

COMPUTER SOFTWARE INNOVATIONS INC
Form 424B3
September 24, 2008
PROSPECTUS SUPPLEMENT NO. 9

Filed Pursuant to Rule 424(b)(3)

To Prospectus dated May 9, 2008

Registration No. 333-129842

Computer Software Innovations, Inc.

14,435,472 SHARES OF COMMON STOCK

This Prospectus Supplement supplements the Prospectus dated May 9, 2008, as amended and supplemented, relating to the offer and sale by the selling stockholder identified in the Prospectus of up to 14,435,472 shares of common stock of Computer Software Innovations, Inc. (the Company).

This Prospectus Supplement includes the Company's Form 8-K dated September 24, 2008 filed with the Securities and Exchange Commission on September 24, 2008.

The information contained in the report included in this Prospectus Supplement is dated as of the period of such report. This Prospectus Supplement should be read in conjunction with the Prospectus dated May 9, 2008, as supplemented on June 4, 2008, July 2, 2008, July 16, 2008, July 17, 2008, August 5, 2008, August 25, 2008, September 17, 2008 and September 17, 2008, which Prospectus Supplements are to be delivered with this Prospectus Supplement. This Prospectus Supplement is qualified by reference to the Prospectus except to the extent that the information in this Prospectus Supplement updates and supersedes the information contained in the Prospectus dated May 9, 2008, including any supplements or amendments thereto.

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 date of this Prospectus Supplement No. 9 is September 24, 2008.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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) September 24, 2008

COMPUTER SOFTWARE INNOVATIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

000-51758
(Commission File Number)

98-0216911
(IRS Employer Identification No.)

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900 East Main Street, Suite T, Easley, South Carolina
(Address of principal executive offices)

(864) 855-3900

29640
(Zip Code)

(Registrant's telephone number, including area code)

(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 7.01. Regulation FD Disclosure.

Computer Software Innovations, Inc. (the Company) is furnishing as Exhibit 99.1 a PowerPoint presentation to be presented in various locations to interested persons. The presentation contains certain forward-looking financial information concerning the Company.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

The following exhibit is furnished as part of this report:

Exhibit Number	Description
Exhibit 99.1	PowerPoint Investor Presentation (September 2008)

Forward-Looking and Cautionary Statements

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Among other things, these statements relate to our financial condition, results of operations and future business plans, operations, opportunities and prospects. In addition, we and our representatives may from time to time make written or oral forward-looking statements, including statements contained in other filings with the Securities and Exchange Commission and in our reports to stockholders. These forward-looking statements are generally identified by the words or phrases may, could, should, expect, anticipate, plan, believe, seek, estimate, predict, project or words of similar import. These forward-looking statements are based upon our current knowledge, assumptions about future events and involve risks and uncertainties that could cause our actual results, performance or achievements to be materially different from any anticipated results, prospects, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are not guarantees of future performance. Many factors are beyond our ability to control or predict. You are accordingly cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date that we make them. We do not undertake to update any forward-looking statement that may be made from time to time by or on our behalf.

In our most recent Form 10-K, we have included risk factors and uncertainties that might cause differences between anticipated and actual future results. We have attempted to identify, in context, some of the factors that we currently believe may cause actual future experience and results to differ from our current expectations regarding the relevant matter or subject area. The operations and results of our software and systems integration businesses also may be subject to the effects of other risks and uncertainties, including, but not limited to:

a reduction in anticipated sales;

an inability to perform customer contracts at anticipated cost levels;

our ability to otherwise meet the operating goals established by our business plan;

market acceptance of our new software, technology and services offerings;

an economic downturn; and

changes in the competitive market place and/or customer requirements.

SIGNATURES

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

COMPUTER SOFTWARE INNOVATIONS, INC.

By: /s/ David B. Dechant
Name: David B. Dechant
Title: Chief Financial Officer

Date: September 24, 2008

Computer Software Innovations, Inc.
OTC BB: CSWI
Investor Presentation
September 2008
1
Exhibit 99.1

This
presentation
contains
forward-looking
statements

that
is,
statements
related
to
future,
not
past,
events.

In
this
context,
forward
looking
statements
often
address
our
expected
future
business
and
financial
performance,
and
often
contain
words
such
as
may,
could,
should,
expect,
believe,
seek,
estimate,
predict,

or
project.
Forward-looking
statements
by
their
nature
address
matters
that
are,
to
different
degrees,
uncertain.
For
us,
particular
uncertainties
arise
from
economic
health
of
the
software
and
technology
industry,
demand
for
CSI's
products
and
engineering
services,
competitive
pricing
pressures
and
the
availability
of
necessary
financing.
In
addition,
other
risks
are

more
fully
described
in
CSI's
2007
Form
10-K
and
other
filings
with
the
Securities
and
Exchange
Commission.
These
uncertainties
may
cause
our
actual
results
to
be
materially
different
from
those
expressed
in
our
forward-looking
statements.
We
do
not
undertake
to
update
our
forward-
looking
statements.
Safe Harbor
2

CSI, Inc. Overview

OTCBB:CSWI

Headquarters:

Easley, SC

225 Employees

4 offices

Provider of software and technology solutions to southeast education and government markets

Customer base: 600+ K-12 school districts, colleges/universities, city/county governments, non-profit organizations

Solutions

Proprietary SmartFusion®

software suite

Accounting, billing, payroll, workflow

Connected Classroom

Interactive white boards, video conferencing, Microsoft web portal

Network infrastructure & end-devices

Design, installation, hardware, computing, printing, imaging

Convergence applications

IP telephony, IP video

Network management

Disaster recovery, archiving, identity lifecycle, performance

3

Founded 1989
Released Financial
Management Software
1999
Released CSI
Accounting+Plus
for Windows
2007
Released SmartFusion
Microsoft.Net/SQL
1999
Added Technology Div.
Selling Computer &
Network Hardware
2001
Added
IP Telephony
2003
Added
IP Surveillance

2003

Added

Interactive

Whiteboards

2004

Added

Classroom Audio

2005

Added

Network Security

2006

Added Storage and

Disaster Recovery

2005

Created Publicly

Traded

Company: CSWI

2007

Acquired McAleer

Computer Associates/

Alabama

2008

Acquired ICS/

North Carolina

4

Company Timeline

2008

Acquired

Version3/

South Carolina

Recognition

2008, 2007, 2006, 2005, 2004 VAR Business 500

2004, 2003, 2002 Elliott Davis: SC Fastest Growing Companies

2005 VAR Business: Government 100

2004 VAR Business: 50 Fastest Growing Technology Companies

2004 VAR Business: Technology Innovator Award-Application Development

2003 CRN: Top 5 Rising Stars

2003 Ingram Micro: Nation's Fastest Growing K-12 Sector

5

6

(\$ in millions)

FY 2007 (12.31.07) Year/Year Growth

State of the Business

1

EBITDA is a non-GAAP financial measure. See reconciliation to GAAP measure provided in Financial section.

7

(\$ in millions)

Q2 2008 Year/Year Growth

State of the Business

1

EBITDA is a non-GAAP financial measure. See reconciliation to GAAP measure provided in Financial section.

Strong Gross Margins

Software 44.6%; Technology 20.2%

Recurring Revenue Stream (50% of Software Revenue)

Stable Public Sector Markets

Excellent collection history

Ongoing technology budgets

Accelerated Market Share Growth via Acquisitions

ICS (Greensboro, NC) April 2008

Gained 85 municipal customers, expanded NC territory

McAlear (Mobile, AL) in January 2007

Gained 180 K12 school districts; created footprint in new markets

State of the Business

8

Market Demand For Connected Classroom
Increase Customer Base In Existing Markets
Leverage Solution Portfolio:

Sell CSI Solutions To Customers Gained In Acquisitions

Cross-Sell Existing Customers
Continue Expanding Into New Geographies

Growth Drivers

9

Growth Drivers

School rooms with
Internet
access
1
1994: 3%
2005: 93%
Public schools providing

handheld computers **to**

students

or

teachers

1

2003: 10%

2005: 19%

K12

enrollment

in

South

region projected to

grow 17% through 2016

highest growth in the

country

1

U.S. has highest

growth rate

for interactive

white

boards

2

55% in 2007

Grow via demand for connected classroom

10

1

Source: Dept. of Education-

Nat 1 Center for Education Statistics

2

Source: Decision Tree Consulting 2008 Study

Growth Components

South Carolina
Classrooms ²: 16,712

Potential: \$69 -
\$94 million

Grow via demand for connected classroom

North Carolina

Classrooms ² : 78,042

Potential: \$320 -

\$437 million

11

New School

Spending

AL/NC/SC

1

\$2.6 billion

+23% y/y

vs. +8% total U.S.

Alabama

Classrooms ² : 24,414

Potential: \$100 -

\$137 million

1

Source: Dept. of Education-

Nat 1 Center for Education Statistics

\$489 -

\$668 million

potential in CSI

Promethean

states

2

2

Source: Dept. of Education-

Nat 1 Center

for Education Statistics.

Classrooms already equipped by CSI have
been excluded from the base used to project
remaining potential.

State Prospects

Grow via increasing customer base in existing markets

CSI

Core Markets

12

Opportunities in Core Markets

Matching CSI Target Profile

408

...county

governments

1

2,664

...city

governments

2

439

...library

systems

1

476

...colleges/universities

3

595

...K12

school

districts

3

8,295

...K12

schools

3

Core Market Opportunity

Sources:

1

Dept. of Census

2

Nat'l League of Cities

3

Dept. of Education-

Nat'l Center for Education Statistics

Grow via leveraging solution portfolio
Sell CSI Solutions to

Acquired Customers
180 K12 school districts
85 city governments
Cross-Sell Existing
Customers
Network
Infrastructure &
End-Devices
SmartFusion®
Proprietary
Software Suite
Connected
Classroom
Network
Management
Convergence
Applications
13
CSI Solutions

Grow via continued expansion into new geographies

CSI

Core Markets

Total

U.S.

3,100

County

Governments

1

36,000

City

Governments

2

14,000

School

Districts

3

Total

U.S.

14

1

Source: Dept of Census

2

Source: National League of Cities

3

Source: Dept. of Education-

National Center for Education Statistics

Nationwide Prospects

Successful Beachhead
Strategy
2007 McAleer Acquisition
1.
Acquisition creates
beachhead
Immediate revenue &
positive cash flow

2.

Sell CSI solutions to
acquired accounts

3.

Use CSI solutions to
attract new customers

4.

Expand sales force into
contiguous territories

Grow via continued expansion into new geographies

15

Expansion Strategy

Summary of Capitalization as of 9.1.08

Common

Shares

Outstanding

1

7.1 M

F/D Shares Outstanding

12.3 M

Full Potential Diluted

20.5 M

Warrant Conversion Yields

\$ 8.7 M

52 Wk Trading Range

\$ 0.85 -

\$1.70

Current Share Price

\$ 0.95

Current Market Cap

\$ 5.9 M

Management/Board Ownership

2.2 Million Shares= 31% of Common
outstanding; 16% outstanding shares

(common & preferred)

Select Financials

16

Key Statistics YTD thru 6.30.08

Fiscal Year Ends

Dec 31

EPS (Fully Diluted)

\$ 0.12

Revenue FY 2007

\$ 55.2 M

Total Assets

\$ 24.5 M

Revenue

TTM

2

\$ 56.1 M

Total Debt

EBITDA

3

FY

2007

\$ 4.8 M

With Sub-Debt

\$ 6.4 M

EBITDA

3

TTM

2

\$ 5.2 M

Without Sub-Debt

\$ 4.4 M

3

EBITDA is a non-GAAP financial measure. See reconciliation to GAAP measure provided in Financial section.

2

TTM: Trailing Twelve Months is a sum of the past 12 month timeframe.

1

Common shares outstanding includes 0.8 M shares held in trust related to Version3 acquisition.

Select Financials

(\$ in millions)

1

EBITDA is a non-GAAP financial measure. See reconciliation to GAAP measure provided in Financial section.

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Income Statement 3-Year Trend

Select Financials

(\$ in millions)

18

Balance Sheet 3-Year Trend

1

Includes deferred revenue, such as revenue from recurring support agreements.

EBITDA
Non-GAAP Financial Measure: Explanation and Reconciliation of EBITDA
EBITDA
is
a
non-GAAP
financial
measure
used
by

management,
lenders
and
certain
investors
as
a
supplemental
measure
in
the
evaluation
of
some
aspects
of
a
corporation's
financial
position
and
core
operating
performance.
Investors
sometimes
use
EBITDA
as
it
allows
for
some
level
of
comparability
of
profitability
trends
between
those
businesses
differing
as
to
capital
structure
and
capital
intensity

by removing the impacts of depreciation and amortization. EBITDA does not include changes in major working capital items such as receivables, inventory and payables, which can also indicate a significant need for, or source of, cash. Since decisions regarding capital investment and financing and changes in working capital components can

have
a
significant
impact
on
cash
flow,
EBITDA
is
not
a
good
indicator
of
a
business's
cash
flows.
We
use
EBITDA
for
evaluating
the
relative
underlying
performance
of
the
Company's
core
operations
and
for
planning
purposes,
including
a
review
of
this
indicator
and
discussion
of
potential
targets
in
the
preparation

of
annual
operating
budgets.
We
calculate
EBITDA
by
adjusting
net
income
or
loss
to
exclude
net
interest
expense,
income
tax
expense
or
benefit
and
depreciation
and
amortization,
thus
the
term
"Earnings
Before
Interest,
Taxes,
Depreciation
and
Amortization"
and
the
acronym
"EBITDA."
EBITDA
is
presented
as
additional
information
because
management
believes

it
to
be
a
useful
supplemental
analytic
measure
of
financial
performance
of
our
core
business,
and
as
it
is
frequently
requested
by
sophisticated
investors.
However,
management
recognizes
it
is
no
substitute
for
GAAP
measures
and
should
not
be
relied
upon
as
an
indicator
of
financial
performance
separate
from
GAAP
measures

(as discussed further below). When evaluating EBITDA, investors should consider, among other things, increasing and decreasing trends in the measure and how it compares to levels of debt and interest expense, ongoing investing activities, other financing activities and changes in working capital needs. Moreover, this measure should not be construed

as
an
alternative
to
net
income
(as
an
indicator
of
operating
performance)
or
cash
flows
(as
a
measure
of
liquidity)
as
determined
in
accordance
with
GAAP.
While
some
investors
use
EBITDA
to
compare
between
companies
with
different
investment
and
capital
structures,
all
companies
do
not
calculate
EBITDA
in
the
same

manner.

Accordingly,

the

EBITDA

presented

below

may

not

be

comparable

to

similarly

titled

measures

of

other

companies.

A

reconciliation

of

net

income

reported

under

GAAP

to

EBITDA

is

provided

in

the

following

slide.

19

Reconciliation of EBITDA
Amounts in Thousands \$
Three Months Ended
June 30
Year Ended
December 31
TTM
Ended
June 30
2008
2007
2007
2006
Reconciliation of Net income
(loss) per GAAP to EBITDA:

Net income (loss) per GAAP

\$ 1,012

\$ 903

\$ 1,741

\$ (880)

\$ 1,993

Adjustments:

Income tax expense

674

776

855

(98)

855

Interest expense, net

131

152

549

406

528

Depreciation and
amortization of fixed assets
and trademarks

180

129

525

338

609

Amortization of software
development costs

314

259

1,109

709

1,208

EBITDA

\$ 2,310

\$ 2,219

\$ 4,779

\$ 475

\$ 5,193

20

1

TTM: Trailing Twelve Months is a sum of the past 12 month timeframe.

1

Nancy K. Hedrick

CEO & President

27 yrs in IT

President of CSI since 1989

Thomas P. Clinton

Sr. VP of Strategic Partnerships

22 yrs in IT

VP at CSI since 1999

David Dechant, CPA

Chief Financial Officer

22 yrs in Finance

(including Conso Int'l Corp & Warner-Lambert)

CFO at CSI since 2005

Beverly N. Hawkins

Sr. VP of Software Development,
Implementation & Support

21 yrs in IT

VP of CSI since 1989

William J. Buchanan

Sr. VP of Delivery & Support

22 yrs in IT

VP at CSI since 1999

Senior Management Team

21

Advantages of business model

Strong gross margins

Recurring revenue stream

Focused on public sector markets with stable budgets

Positioned for continued growth

Market demand for connected classroom solutions

Customer base growth in existing markets

Leverage solution portfolio with newly acquired and existing customers

Continue expanding into new geographies

Investment Summary

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Company Contact

David Dechant, CFO

ddechant@csioutfitters.com

Telephone: 864.855.3900

Company Website: www.csioutfitters.com

Investor Contact

Alliance Advisors, LLC

Mark McPartland

markmcp@allianceadvisors.net

Telephone: 910.221.1827

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Contact Us