pending the use of proceeds, we have invested the net proceeds of the offering in investment grade, interest-bearing securities. Prior to the offering, we financed our operations primarily through equity financing and bank borrowings. Through June 30, 1999, we had raised $400,000 from private sales of our common stock.

We have a line of credit facility with Silicon Valley Bank, which provides for us to borrow up to $4,000,000, subject to certain borrowing base calculations as defined. Borrowings under this agreement, which expires June 29, 2001, bear interest at the bank's prime rate plus 0.85%. As of June 30, 2000, there were no borrowings under this loan agreement. Prior to that, we had an agreement with the same bank, which allowed us to borrow up to $1,000,000 against our qualifying accounts receivables. In connection with this bank agreement, we issued warrants to the Bank to acquire up to 3,750 shares of our common stock at $8 per share. As of June 30, 2000, there were no borrowings under this loan agreement

On August 3, 1999, we completed our initial public offering and our cash increased by approximately $6.3 million. The timing and amount of our capital requirements will depend on a number of factors, including demand for our services, the need to develop new partner relationships, competitive pressures and the availability of complementary businesses that we may wish to acquire.

On February 7, 2000, we sold 400,000 shares of Perficient common stock at $14 per share in a private placement. We used the proceeds of approximately $5,500,000 from the private placement to fund the cash portion of the purchase price of the merger with Compete, for our operations and general corporate purposes, and intend to use the remainder to pay the promissory note payable six months from the Compete closing.

In connection with the acquisition of Compete, which was effective on May 1, 2000, we paid to the shareholders and vested option holders of Compete approximately $3,425,000 in cash and we have agreed to pay $2,527,500 six months from the date of the closing of the merger. We used the proceeds of the private placement to fund the initial cash payment and expect that we will fund the repayment of the notes from working capital including the remaining funds from the private placement. Compete had a line of credit agreement with a bank in which $200,000 was outstanding as of June 30, 2000. This line of credit was paid in full and terminated in July 2000.

Cash used in operations for the six months ended June 30, 2000 was $2,800,000. As of June 30, 2000, we had $2,900,000 in cash and working capital of $3,500,000, and up to $4,000,000, subject to certain borrowing base calculations available under our line of credit facility discussed above. The Company will be required to repay approximately $2.5 million to the shareholders of Compete on November 1, 2000.

If our capital is insufficient to fund our activities in either the short or long term, we may need to raise additional funds. If we raise additional funds through the issuance of equity securities, our existing stockholders' percentage ownership will be diluted. These equity securities may also have rights superior to our common stock. Additional debt or equity financing may not be available when needed or on satisfactory terms. If adequate funds are not available on acceptable terms, we may be unable to expand our services, respond to competition, pursue acquisition opportunities or continue our operations.

Recent Accounting Pronouncements

In December 1999, the Securities and Exchange Commission staff released Staff Accounting Bulletin No. 101, "Revenue Recognition" (SAB 101), which provides guidance on the recognition, presentation and disclosure of revenue in financial statements. SAB 101 is to effective beginning in the Company's fourth quarter of fiscal year 2000. Management has not yet completed its determination of the impact, if any, the new standard will have on the consolidated results of operations or financial position.

OTHER FACTORS AFFECTING OPERATING RESULTS

RISK FACTORS

RISKS PARTICULAR TO OUR BUSINESS

WE HAVE LOST MONEY DURING MOST OF THE QUARTERS DURING WHICH WE HAVE BEEN IN BUSINESS AND WE EXPECT TO LOSE MONEY IN THE FUTURE.

We have incurred operating losses in most of the quarters during which we have been in business and as a result, we have a retained deficit of $5.7 million as of June 30, 2000. As a result of the acquisitions that we recently completed, we recorded a substantial amount of goodwill. We will be required to amortize the goodwill in the future, which will result in the recognition of significant non-cash expenses over the next three years. We cannot assure you of any operating results and we will likely experience large variations in quarterly operating results. We will be required to amortize in excess of $4,500,000 in goodwill per quarter over the next three years. In future quarters, our operating results may not meet public market analysts' and investors' expectations. If that happens, the price of our common stock may fall. Many factors can cause these fluctuations, including:

- the number, size, timing and scope of our projects;

- customer concentration;

- long and unpredictable sales cycles;

- contract terms of projects;

- degrees of completion of projects;

- project delays or cancellations;

- competition for and utilization of employees;
- how well we estimate the resources we need to complete projects;
- the integration of acquired businesses;
- pricing changes in the industry; and
- economic conditions specific to the Internet and information technology consulting.

We expect to incur net losses at least through the end of 2000 and perhaps thereafter. We plan to increase our expenditure on sales and marketing, infrastructure development, personnel and general and administrative items in connection with our efforts to expand our business. As a result, we will need to generate significant revenues to achieve profitability. Even if we achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis in the future. Although our revenues have grown in recent quarters, you should not view our historical growth rates as indicative of our future revenues.

OUR LIMITED OPERATING HISTORY MAKES EVALUATING OUR BUSINESS DIFFICULT.

We began our business in September 1997. We only began providing services on any significant basis in mid-1998 and primarily to only one partner. As a result, we have a limited operating history upon which you may evaluate our business and prospects. Companies in an early stage of development frequently encounter greater risks and unexpected expenses and difficulties. As a result, we cannot assure you of any operating results and we will likely experience large variations in quarterly operating results.

WE MAY NOT GROW, OR WE MAY BE UNABLE TO MANAGE OUR GROWTH.

Our success will depend on our ability to rapidly expand the number of partners and teams of information technology professionals. However, we may not grow as planned or at all. Many of our current and potential competitors have longer operating histories, more established reputations and potential partner relationships and greater financial, technical, industry and marketing resources than we do. If we do not experience substantial growth, this would place us at a disadvantage to our competitors. However, if we do grow, our growth will place significant strains on our management personnel and other resources. For example, it will be difficult to manage information technology professionals who will be widely dispersed around the country. If we are unable to manage our growth effectively, this inability will adversely affect the quality of our services and our ability to retain key personnel, and could harm our business.

THE LOSS OF SALES TO VIGNETTE CORPORATION AND IBM WOULD SERIOUSLY HARM OUR BUSINESS.

Vignette Corporation accounted for 96% of our revenue during 1999 and 51% of our revenue during the six months ended June 30, 2000. IBM accounted for 14% of our revenue during the six months ended June 30, 2000. Any termination of our relationship with Vignette and IBM would have a material adverse effect on our operating results and financial condition. Vignette only retains our services on a case-by-case basis and may choose at any time to use any other firm or to provide the services that we performs for itself. Therefore, any downturn in Vignette's business or any shift in its decisions to continue to use our services could also result in substantially reduced sales by us.

OUR PARTNERS ARE NOT OBLIGATED TO USE OUR SERVICES.

Our contracts with our partners do not obligate them to use our services. A partner may choose at any time to use another consulting firm or to perform the services we provide through an internal services organization. Any termination of a relationship with a partner, or a partner's decision to employ other consulting firms or perform services in-house, could seriously harm our business.

WE MAY ALIGN OURSELF WITH PARTNERS THAT FAIL.

In selecting our partners, we seek to identify Internet software companies that we believe will develop into market leaders. However, our partners compete in new and rapidly changing markets. In certain of these markets, only a few companies will survive.

If we align ourselves with companies that fail to become market leaders, our business may suffer because our partners will not have significant demand for our services. We invest substantial resources to train our information technology professionals regarding the use and features of our partners' software, and we will lose this investment if our partners fail.

WE HAVE AGREED NOT TO PERFORM SERVICES FOR COMPETITORS OF OUR PARTNERS, WHICH LIMITS OUR POTENTIAL MARKET.

We have generally agreed with our partners not to perform services for their competitors. These non-compete agreements substantially reduce the number of our prospective partners. In addition, these agreements increase the importance of our partner selection process, because many of our partners compete in markets where only a limited number of companies gain significant market share. If we agree not to perform services for a particular partner's competitors and our partner fails to gain meaningful market share, we are unlikely to receive future material revenues in that particular market.

OUR MANAGEMENT TEAM MAY NOT BE ABLE TO WORK TOGETHER EFFECTIVELY TO IMPLEMENT OUR BUSINESS PLAN.

We have recently hired many of our current executive officers to establish a team to manage our operations. These newly hired officers include our Chief Executive Officer, hired in April 1999, our Chief Financial Officer, hired in April 1999, our Vice President and Senior Managing Director of Business Development, hired in May 1999, and our Chief Operating Officer hired in May 2000 in connection with our acquisition of Compete. These individuals have not worked together previously and are in the process of integrating as a management team. Their failure to work together effectively would seriously harm our ability to carry out our business plan.

WE MAY NOT BE ABLE TO ATTRACT AND RETAIN INFORMATION TECHNOLOGY PROFESSIONALS, WHICH COULD AFFECT OUR ABILITY TO COMPETE EFFECTIVELY.

Our business is labor intensive. Accordingly, our success depends in large part upon our ability to attract, train, retain, motivate and manage highly skilled information technology professionals. Because of the recent rapid growth of the Internet, individuals who can perform the services we offer are scarce and are likely to remain a limited resource for the foreseeable future. Furthermore, there is a high rate of attrition among such personnel. Any inability to attract, train and retain highly skilled information technology professionals would impair our ability to adequately manage and staff our existing projects and to bid for or obtain new projects, which in turn would adversely affect our operating results.

OUR SUCCESS WILL DEPEND ON RETAINING OUR SENIOR MANAGEMENT TEAM AND KEY TECHNICAL PERSONNEL.

We believe that our success will depend on retaining our senior management team, key technical personnel and our Chief Executive Officer, John T. McDonald. This dependence is particularly important in our business, because personal relationships are a critical element of obtaining and maintaining our partners. If any of these people stop working for us, our level of management, technical, marketing and sales expertise could significantly diminish. These people would be difficult to replace, and losing them could seriously harm our business. We currently maintain key-man life insurance on the life of Mr. McDonald.

OUR QUARTERLY OPERATING RESULTS WILL BE VOLATILE AND MAY CAUSE OUR STOCK PRICE TO FLUCTUATE.

Our quarterly revenue, expenses and operating results have varied significantly in the past and are likely to vary significantly in the future. These quarterly fluctuations have been and will continue to be based on a number of factors, including:

- The number and types of projects that we undertake;

- Our ability to attract, train and retain skilled management and information technology professionals;

- Our employee utilization rates, including our ability to transition our information technology professionals from one project to another;

- Changes in our pricing policies;

- Our ability to manage costs; and

- Costs related to acquisitions of other businesses.

In addition, many factors affecting our operating results are outside of our control, such as:

- Demand for Internet software;

- End-user customer budget cycles;

- Changes in end-user customers' desire for our partners' products and our services;

- Pricing changes in our industry;

- Government regulation and legal developments regarding the use of the Internet; and

- General economic conditions.

Although we have limited historical financial data, we expect that we will experience seasonal fluctuations in revenues. We expect that revenues in the quarter ending December 31 will typically be lower than in other quarters because there are fewer billable days in this quarter due to vacations and holidays. This seasonal trend may materially affect our quarter-to-quarter operating results.

WE FACE RISKS ASSOCIATED WITH FINDING AND INTEGRATING ACQUISITIONS.

Our success will depend in part on our ability to identify suitable acquisition candidates, acquire those companies on acceptable terms and integrate their operations successfully. Acquisitions would involve a number of potential additional risks, including:

- Adverse effects on operating results from increased goodwill amortization, acquired in-process research and development, stock compensation expense and increased compensation expense attributable to newly hired employees;

- Diversion of management attention from other aspects of our business;

- Failure to retain acquired personnel;

- Harm to our reputation if an acquired company performs poorly; and

- Assumption of liabilities of acquired companies, including potentially hidden liabilities.

RISKS RELATING TO OUR INDUSTRY

WE FOCUS SOLELY ON COMPANIES IN THE MARKET FOR INTERNET SOFTWARE AND COULD BE HARMED BY ANY DOWNTURN IN THIS INDUSTRY.

Our business is dependent upon continued growth in the use of the Internet to fuel the growth in the amount of Internet software sold by our partners and prospective partners and used by their end-user customers. If use of the Internet does not continue to grow, or grows more slowly than expected, our growth would decline and our business would be seriously harmed. Any downturn in the market for Internet software would harm our business, financial condition and operating results.

OUR BUSINESS WILL SUFFER IF WE DO NOT KEEP UP WITH RAPID TECHNOLOGICAL CHANGE, EVOLVING INDUSTRY STANDARDS OR CHANGING PARTNER REQUIREMENTS.

Rapidly changing technology, evolving industry standards and changing partner needs are common in the Internet professional services market. Accordingly, our future success will depend, in part, on our ability to:

- effectively use leading technologies;

- continue to develop our strategic and technical expertise;

- enhance our current services;

- develop new services that meet changing partner and end-user customer needs;

- advertise and market our services; and

- influence and respond to emerging industry standards and other technological changes.

We must accomplish all of these tasks in a timely and cost-effective manner. We might not succeed in effectively doing any of these tasks, and our failure to succeed could have a material and adverse effect on our business, financial condition or results of operations.

OUR MARKET IS HIGHLY COMPETITIVE AND HAS LOW BARRIERS TO ENTRY.

The market for services to Internet software companies is relatively new, intensely competitive, rapidly evolving and subject to rapid technological change. In addition, there are relatively low barriers to entry into this market. Many of our current and potential competitors have longer operating histories, more established reputations and potential partner relationships and greater financial, technical, industry and marketing resources than we do. This may place us at a disadvantage to our competitors.

RISKS RELATING TO OWNERSHIP OF OUR STOCK

WE ARE, AND WILL CONTINUE TO BE, CONTROLLED BY OUR OFFICERS AND DIRECTORS, WHICH COULD RESULT IN US TAKING ACTIONS THAT OTHER STOCKHOLDERS DO NOT APPROVE.

Our executive officers, directors and existing 5% and greater stockholders beneficially own or control approximately 65.8% of the voting power of our common stock. These persons, if they were to act together, are in a position to elect and remove directors and control the outcome of most matters submitted to stockholders for a vote. Additionally, these persons are able to significantly influence any proposed amendment to our charter, a merger proposal, a proposed sale of assets or other major corporate transaction or a non-negotiated takeover attempt. This concentration of ownership may discourage a potential acquirer from making an offer to buy us, which, in turn, could adversely affect the market price of our common stock.

IT MAY BE DIFFICULT FOR ANOTHER COMPANY TO ACQUIRE US, AND THIS COULD DEPRESS OUR STOCK PRICE.

Provisions of our certificate of incorporation, bylaws and Delaware law could make it difficult for a third party to acquire us, even if doing so would be beneficial to our stockholders.

WE MAY NEED TO RAISE ADDITIONAL CAPITAL THAT MAY NOT BE AVAILABLE ON SATISFACTORY TERMS.

We anticipate that the net proceeds of our initial public offering completed in August 1999 and the additional funds received in February 2000 will be sufficient to fund our operations and capital requirements for at least 6 months from the date of this filing, assuming our operations continue to expand as they have to date. Nevertheless, we may need to raise additional funds. If we need additional capital and cannot raise it on acceptable terms, we may not be able to:

- open new offices;

- hire, train and retain employees;

- respond to competitive pressures or unanticipated requirements; or

- pursue acquisition opportunities.

OUR COMMON STOCK COULD BE DELISTED FROM THE NASDAQ SMALLCAP MARKET AND THE BOSTON STOCK EXCHANGE, WHICH WOULD MAKE TRADING IN OUR STOCK MORE DIFFICULT.

Our shares are listed on the Nasdaq SmallCap Market and the Boston Stock Exchange. However, our shares could be subsequently delisted, which would force us to list our shares on the OTC Bulletin Board or some other quotation medium, such as "pink sheets," depending upon our ability to meet the specific listing requirements of those quotation systems. As a result, an investor would find it more difficult to dispose of, or to obtain accurate quotations for the price of, our shares. Delisting may also reduce the visibility, liquidity and price of our common stock.

If our common stock is delisted from the Nasdaq SmallCap Market and does not trade on another national securities exchange, we may become subject to "penny stock" regulations that impose additional sales practice disclosure and market making requirements on broker-dealers who sell or make a market in our stock. In such instance, the rules of the Securities and Exchange Commission would generally define "penny stock" to be common stock that has a market price of less than $5.00 per share. If our stock becomes subject to penny stock regulations, it would adversely affect the ability and willingness of broker-dealers who sell or make a market in our common stock and of investors to sell our stock in the secondary market.

FUTURE SALES OF OUR COMMON STOCK IN THE PUBLIC MARKET COULD LOWER OUR STOCK PRICE AND IMPAIR OUR ABILITY TO RAISE FUNDS IN NEW STOCK OFFERING.

Our Registration Statement filed on Form SB-2 with the Securities and Exchange Commission (the "Commission") covering the resale by certain stockholders of 580,000 shares of Common Stock was declared effective by the Commission on July 6, 2000. These shares were originally issued to the stockholders in our private placement completed in February 2000. On July 31, 2000 we filed a Registration Statement on Form S-3 covering the resale of 161,901 shares of Common Stock originally issued in connection with our acquisitions of Compete, Inc. and Lore Data, Inc. Included in the 161,901 shares of common stock covered by this registration statement are 125,000 shares issuable upon exercise of five-year common stock purchase warrants issued to the underwriter of our initial public offering. On July 31, 2000, we filed a Registration Statement on Form S-8 covering an aggregate of 2,226,042 shares of common stock issuable upon the exercise of stock options granted under the 1999 Perficient, Inc. Stock Option/Stock Issuance Plan (the "Plan") as well as shares of Common Stock issuable upon the exercise of stock options granted outside the Plan. Finally, we are obligated to file a registration statement by no later than May 1, 2001 covering additional shares issued in connection with our acquisition of Compete, Inc. Sales of a substantial number of shares of Common Stock in the public market and the issuance of shares of Common Stock upon the exercise of stock options could adversely affect the market place of our common stock and could impair our ability to raise capital through the sale of additional equity securities.

RISKS PARTICULAR TO THE RECENT ACQUISITION OF COMPETE

COMPETE IS DEPENDENT UPON A CONTINUING RELATIONSHIP WITH IBM AND A LIMITED NUMBER OF CLIENTS.

Compete has developed an important relationship with IBM. Substantially all of its consulting projects involve IBM-based systems and technologies. IBM accounted for 33% of Compete's revenue during 1998 and 12% of its revenue during 1999. Any termination of the relationship with IBM would have a material adverse effect on our operating results and financial condition. IBM only retains the services offered by Compete on a case-by-case basis and may choose at any time to use any other firm or to provide the services that Compete performs for itself. Therefore, any downturn in IBM's business or any shift in its decisions to continue to use the services offered by Compete could also result in substantially reduced sales by us. During 1999, approximately 59% of Compete's sales were derived from services provided to three customers (including IBM). Although Compete generally provides services on a project-to-project basis, any losses of the relationships with any of these three service providers would have a material adverse effect on Compete's results of operations.

WE MAY HAVE DIFFICULTY INTEGRATING THE BUSINESS OF COMPETE INTO OUR EXISTING OPERATIONS.

The acquisition of Compete involved the integration of two companies that have previously operated independently, with focuses on different geographical markets and software products utilizing different personnel. We cannot assure you that we will be able to integrate the operations of Compete without encountering difficulties or experiencing the loss of key Compete employees, customers or suppliers, or that the benefits expected from such integration will be realized. In addition, we cannot assure you that the management teams of Perficient and Compete will be able to satisfactorily work with one another.

FORMER COMPETE STOCKHOLDERS MAY BE ABLE TO SIGNIFICANTLY INFLUENCE US FOLLOWING THE MERGER.

The substantial ownership of our common stock by Compete's stockholders after the Merger (as defined in Part II, Item 4) provides them with the ability to exercise substantial influence in the election of directors and other matters submitted for approval by Perficient's stockholders. As a result of the Merger, the beneficial ownership of our common stock by the nine Compete stockholders and holders of options to purchase shares of Compete common stock that have vested ("Vested Option Holders"), including those who will become directors and/or executive officers of Perficient represents approximately 35.1% of the outstanding shares of Perficient. This concentration of ownership of our common stock may make it difficult for other Perficient stockholders to successfully approve or defeat matters which may be submitted for action by our stockholders. It may also have the effect of delaying, deterring or preventing a change in control of our Company without the vote of the Compete stockholders. In addition, sales of our common stock by the Compete stockholders to a third party may result in a change of control of our Company.

WE MAY LOSE RIGHTS UNDER CONTRACT WITH CUSTOMERS AND OTHER THIRD PARTIES AS A RESULT OF THE MERGER.

Perficient and Compete each have contracts with suppliers, customers, licensors, licensees and other business partners. Many of these contracts are for a short term or can be terminated following a short notice period. A loss of any of these contracts would reduce our revenues and may, in the case of some contracts, affect rights that are important to the operation of our business.

WE WILL FACE ADVERSE ACCOUNTING CONSEQUENCES BECAUSE OF THE MERGER.

The Merger is being accounted for under the purchase method of accounting. Compete's assets are recognized at their fair value and any excess of the purchase price over such fair value, other than amounts charged to in-process research and development costs, if any, are recognized as goodwill on our balance sheet. The goodwill will be amortized as an expense over its anticipated useful life. Since the amount of goodwill is substantial, the application of purchase accounting treatment could materially adversely affect the combined company's financial results throughout the amortization period.

Item 3. Qualitative and Quantitative Disclosures about Market Risk

At June 30, 2000, all of our cash, cash equivalents and investment portfolio carried maturities of less than one year. We have the ability to hold the portfolio to maturity, if deemed necessary. The effect of changes in interest rates of plus or minus 10% over a six-month horizon would not have a material effect on the fair market value of the portfolio.

The majority of our operations are based in the U.S. and, accordingly, the majority of our transactions are denominated in U.S. Dollars. However, we do have foreign-based operations where transactions are denominated in foreign currencies and are subject to market risk with respect to fluctuations in the relative value of currencies. Currently, we have operations in England and conduct transactions in the local currency of that location. The impact of fluctuations in the relative value of other currencies was not material for the six months ended June 30, 2000.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

We are currently not a party to any material legal proceedings. We received a demand letter from a company claiming that our Web Site induces patent infringement by others and requesting that we enter into a license agreement with the company that could require us to pay up to $150,000. We believe the claim is without merit and intend to vigorously defend such claim.

Item 2. Changes in Securities and Use of Proceeds.

The effective date of the registration statement for our initial public offering, filed on Form SB-2 under the Securities Act of 1933, as amended (File No. 333-78337), was July 28, 1999. The class of securities offered and sold pursuant to the registration statement was common stock. The offering commenced on July 29, 1999 and the proceeds therefrom were received August 3, 1999. The managing underwriter for the offering was Gilford

Securities Incorporated.

In the offering we sold 1,000,000 shares of our common stock for an aggregate offering price of $8.0 million. We incurred expenses of approximately $1.7 million, of which approximately $1.0 million represented underwriting discount and a nonaccountable expense allowance payable to the underwriter and approximately $.7 million represented other expenses related to the offering. The net offering proceeds to us after total expenses was approximately $6.3 million. During the six months ended June 30, 2000, we used the proceeds for recruiting, training and equipping information professionals, expanding our technology infrastructure, sales and marketing expenses, expanding our physical facilities, repayment of accounts payable, general corporate purposes, including working capital and in acquiring other businesses. A portion of the proceeds in the future may also be used for the acquisition of businesses that our complimentary to ours, including the payment of a portion of the notes relating to our recent merger with Compete. Pending such uses, we have invested the net proceeds of the offering in investment grade, interest-bearing securities. These shares were issued in reliance upon exemptions from registration under Section 4(2) of the Securities Act of 1933, as amended, as a transaction not involving a public offering.

On May 1, 2000, we consummated the acquisition by way of merger of Compete Inc., an Illinois corporation, with and into our wholly-owned subsidiary, Perficient Compete, Inc., a Delaware corporation. As part of the merger consideration we issued an aggregate of 1,001,933 shares of common stock, par value $.001 per share to the shareholders of Compete Inc. at closing. Additionally, we issued 1,001,933 shares of our common stock that are being held in escrow for disposition by the escrow agent in accordance with the Escrow Agreement dated as of May 1, 2000. We granted certain registration rights to the former shareholders of Compete to whom shares of Perficient common stock were issued. These shares were issued in reliance upon exemptions from registration under Section 4(2) of the Securities Act of 1933, as amended, as a transaction not involving a public offering.

Item 4. Submission of Matters to a Vote of Security Holders.

(a) The following matters were voted upon at a Special Meeting of Stockholders held on May 1, 2000, and received the votes set forth below:

1. A proposal to approve the issuance of up to 2,200,00 shares of our Common Stock in connection with the acquisition of Compete Inc. ("Compete") through a merger (the "Merger") of Compete with and into Perficient Compete, Inc., a subsidiary of our Company (the "Merger Sub"), under an Agreement and Plan of Merger by and among our Company, the Merger Sub, Compete and the Shareholders of Compete dated as of February 16, 2000 received 2,615,833 votes FOR and 2,000 votes AGAINST, with 400 abstentions.

2. A proposal to approve an amendment to the 1999 Stock Option/Stock Issuance Plan (the "Employee Plan") to increase the number of shares of our Common Stock underlying the Employee Plan to 1,850,000 shares received 2,505,077 votes FOR and 113,156 votes AGAINST, with no abstentions.

(b) The following matters were voted upon at the Annual Meeting of Stockholders held on June 29, 2000, and received the votes set forth below:

1. All of the following persons nominated were elected to serve as directors and received the number of votes set opposite their respective names:

	FOR	WITHHELD
John T. McDonald	3,176,968	0
Steven G. Papermaster	3,176,968	0
Sam J. Fatigato	3,176,968	0
David S. Lundeen	3,176,968	0
W. Frank King, Ph.D.	3,176,968	0
Philip J. Rosenbaum	3,176,968	0

2. A proposal to ratify the appointment of Ernst & Young LLP as the our independent auditors for the fiscal year ending December 31, 2000 received 3,176968 votes FOR and 0 votes AGAINST with 2,893,570 shares not voted.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.

Exhibit No.	Description
27	Financial Data Schedule

(b) Reports on Form 8-K.

- On May 16, 2000, we reported that on May 1, 2000, we consummated the acquisition by way of merger of Compete Inc., an Illinois corporation ("Compete"), with and into our wholly-owned subsidiary, Perficient Compete, Inc., a Delaware corporation. Perficient Compete, Inc. is the surviving corporation to the merger and continues its existence under that name. We acquired Compete for an aggregate purchase price of (i) 3,500,000 in cash, (ii) $2,527,500 in promissory notes to be repaid within six months following the closing, and (iii) approximately 2,200,000 shares of common stock, of which 1,100,000 shares are subject to adjustment or forfeiture and which will be held in escrow for disposition by the escrow agent in accordance with an escrow agreement executed at closing. Of the 2,200,000 shares of Perficient Common Stock constituting the consideration under the merger, 196,106 of such shares are subject to options to purchase shares of common stock. Options to purchase 46,669 of such shares are exercisable at $.02 per share, while the remaining options are exercisable at $3.36 per share.

- On June 23, 2000, we filed Amendment No. 1 to the Form 8-K dated May 1, 2000 filed with the Securities and Exchange Commission on May 16, 2000 relating to the acquisition by Perficient of Compete. This Amendment No. 1 contained the financial information referred to in Item 7 of the Form 8-K.

- On July 21, 2000, we filed Amendment No. 2 to the Form 8-K dated May 1, 2000 filed with the Securities and Exchange Commission on May 16, 2000 relating to the acquisition by Perficient of Compete. This Amendment No. 2 amended certain of the financial information referred to in Item 7 of the Form 8-K and previously reported in Amendment No. 1 to the Form 8-K dated May 1, 2000.

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, as amended, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PERFICIENT, INC.

Dated: August 11, 2000

/s/ John T. McDonald

John T. McDonald, Chief Executive Officer (Principal Executive Officer)

Dated: August 11, 2000

/s/ John A. Hinners

John A. Hinners, Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit Index

NO.	DESCRIPTION
27	Financial Data Schedule

3-MOS
DEC-31-2000
APR-01-2000
JUN-30-2000
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