

ICAD INC
Form 8-K
January 05, 2018

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) January 4, 2018

iCAD, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

1-9341
(Commission
File Number)

02-0377419
(IRS Employer
Identification No.)

98 Spit Brook Road, Suite 100,

Nashua, New Hampshire
(Address of Principal Executive Offices)

03062
(Zip Code)

(603) 882-5200

(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))
Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.05 Costs Associated with Exit or Disposal Activities.

On January 4, 2018, iCAD, Inc. (the Company) adopted a plan (the Plan) to discontinue offering radiation therapy professional services to practices that provide the Company's electronic brachytherapy solution for the treatment of non-melanoma skin cancer under the subscription service model within its Cancer Therapy Segment. As result, the Company will no longer offer the subscription service model to customers. The Company estimates that less than 20% of the electronic brachytherapy skin cancer treatments delivered in 2017 were completed by subscription customers and that revenue associated with these customers totaled approximately \$2.0 million dollars in 2017. The Company will continue to offer its capital sales model for both skin cancer treatment and IORT, which provides a brachytherapy system and related source and service agreements. The discontinuance of the subscription service model is expected to reduce radiation therapy professional services delivery costs, decrease cash burn, and re-focus the Company on the higher margin capital product and service offerings.

As a result of the Plan, the Company expects to reduce headcount across the skin subscription business by approximately 21 employees or 18% of the workforce. In addition, the Company currently expects to incur a charge of approximately \$200,000 related to employee severance costs, which will be accrued as a pre-tax charge in the first quarter of 2018. The Company expects to substantially complete the implementation of the Plan, including payment of the accrued severance charges in cash, by February 28, 2018.

Forward-Looking Statements

Certain statements contained in this 8-K filing constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such factors include, but are not limited to the Company's ability to defend itself in litigation matters, to achieve business and strategic objectives, the risks of uncertainty of patent protection, the impact of supply and manufacturing constraints or difficulties, uncertainty of future sales levels, protection of patents and other proprietary rights, the impact of supply and manufacturing constraints or difficulties, product market acceptance, possible technological obsolescence of products, increased competition, litigation and/or government regulation, changes in Medicare or other reimbursement policies, risks relating to our existing and future debt obligations, competitive factors, the effects of a decline in the economy or markets served by the Company; and other risks detailed in the Company's filings with the Securities and Exchange Commission. The words believe, demonstrate, intend, expect, would, could, could be, project, estimate, will, continue, anticipate, likely, seek, and similar expressions identify forward-looking

Readers are cautioned not to place undue reliance on those forward-looking statements, which speak only as of the date the statement was made. For additional disclosure regarding these and other risks faced by iCAD, please see the disclosure contained in our public filings with the Securities and Exchange Commission, including the 10-K for the year ended December 31, 2016, available on the Investors section of our website at <http://www.icadmed.com> and on the SEC's website at <http://www.sec.gov>.

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 thereunto duly authorized.

iCAD, INC.

(Registrant)

By: /s/ Richard Christopher
Richard Christopher

Chief Financial Officer

Date: January 5, 2018