

ARI NETWORK SERVICES INC /WI
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PROSPECTUS SUPPLEMENT

(To Prospectus dated May 9, 2014)

1,530,435 shares

ARI Network Services, Inc.

\$3.00 per share

We are offering 1,530,435 shares of our common stock to be sold in this offering. Our common stock is listed on the NASDAQ Capital Market (“NASDAQ”) under the symbol “ARIS.” On May 6, 2015, the last reported sale price for our common stock was \$3.19 per share.

Investing in our common stock involves a high degree of risk. See “Risk Factors” beginning on page S-5 and in our Annual Report on Form 10-K for the year ended July 31, 2014 to read about factors you should consider before buying shares of our common stock.

	Per Share	Total
Public offering price	\$ 3.000	\$ 4,591,305
Underwriting discount(1)	\$ 0.195	\$ 298,435
Proceeds, before expenses, to ARI Network Services, Inc.	\$ 2.805	\$ 4,292,870

(1) In addition to the underwriting discount, we have agreed to pay up to \$50,000 of the fees and expenses of the underwriter in connection with this offering. See “Underwriting” for additional information regarding underwriting compensation.

We have granted the underwriter an option to purchase up to an additional 229,565 shares from us at the public offering price, less the underwriting discount, within 30 days from date of this prospectus supplement to cover over-allotments, if any.

As of May 4, 2015, the aggregate market value of our outstanding common equity held by non-affiliates was approximately \$28,486,432 based on 15,149,055 shares of outstanding common stock, of which 7,491,412 shares are held by affiliates, and a price of \$3.72 per share, which was the last reported sale price of our common stock on the NASDAQ Capital Market on March 16, 2015. As of the date of this prospectus supplement, we have not sold any securities pursuant to General Instruction I.B.6. of Form S-3 during the prior 12-calendar month period that ends on,

and includes, the date of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

Craig-Hallum Capital Group

The date of this prospectus supplement is May 7, 2015.

TABLE OF CONTENTS

Prospectus Supplement

	Page
ABOUT THIS PROSPECTUS SUPPLEMENT	ii
SUMMARY	S-1
RISK FACTORS	S-5
SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS	S-6
USE OF PROCEEDS	S-6
MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS	S-7
UNDERWRITING	S-10
LEGAL MATTERS	S-12
EXPERTS	S-12
WHERE YOU CAN FIND MORE INFORMATION	S-13
INFORMATION INCORPORATED BY REFERENCE	S-13

Prospectus

	Page
ABOUT THIS PROSPECTUS	1
ABOUT ARI NETWORK SERVICES, INC.	2
RISK FACTORS	4
NOTE REGARDING FORWARD-LOOKING STATEMENTS	9
USE OF PROCEEDS	9
DESCRIPTION OF SECURITIES	9
PLAN OF DISTRIBUTION	16
LEGAL MATTERS	19
EXPERTS	19
WHERE YOU CAN FIND ADDITIONAL INFORMATION	19
INCORPORATION BY REFERENCE	20

ABOUT THIS PROSPECTUS SUPPLEMENT

For convenience in this prospectus supplement, “ARI,” “we,” “us,” and “our” refer to ARI Network Services, Inc. and its subsidiaries, taken as a whole, unless otherwise noted.

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this common stock offering and certain other matters relating to us and our business. The second part, the accompanying prospectus, contains a description of our common stock and certain other information.

The information contained in this prospectus supplement may add, update or change information contained in the accompanying prospectus or in documents that we file or have filed with the Securities and Exchange Commission (“SEC”). To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or documents incorporated by reference that were filed before the date of this prospectus supplement, the information in this prospectus supplement supersedes such information.

In making your investment decision, you should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus filed by us with the SEC and any other offering material we or the underwriter provide. We have not, and the underwriter has not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. Neither we nor the underwriter are making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate only as of the date of this prospectus supplement or the accompanying prospectus, as the case may be, or in the case of the documents incorporated by reference, the date of such documents, regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or any sales of our common stock. Our business, financial condition, results of operations and prospects may have changed since those dates.

SUMMARY

This summary highlights information contained or incorporated by reference in this prospectus supplement. It does not contain all the information you should consider before investing in shares of our common stock. Before deciding to invest in shares of our common stock, you should carefully read this entire prospectus supplement, the accompanying prospectus and the documents incorporated herein and therein by reference, including the “Risk Factors” beginning on page S-5 of this prospectus supplement, our consolidated financial statements and the related notes, and other information that is incorporated by reference in this prospectus supplement.

Business Summary

Overview

ARI Network Services, Inc. offers an award-winning suite of data-driven software tools and marketing services to help dealers, equipment manufacturers and distributors in selected vertical markets Sell More Stuff!TM — online and in-store. Our innovative products are powered by a proprietary data repository of enriched original equipment and aftermarket electronic content spanning more than 17 million active part and accessory SKUs and 750,000 equipment models. Business is complicated, but we believe our customers’ technology tools don’t have to be. We remove the complexity of selling and servicing new and used vehicle inventory, parts, garments and accessories (“PG&A”) for customers in the automotive tire and wheel aftermarket (“ATW”), powersports, outdoor power equipment (“OPE”), marine, home medical equipment (“HME”), recreational vehicles (“RV”) and appliance industries. More than 23,500 equipment dealers, 195 distributors and 3,360 brands worldwide leverage our web and eCatalog platforms to Sell More Stuff!TM

Our Solutions

Our software-as-a-service (“SaaS”), data-as-a-service (“DaaS”) and other solutions include: (i) eCommerce-enabled websites, which provide a web presence for dealers and serve as a platform for driving leads and eCommerce sales; (ii) eCatalog content, which drives sales of inventory and PG&A both online and within the dealership; (iii) fully integrated business management software for the ATW market; (iv) lead management software designed to increase sales for dealers through more efficient management and improved closure of leads; and (v) digital marketing solutions designed to generate leads and drive traffic both on-line and in store for our dealer customers. Our solutions also improve our customers’ overall customer satisfaction through a highly efficient and accurate data lookup experience at the parts counter and a quicker response time to online inquiries, both of which serve to significantly improve a customer’s overall experience with the dealer.

Our SaaS, DaaS and other solutions are sold through our internal sales force and are composed primarily of monthly recurring subscriptions, recurring license and eCatalog subscriptions and, in the case of business management software, perpetual license and maintenance contracts. Customers typically sign annual, auto-renewing contracts. Today, approximately 90% of our revenues are recurring.

In addition to our award-winning SaaS and DaaS solutions, ARI offers a suite of complementary products and services designed to supplement our four primary offerings in order to help our customers Sell More Stuff!TM

Web Platform Solutions

Our eCommerce-enabled website solutions provide consumers with information about a dealership and its product lines through our extensive library of electronic catalog content and allow consumers to obtain information on whole goods and purchase PG&A via the dealers’ website 24 hours a day, 7 days a week. Our website solutions are tailored to each of the vertical markets we serve and are tightly integrated with our electronic library of inventory and PG&A content. We also offer a mobile solution that allows dealers’ websites to be fully functional on smart mobile phones.

Websites are sold through our inside sales teams, which are aligned by vertical market. The sales process will typically include a live demo of the site and may even include a free trial period (we refer to these as “test drives”). We may charge a nominal, one-time set-up fee to develop a new dealer website. Additional fees will

S-1

include monthly recurring subscription fees and, under certain circumstances, variable transaction fees. Our website solutions are typically sold under one year, renewable contracts with monthly payment terms. We currently host and maintain more than 7,000 websites for dealers in all of our vertical markets.

eCatalog Platform Solutions

Our eCatalog solutions, which encompass our PartSmart®, PartSmart Web™, PartStream™, and AccessorySmart™ products, leverage our industry-leading library of electronic whole goods and PG&A content to allow distributors and dealers to view and interact with this information to efficiently support the sales and service of equipment. We believe that our eCatalog solution is the fastest and most efficient in the market, as it allows multi-line dealers to quickly access data for any of the brands serviced from within the same software, allowing the dealer's parts and service operations to more quickly identify, locate and sell products and services to their customers. Our eCatalog solutions include:

PartSmart®, our CD-based electronic parts catalog, is used by dealers worldwide in the OPE, powersports, marine, appliance and agricultural equipment industries to increase productivity by significantly reducing parts lookup time. Our PartSmart® software is designed to allow multi-line dealers to look up parts and service information for all manufacturer product lines that the dealer carries, and integrates with more than 90 of the leading dealer business management systems.

PartSmart Web™, a SaaS solution, is used by distributors and manufacturers to provide their dealers with access to parts and pricing information via the Internet.

PartStream™, a SaaS solution, is a modular, consumer-focused illustrated parts lookup application that integrates with existing dealer and distributor websites and shopping carts and allows consumers to quickly identify the desired part, add the part to their electronic shopping cart and check out. It leverages ARI's parts content, delivering it to PartStream™ users on demand from ARI servers.

AccessorySmart™, a SaaS solution, is the only aftermarket PG&A lookup product of its kind, providing access to more than 500,000 SKUs from more than 1,400 powersports aftermarket manufacturers. AccessorySmart provides parts and service counter personnel a one-stop resource to look up products, cost and availability for all of the leading aftermarket PG&A distributors. AccessorySmart significantly decreases the time it takes to look up PG&A information and availability, allowing dealers to service and sell more stuff to customers on a given day. This product is powered by the fitment data we acquired with the assets of Ready2Ride, Inc. in August 2012.

Our eCatalog products are sold through our dedicated internal sales team, and fees charged include a recurring license fee, subscription fees for subscribed catalogs, and in some cases, page view fees.

Lead Management Solution

Our award-winning SaaS solution, Footsteps™, is designed to efficiently manage and nurture generated leads, increasing conversion rates and ultimately revenues for our customers. Footsteps™ connects equipment manufacturers with their dealer channel through lead consolidation and distribution, and allows the dealers to handle leads more efficiently and professionally through marketing automation and business management system integration. The product is used as a complete database of customers and prospects, and manages the dealer-to-customer relationship, from generating email campaigns and automated responses, to providing sales teams with a daily follow-up calendar and reminder notices.

Digital Marketing Solution

Our digital marketing solutions provide lead generation tools through search engine optimization, social media marketing and website enhancements, which serve to drive on-line sales and increase traffic at dealerships. Digital marketing services is a relatively new service offering by ARI and in the third quarter of fiscal 2014, we went to market with a more robust offering in the space as a result of our continued integration of the DUO Web Solutions acquisition.

S-2

Other Solutions

We also offer a suite of complementary solutions, which include software and website customization services and hosting services. Through the September 2014 acquisition of Tire Company Solutions, LLC (“TCS”), we acquired a fully integrated suite of business management software solutions for the ATW market. These solutions, TirePower for tire retailers, ePower for tire wholesalers and TreadTracks for tire retreaders, are designed to streamline every aspect of a dealer’s operations to allow them to provide improved customer service. These products are sold through our dedicated internal sales team, and fees charged include a perpetual one-time license or installation fee, maintenance and other fees.

Recent Developments

We are in the process of finalizing our results for the quarter ended April 30, 2015.

Based on currently available information, we estimate that, for the third quarter:

- Net revenue will be in the range of \$10.1 million to \$10.3 million, compared to \$8.2 million in the prior year’s third quarter; and
- Earnings per share (“EPS”) will be in the range of \$0.01 to \$0.02, compared to EPS of \$0.01 per common share in the prior year’s third quarter.

This unaudited preliminary financial information for the quarter ended April 30, 2015 is based upon our estimates and subject to completion of our financial closing procedures. Moreover, these data have been prepared solely on the basis of currently available information by, and are the responsibility of, management. This preliminary financial information is not a comprehensive statement of our financial results for this period, and our actual results may differ materially from these estimates due to the completion of our financial closing procedures, final adjustments, and other developments that may arise between now and the time the closing procedures for the quarter are completed. There can be no assurance that these estimates will be realized, and estimates are subject to risks and uncertainties, many of which are not within our control.

S-3

The Offering

Issuer	ARI Network Services, Inc.
Common stock offered by us	1,530,435 shares
Common stock to be outstanding immediately after this offering	16,679,490 shares
Over-allotment option	We have granted the underwriter an option exercisable for 30 days from the date of this prospectus supplement to purchase up to an additional 229,565 shares to cover over-allotments, if any.
Use of proceeds	We estimate that we will receive net proceeds of approximately \$4,042,370 from this offering, or approximately \$4,686,300 if the underwriter exercises its over-allotment in full, in each case after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds of this offering (1) to invest in or to acquire, from time to time, businesses that align with our core acquisition strategy, (2) to repay our outstanding line of credit balance of \$1,750,000 incurred in connection with our recent acquisition of the assets of TASCOCORPORATION, and (3) for general corporate purposes, which may include working capital and/or capital expenditures. See "Use of Proceeds."
Risk factors	An investment in our common stock involves a high degree of risk. You should read and consider the information set forth under the heading "Risk Factors" beginning on page S-5 and all other information included and incorporated by reference in this prospectus supplement and the accompanying prospectus before deciding to invest in our common stock.
NASDAQ symbol	"ARIS"

The number of shares of our common stock that will be outstanding after this offering is based upon 15,149,055 shares outstanding as of May 4, 2015. This number does not include, as of such date:

- 919,685 shares of common stock issuable upon the exercise of stock options outstanding, which options had a weighted average exercise price of \$1.89 per share;
- 264,730 shares of common stock that are reserved for future grants, awards or sale under our Amended and Restated 2010 Equity Incentive Plan;
- 311,126 shares of common stock reserved for issuance under our 2000 Employee Stock Purchase Plan;
- 15,000 shares of common stock issuable in September 2015 to RJ Longacre, Inc. in connection with our acquisition of substantially all of the assets of Ready2Ride, Inc.; or
- 214,000 shares issuable upon the exercise of our outstanding warrants, which have an exercise price of \$2.00 per share.

S-4

RISK FACTORS

Investing in our common stock involves a high degree of risk. In addition to the other information contained in this prospectus supplement, the accompanying prospectus and in documents that we incorporate by reference, you should carefully consider the risks discussed below before making a decision about investing in our common stock. The risks and uncertainties discussed below are not the only ones facing us. Additional risks and uncertainties not presently known to us, or that we currently see as immaterial, may also harm our business. If any of these risks occur, our business, financial condition and operating results could be harmed, the trading price of our common stock could decline and you could lose part or all of your investment.

Risks Related to Our Business

For a discussion of the risks related to our business, please see “RISK FACTORS” in the accompanying prospectus and in the documents incorporated by reference in this prospectus supplement.

Risks Related to this Offering and Ownership of Our Common Stock

Our common stock has had limited trading.

Trading in our common stock has historically been thin. Because of the thinness of the market for our stock, the price of our common stock may be subject to manipulation. This limited trading may adversely affect the liquidity of our common stock, not only in terms of the number of shares that can be bought and sold at a given price, but also through delays in the timing of transactions and reduction in security analysts’ and the media’s coverage of us. As a result, there could be a larger spread between the bid and the ask prices of our common stock and an investor may not be able to sell shares of our common stock when or at prices they desire.

Future acquisitions, financing arrangements or exercise of outstanding options and warrants may result in dilution to existing shareholders.

The timing, size and success of acquisition efforts and any capital commitments cannot be readily predicted. Future acquisitions or investments may be financed by issuing shares of common stock, cash, or a combination thereof. To the extent our common stock is used for all or a portion of the consideration to be paid for future acquisitions or investments, shareholders’ ownership will be diluted.

We currently do not intend to pay dividends on our common stock and, as a result, your only opportunity to achieve a return on your investment may be if the price of our common stock appreciates.

We have not paid cash dividends to date and have no current intention to pay cash dividends. Our ability to make cash distributions to our shareholders, including cash dividends, is also restricted under the terms of our credit facilities. Instead, we anticipate that all of our earnings in the foreseeable future will be used in the operation and growth of our business. Any determination to pay dividends in the future, if and to the extent then permitted under the terms of our credit facilities, will be at the discretion of our board of directors. Accordingly, your only opportunity to achieve a return on your investment in our company may be if the market price of our common stock appreciates and you sell your shares at a profit. We cannot assure you whether or to what extent the market price for our common stock in the future will exceed the price that you pay for our common stock in this offering.

Wisconsin law may impede or discourage a takeover, which could cause the market price of our shares to decline.

Certain provisions of our Amended and Restated Articles of Incorporation and our Bylaws and the Wisconsin Business Corporation Law may delay or make more difficult acquisitions or changes of control of our company not approved by our Board of Directors. These provisions also make it more difficult for third parties to replace our

management without the concurrence of our Board of Directors. These provisions could have the effect of discouraging third parties from making proposals that shareholders may otherwise consider to be in their best interests, including tender offers or attempts that might allow shareholders to receive premiums over the

S-5

market price of their common stock. Under certain circumstances, these factors could reduce the market price of our common stock. See “Description of Securities — Common Stock” in the accompanying prospectus.

If securities analysts do not publish research or reports about our business, or if they downgrade our stock, the price of our stock could decline.

The trading market for our common stock is likely to be influenced by any research and reports that securities or industry analysts publish about us or our business. In the event securities or industry analysts cover our company and one or more of these analysts downgrades our stock or publishes inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price and trading volume to decline. These risks could be especially significant for us since we have a relatively small public float and limited analyst coverage.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein contain forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Any statement that is not a statement of historical fact may be deemed a forward-looking statement. For example, statements containing the words “believes,” “anticipates,” “estimates,” “plans,” “expects,” “intends,” “may,” “projects,” “would” and similar expressions are intended to identify forward-looking statements. There can be no assurance that we will actually achieve the plans, intentions or expectations disclosed in our forward-looking statements. There are a number of important factors that could cause our actual results to differ materially from those indicated by these forward-looking statements, including the factors referred to above under the caption “Risk Factors.” These important factors include the factors that we identify in the documents we incorporate by reference in this prospectus supplement. You should read these factors and the other cautionary statements made in this prospectus supplement, the accompanying prospectus and the documents we incorporate by reference herein and therein as being applicable to all related forward-looking statements wherever they appear in this prospectus supplement, the accompanying prospectus and in the documents incorporated by reference herein and therein. We do not assume any obligation to update any forward-looking statements we make.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately \$4,042,370 from this offering, or \$4,686,300 if the underwriter exercises its over-allotment option in full, in each case after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

We intend to use the net proceeds of this offering:

- to invest in or to acquire, from time to time, businesses that align with our core acquisition strategy, although we have no current commitments or agreements with respect to any acquisitions as of the date of this prospectus supplement;
- to repay our outstanding line of credit balance of \$1,750,000 incurred in connection with our recent acquisition of the assets of TASCO Corporation under our revolving credit facility with Silicon Valley Bank, which bears interest at an effective rate of 3.75% as of the date of this prospectus supplement and has a maturity date of September 30, 2016; and
- for general corporate purposes, which may include working capital and/or capital expenditures.

S-6

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS

The following is a summary of the material U.S. federal income tax considerations relating to the purchase, ownership and disposition of our common stock by Non-U.S. Holders (defined below). This summary does not purport to be a complete analysis of all the potential tax considerations relevant to Non-U.S. Holders of our common stock. This summary is based upon the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”), the Treasury regulations promulgated or proposed thereunder and administrative and judicial interpretations thereof, all as of the date hereof and all of which are subject to change or differing interpretations at any time, possibly with retroactive effect.

This summary assumes that shares of our common stock are held as “capital assets” within the meaning of Section 1221 of the Internal Revenue Code, which generally means as property held for investment. This summary does not purport to deal with all aspects of U.S. federal income and estate taxation that might be relevant to particular Non-U.S. Holders in light of their particular investment circumstances or status, nor does it address specific tax considerations that may be relevant to particular persons (including, for example, financial institutions, broker-dealers, insurance companies, partnerships or other pass-through entities, certain U.S. expatriates, tax-exempt organizations, pension plans, “controlled foreign corporations,” “passive foreign investment companies,” corporations that accumulate earnings to avoid U.S. federal income tax, persons in special situations, such as those who have elected to mark securities to market or those who hold common stock as part of a straddle, hedge, conversion transaction, synthetic security or other integrated investment, or holders subject to the alternative minimum tax). In addition, except as explicitly addressed herein with respect to estate tax, this summary does not address estate and gift tax considerations or considerations under the tax laws of any state, local or non-U.S. jurisdiction.

For purposes of this summary, a “Non-U.S. Holder” means a beneficial owner of common stock that for U.S. federal income tax purposes is not treated as a partnership and is not:

- an individual who is a citizen or resident of the United States;
- a corporation or any other organization taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or of a political subdivision thereof;
- an estate, the income of which is included in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust, if (i) a U.S. court is able to exercise primary supervision over the trust’s administration and one or more U.S. persons have the authority to control all of the trust’s substantial decisions or (ii) the trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of persons treated as its partners for U.S. federal income tax purposes will generally depend upon the status of the partner and the activities of the partnership. Partnerships and other entities that are classified as partnerships for U.S. federal income tax purposes and persons holding our common stock through a partnership or other entity classified as a partnership for U.S. federal income tax purposes are urged to consult their own tax advisors regarding the U.S. federal income tax consequences of purchasing, holding and disposing of our common stock, as the case may be.