Dealertrack Technologies, Inc
Form 10-Q/A
November 12, 2014

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q/A

(Amendment No. 1)

þ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2014

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 000-51653

Dealertrack Technologies, Inc.

(Exact name of Registrant as specified in its charter)

Delaware *(State or other jurisdiction of incorporation or organization)*	**52-2336218** *(I.R.S. Employer Identification Number)*

1111 Marcus Ave., Suite M04

Lake Success, NY 11042

(Address of principal executive offices, including zip code)

(516) 734-3600

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ	Accelerated filer ¨	Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No þ

As of October 31, 2014, 54,037,883 shares of the registrant's common stock were outstanding.

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EXPLANATORY NOTE

Dealertrack Technologies, Inc. is filing this Quarterly Report on Form 10-Q/A (Amendment No. 1)(the “Form 10-Q/A”) solely to amend certain information included in the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2014 filed by the registrant on November 5, 2014 (the “Original Form 10-Q”).

The figures listed on page 28 of the Original Form 10-Q in the table under “Part I, Item 2. Management’s Discussion and Analysis and Results of Operations - Non-GAAP Financial Measures and Other Business Statistics” for “Subscribing dealers in U.S. and Canada as of end of the period” and “Average monthly subscription revenue per subscribing dealership” for the three months ended (unaudited) September 30, 2014 were listed as 24,004 and 1,377, respectively, when they should have been listed as 24,089 and 1,253, respectively. The figures for the nine months ended (unaudited) September 30, 2014 were listed as 24,004 and 1,190, respectively, when they should have been listed as 24,089 and 1,152, respectively.

On page 36 of the Original Form 10-Q, under “Results of Operations - Three Months Ended September 30, 2014 and 2013 - Revenues - Subscription Services Revenue” in the table for “Average monthly subscription revenue per subscribing dealership” the amount for the three months ended September 30, 2014 should be 1,253, the variance amount should be 495 and the variance percentage should be 65%.

Also on page 36 of the Original Form 10-Q, under “Results of Operations - Three Months Ended September 30, 2014 and 2013 - Revenues - Subscription Services Revenue” in the table for “Subscribing dealers in U.S. and Canada as of end of the period” the amount for the three months ended September 30, 2014 should be 24,089, the variance amount should be 5,834 and the variance percentage should be 32%.

The “average monthly subscription revenue per subscribing dealer” and the “number of subscribing dealers” in the first paragraph under the table which were reported as increasing 82% and 31%, respectively, should have been listed as increasing 65% and 32%, respectively.

On page 39 of the Original Form 10-Q, under “Results of Operations - Nine Months Ended September 30, 2014 and 2013 - Revenues - Subscription Services Revenue” in the table for “Average monthly subscription revenue per subscribing dealership” the amount for the nine months ended September 30, 2014 should be 1,152, the variance amount should be 401 and the variance percentage should be 53%.

Also on page 39 of the Original Form 10-Q, under “Results of Operations - Nine Months Ended September 30, 2014 and 2013 - Revenues - Subscription Services Revenue" in the table for "Subscribing dealers in U.S. and Canada as of end of the period" the amount for the nine months ended September 30, 2014 should be 24,089, the variance amount should be 5,834 and the variance percentage should be 32%.

The "average monthly subscription revenue per subscribing dealer" and the "number of subscribing dealers" in the first paragraph under the table which were reported as increasing 58% and 31%, respectively, should have been listed as increasing 53% and 32%, respectively.

All other information in the Original Form 10-Q remains unchanged and does not otherwise reflect events occurring after the filing of the Original 10-Q.

Part I, Item 2 of the Original Form 10-Q is hereby amended and restated as follows:

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements. Certain statements in this Quarterly Report on Form 10-Q are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Any statements that do not relate to historical or current facts or matters are forward-looking statements. These forward-looking statements can be identified by the use of words such as "anticipate," "believe," "plan," "estimate," "expect," "intend," "should," "may" and expressions, although not all forward-looking statements contain these identifying words. These statements involve a number of risks, uncertainties and other factors that could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Factors that could materially affect such forward-looking statements include:

- *economic trends that affect the automotive retail industry or the indirect automotive financing industry including the number of new and used cars sold;*
- *credit availability;*
- *reductions in automotive dealerships;*
- *increased competitive pressure from other industry participants, including AutoTrader, CDK Global (formerly ADP), Open Dealer Exchange, Reynolds and Reynolds, and RouteOne;*
- *the impact of some vendors of software products for automotive dealers making it more difficult for Dealertrack's customers to use Dealertrack's solutions and services;*
- *security breaches, interruptions, failures and/or other errors involving Dealertrack's systems or networks;*
- *the failure or inability to execute any element of Dealertrack's business strategy, including selling additional products and services to existing and new customers;*
- *Dealertrack's success in implementing an ERP system;*

- *the volatility of Dealertrack's stock price;*
- *new regulations or changes to existing regulations;*
- *the integration of recent acquisitions and the expected benefits, as well as the integration and expected benefits of any future acquisitions that Dealertrack may pursue;*
- *Dealertrack's success in expanding its customer base and product and service offerings, the impact of recent economic trends, and difficulties and increased costs associated with raising additional capital;*
- *the impairment of intangible assets, such as trademarks and goodwill;*
- *the possibility that the expected benefits of our acquisitions, including Dealer.com, may not materialize as expected;*
- *failure to successfully integrate the business, infrastructure and employees of acquisitions, including Dealer.com;*
- *and other risks listed in Dealertrack's reports filed with the SEC, including in the section entitled "Risk Factors" in Part I, Item 1A in our Annual Report on Form 10-K for the year ended December 31, 2013 filed with the SEC on February 21, 2014.*

Investors are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements made herein are only made as of the date hereof and we undertake no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances except as required by law.

Overview

Dealertrack's web-based software solutions and services enhance efficiency and profitability for all major segments of the automotive retail industry, including dealers, lenders, OEMs, third-party retailers, aftermarket providers, and other service providers. Dealertrack operates the largest online credit application networks in the United States and Canada. We believe we deliver the industry's most comprehensive solution set for automotive retailers, including:

- Digital Marketing solutions, which deliver websites, digital advertising products, and digital marketing offerings to assist dealers in achieving higher lead conversion rates by helping to optimize the number of shoppers to their websites;
- Dealer Management solutions, which provide independent and franchised dealers with a powerful dealer management system (DMS) featuring easy-to-use tools and real-time data access to enhance their efficiency;
- F&I solutions, which allow dealers to streamline the in-store and online sales processes as they structure deals from a single integrated platform;
- Inventory solutions, which deliver vehicle inventory management and transportation offerings to help dealers accelerate used-vehicle turn rates and assist with the facilitation of vehicle delivery;
- Registration & Titling solutions, which include online and cross-state vehicle registration services; and
- Collateral Management solutions, which include electronic lien and titling applications and service, title and collateral administration, as well as our digital contracting processing services.

Executive Summary

Below are selected highlights of our operations for the three months ended September 30, 2014:

- Revenue for the three months ended September 30, 2014 was $233.5 million, an increase of $108.9 million from the three months ended September 30, 2013.
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Net income for the three months ended September 30, 2014 was $2.1 million as compared to net income of $5.8 million for the three months ended September 30, 2013.

Below are selected highlights of our operations for the nine months ended September 30, 2014:

- Revenue for the nine months ended September 30, 2014 was $617.1 million, an increase of $261.7 million from the nine months ended September 30, 2013.

- Net loss for the nine months ended September 30, 2014 was $ (10.9) million as compared to net income of $9.6 million for the nine months ended September 30, 2013. Net loss for the nine months ended September 30, 2014 was adversely impacted by $7.5 million, net of tax, of charges relating to changes in expected use of certain assets as we integrate acquired solutions and was positively impacted by $6.8 million, net of tax, from the gain on sale of our investment in TrueCar.

- In February 2014, we signed agreements to sell all of our equity interest in TrueCar, Inc. We received proceeds of $92.5 million from the sale of the shares, which had a carrying value of $82.7 million. This resulted in a gain of $6.8 million, net of taxes. We used a portion of the after-tax proceeds from the sale as part of the purchase consideration for the acquisition of Dealer.com.

- On February 28, 2014 we entered into a credit agreement which provides credit facilities aggregating $800.0 million, including a $575.0 million term loan B credit facility and a $225.0 million revolving credit facility. The proceeds of the term loan B credit facility were used to pay the cash consideration for the acquisition of Dealer.com, to effectuate the payment in full of amounts due under our prior Credit Agreement dated as of April 20, 2011 (2011 Credit Agreement), to pay the fees and expenses related to the acquisition of Dealer.com and the refinancing of the 2011 Credit Agreement, and for the general corporate purposes. The proceeds of the revolving credit facility, under which no amounts have been borrowed, may be used for general corporate purposes of Dealertrack and its subsidiaries (including certain acquisitions, capital expenditures and investments).

- On March 1, 2014, we completed our acquisition of Dealer.com, a leading provider of comprehensive digital marketing solutions and services for the automotive retail industry. See Note 12 to the accompanying notes to the consolidated financial statements included in this Quarterly Report on Form 10-Q for further detail.

- On June 30, 2014, we made payments of $26.4 million to reduce the outstanding balance of our term loan B credit facility.

- On July 1, 2014, we completed our acquisition of substantially all of the assets of ASR Pro, LLC, a leading provider of web-based electronic multipoint-inspection and fixed operations services for automotive dealerships. See Note 12 to the accompanying notes to the consolidated financial statements included in this Quarterly Report on Form 10-Q for further detail.

Non-GAAP Financial Measures and Other Business Statistics

We monitor our business performance using a number of measures that are not found in our consolidated financial statements. These measures include the number of active dealers and lenders, active lender to dealership relationships in the Dealertrack network, the number of transactions processed, average transaction price, transaction revenue per car sold, the number of subscribing dealers in the Dealertrack network, and the average monthly subscription revenue per subscribing dealership. We believe that improvements in these metrics will result in improvements in our financial performance over time.

The following table consists of our non-GAAP financial measures and certain other business statistics that management continually monitors (amounts in thousands are GAAP net loss, adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA), adjusted net income, capital expenditure data and transactions processed):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
GAAP net income (loss)	$ 2,108	$ 5,795	$ (10,909)	$ 9,600
Non-GAAP Financial Measures and Other Business Statistics:				
Adjusted EBITDA (non-GAAP) (1)	$ 57,267	$ 32,589	$ 137,903	$ 89,653
Adjusted net income (non-GAAP) (1)	$ 25,316	$ 17,646	$ 59,230	$ 46,708
Capital expenditures, software and website development costs	$ 21,670	$ 11,070	$ 69,066	$ 40,372
Active dealers in our U.S. network as of end of the period (2)	20,334	20,238	20,334	20,238
Active lenders in our U.S. network as of end of the period (3)	1,511	1,378	1,511	1,378
Active lender to dealer relationships as of end of the period (4)	204,338	191,548	204,338	191,548
Transactions processed (5)	31,391	27,172	90,620	77,454
Average transaction price (6)	$ 2.82	$ 2.74	$ 2.82	$ 2.71
Transaction revenue per car sold (7)	$ 8.86	$ 7.70	$ 9.40	$ 7.92
Subscribing dealers in U.S. and Canada as of end of the period (8)	24,089	18,255	24,089	18,255
Average monthly subscription revenue per subscribing dealership (9)	$ 1,253	$ 758	$ 1,152	$ 751
Active dealerships on advertising platform as of end of the period (10)	8,143	*	8,143	*
	$ 2,041	$ *	$ 1,905	$ *

Average monthly advertising spend per dealer rooftop (11)

* Historical amounts not applicable

(1) Adjusted EBITDA is a non-GAAP financial measure that represents GAAP net income (loss) excluding interest, taxes, depreciation and amortization expenses, stock-based compensation, contra-revenue and certain items, as applicable, such as: impairment charges, restructuring charges, impact of acquisition-related activity (including contingent consideration changes, compensation expense, basis difference amortization, and professional service fees), realized gains on sales of previously impaired securities, gains or losses on sales or disposals of subsidiaries and other assets, rebranding expenses and certain other items that we do not believe are indicative of our ongoing operating results.

Adjusted net income is a non-GAAP financial measure that represents GAAP net income (loss) excluding stock-based compensation expense, the amortization of acquired identifiable intangibles, contra-revenue, and certain items, as applicable, such as: impairment charges, restructuring charges, impact of acquisition-related activity (including contingent consideration changes, compensation expense, basis difference amortization, and professional service fees), realized gains on sales of previously impaired securities, gains or losses on sales or disposals of subsidiaries and other assets, adjustments to deferred tax asset valuation allowances, non-cash interest expense, rebranding expenses and certain other items that we do not believe are indicative of our ongoing operating results. These adjustments to net income (loss), which are shown before taxes, are adjusted for their tax impact at their applicable statutory rates.

Adjusted EBITDA and adjusted net income are presented because management believes that they provide additional information with respect to the performance of our fundamental business activities and are also frequently used by securities analysts, investors and other interested parties in the evaluation of comparable companies. We rely on adjusted EBITDA and adjusted net income as primary measures to review and assess the operating performance of our company and management team in connection with our executive compensation plan incentive payments.

Adjusted EBITDA and adjusted net income have limitations as analytical tools and you should not consider them in isolation from, or as a substitute for, analysis of our results as reported under GAAP. Some of these limitations are:

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- Adjusted EBITDA and adjusted net income do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;

- Adjusted EBITDA and adjusted net income do not reflect changes in, or cash requirements for, our working capital needs;

- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and adjusted EBITDA and adjusted net income do not reflect any cash requirements for such replacements;

- Non-cash compensation is and will remain a key element of our overall long-term incentive compensation package, although we exclude it from adjusted net income and adjusted EBITDA when evaluating our ongoing performance for a particular period;

- Adjusted EBITDA and adjusted net income do not reflect the impact of certain charges or gains resulting from matters we consider not to be indicative of our ongoing operations; and

- Other companies may calculate adjusted EBITDA and adjusted net income differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, adjusted EBITDA and adjusted net income should not be considered as measures of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using adjusted EBITDA and adjusted net income only as supplements to our GAAP results. Adjusted EBITDA and adjusted net income are measures of our performance that are not required by, or presented in accordance with, GAAP. Adjusted EBITDA and adjusted net income are not measurements of our financial performance under GAAP and should not be considered as alternatives to net income (loss), operating income or any other performance measures derived in accordance with GAAP or as alternatives to cash flow from operating activities as a measure of our liquidity.

The following table sets forth the reconciliation of adjusted EBITDA, a non-GAAP financial measure, from net income (loss), our most directly comparable financial measure, in accordance with GAAP (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
GAAP net income (loss)	$ 2,108	$ 5,795	$ (10,909)	$ 9,600
Interest income	(128)	(171)	(328)	(412)
Interest expense – cash	5,993	852	14,930	2,895

Interest expense – non-cash (12)	3,100	2,377	9,910	7,043
Provision for (benefit from) income taxes, net	264	22	(7,168)	755
Depreciation of property and equipment and amortization of capitalized software and website costs	13,468	8,331	36,004	22,077
Amortization of acquired identifiable intangibles	20,828	7,761	62,464	22,836
EBITDA (non-GAAP)	45,633	24,967	104,903	64,794
Adjustments:				
Stock-based compensation	4,333	3,603	12,749	10,729
Contra-revenue (13)	1,375	1,069	3,907	3,804
Acquisition-related and other professional fees	315	1,365	8,189	2,421
Acquisition-related contingent consideration changes and compensation expense, net (14)	1,654	57	3,597	686
Integration and other related costs (15)	3,410	1,023	12,744	3,389
Gain on sale of investment	—	—	(9,828)	—
Amortization of equity method investment basis difference (16)	547	706	1,642	2,118
Rebranding expense	—	155	—	2,068
Realized gain on sale of previously impaired securities (non-taxable)	—	(356)	—	(356)
Adjusted EBITDA (non-GAAP)	$ 57,267	$ 32,589	$ 137,903	$ 89,653

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The following table sets forth the reconciliation of adjusted net income, a non-GAAP financial measure, from net income (loss), our most directly comparable financial measure in accordance with GAAP (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
GAAP net income (loss)	$ 2,108	$ 5,795	$ (10,909)	$ 9,600
Adjustments:				
Interest expense – non-cash (not tax-impacted) (12)	3,100	2,377	9,910	7,043
Amortization of acquired identifiable intangibles	20,828	7,761	62,464	22,836
Stock-based compensation	4,333	3,603	12,749	10,729
Contra-revenue (13)	1,375	1,069	3,907	3,804
Gain on sale of investment	—	—	(9,828)	—
Acquisition-related and other professional fees	315	1,365	8,189	2,421
Acquisition-related contingent consideration changes and compensation expense, net (14)	1,654	57	3,597	686
Integration and other related costs (15)	3,593	1,023	13,616	3,632
Rebranding expense	—	155	—	2,068
Amortization of equity method investment basis difference (16)	547	706	1,642	2,118
Realized gain on sale of previously impaired securities (non-taxable)	—	(356)	—	(356)
Amended state tax returns impact (non-taxable)	—	(75)	—	(19)
Tax impact of adjustments (17)	(12,537)	(5,834)	(36,107)	(17,854)
Adjusted net income (non-GAAP)	$ 25,316	$ 17,646	$ 59,230	$ 46,708

(2) We consider a dealer to be active in our U.S. network as of a date if the dealer completed at least one revenue-generating credit application processing transaction using the U.S. Dealertrack network during the most recently ended calendar month. The number of active U.S. dealers is based on the number of dealer accounts as communicated by lenders on the U.S. Dealertrack network.

(3) We consider a lender to be active in our U.S. network as of a date if it is accepting credit application data electronically from U.S. dealers in the U.S. Dealertrack network.

(4) Each lender to dealer relationship represents a pair between an active U.S. lender and an active U.S. dealer at the end of a given period.

(5) Represents revenue-generating transactions processed in the U.S. Dealertrack, Dealertrack Aftermarket Services, Registration and Titling Solutions, Collateral Management Solutions and Dealertrack Canada networks at the end of a given period.

(6) Represents the average revenue earned per transaction processed in the U.S. Dealertrack, Dealertrack Aftermarket Services, Registration and Titling Solutions, Collateral Management Solutions and Dealertrack Canada networks during a given period. Revenue used in the calculation adds back (excludes) transaction related contra-revenue.

(7) Represents transaction services revenue divided by our estimate of total new and used car sales for the period in the U.S. and Canada. Revenue used in this calculation adds back (excludes) transaction related contra-revenue.

(8) Represents the number of dealerships in the U.S. and Canada with one or more active subscriptions at the end of a given period. Subscriptions to Dealertrack CentralDispatch have been excluded as their customers include brokers and carriers in addition to dealers.

(9) Represents dealer-based subscription services revenue divided by average subscribing dealers for a given period in the U.S. and Canada. Revenue used in the calculation adds back (excludes) subscription related contra-revenue. In addition, subscribing dealers and subscription services revenue from Dealertrack CentralDispatch have been excluded from the calculation as a majority of these customers are not dealers.

(10) We consider a dealership to be active on our advertising platforms as of a date if it incurred advertising spend in that month. The number of advertisers at the end of the period may be impacted by the timing of manufacturer endorsed campaigns on behalf of their dealership base, for which there were approximately 900 that were part of a short term campaign at September 30, 2014.

(11) Represents advertising services revenue divided by average active dealerships on our advertising platforms for a given period commencing with the Dealer.com acquisition on March 1, 2014.

(12) Represents interest expense relating to the amortization of deferred financing costs and debt discount in connection with the senior convertible notes, term loan B credit facility, and revolving credit facility.

(13) For further information, please refer to Note 17 and Note 18 in the notes to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2013.

(14) Represents the change in the acquisition-related contingent consideration from acquisitions and other additional acquisition-related compensation charges.

(15) The adjustment for adjusted net income exceeds the adjustment for adjusted EBITDA as a result of accelerated amortization charges relating to internally developed software, which are included in the depreciation adjustment within the adjusted EBITDA reconciliation, as well as integration items with an interest component, which are included in the interest adjustment within the adjusted EBITDA reconciliation.

(16) Represents amortization of the basis difference between the book basis of the Chrome assets contributed to the Chrome Data Solutions joint venture and the fair value of the investment in Chrome Data Solutions.

(17) The tax impact of adjustments for the three and nine months ended September 30, 2014 are based on a blended tax rate of 38.5% applied to taxable adjustments other than gain on sale of investment which is based on an effective tax rate of 31.0%. Additionally, the tax impact of adjustments for the nine months ended September 30, 2014 includes $1.8 million of incremental deferred taxes related to the acquisition of Dealer.com. The blended tax rates are based upon the statutory tax rates of 38.7% and 26.5% applied to the adjustments for U.S. and Canada, respectively.

The tax impact of adjustments for the three and nine months ended September 30, 2013 are based on a U.S. statutory tax rate of 37.2% applied to taxable adjustments other than amortization of acquired identifiable intangibles and stock-based compensation expense, which are based on a blended tax rate of 37.1% and 36.8%, respectively, for the three and nine months ended September 30, 2013.

Revenue

Transaction Services Revenue. Transaction services revenue consists of revenue earned from our lender customers for each credit application or contract that dealers submit to them. In addition, we earn transaction services revenue from lender customers for each financing contract executed via our electronic contracting and digital contract processing solutions, as well as from lender customers for collateral management transactions.

We also earn transaction services revenue from dealers or other service and information providers, such as aftermarket providers and credit report providers, for each fee-bearing product accessed by dealers. This includes transaction services revenue for completion of on-line registrations with department of motor vehicles, completion of inventory appraisals, and accessing of credit reports.

Subscription Services Revenue. Subscription services revenue consists of revenue earned from primarily our dealers and other customers (typically on a monthly basis) for use of our subscription products and services. Our subscription services enable dealer customers to manage their dealership data and operations, compare various financing and leasing options and programs, manage the allocation of advertising spend, sell insurance and other aftermarket products, analyze, merchandise, advertise, and transport their inventory and execute financing contracts electronically.

Advertising and Other Revenue. Advertising revenue consists of amounts we charge customers for third-party fees related to online display advertisements and paid search campaigns in connection with our advertising products. We recognize the gross amount of such advertising spend as advertising revenue. Amounts we charge to manage the allocation of advertising spend are included in subscription services revenue.

Other revenue consists of revenue primarily earned through forms programming, data conversion, hardware and equipment sales from our Dealer Management solutions, and shipping fees and commissions earned from our digital contract business. Training fees are also included in other revenue.

Operating Expenses

Cost of Revenue. Cost of revenue primarily consists of expenses related to running our network infrastructure (including Internet connectivity, hosting expenses, and data storage), expenses incurred in implementing and maintaining website service operations, third-party advertising costs associated with certain of our search and media product offerings, data and image licensing fees, and the cost of third party tools and services integrated into our various product platforms. Compensation and related benefits, technology consulting fees and other operating expenses for certain network and technology departments, DMS installation/training teams, CRM and digital marketing implementation teams, strategic inventory consulting and digital marketing professional service and dealer support teams and the production teams of our digital contract, registration and titling and collateral management solutions are also included. In addition, cost of revenue includes amortization expense on acquired intangible assets and capitalized software and website development costs, amounts paid to third parties pursuant to contracts under which (i) a portion of certain revenue is owed to those third parties (revenue share) or (ii) fees are due on the number of transactions processed, hardware and travel costs associated with our DMS product offering and installation/training personnel, and temporary labor expenses associated with personnel who process transactions for our digital contract, collateral management, and registration and titling solutions.

Research and Development Expenses. Research and development expenses consist primarily of compensation and related benefits, technology consulting fees and other operating expenses associated with our software engineering, project management, quality assurance and product development departments. These departments perform research and development of new product offerings, in addition to enhancing and maintaining existing products.

Selling, General and Administrative Expenses. Selling, general and administrative expenses consist primarily of compensation and related benefits, consulting fees and other operating expenses associated with departments performing sales, marketing, customer service and administrative functions. Also included are facility costs, professional fees, amortization related to internal applications, public company costs and any other cost not deemed to be related to cost of revenue or research and development.

We allocate overhead such as occupancy and telecommunications charges, and depreciation expense, based on headcount, as we believe this to be the most accurate measure. As a result, a portion of general overhead expenses are reflected in each operating expense category.

In previous periods, certain development, engineering and quality assurance costs related to our research and development efforts were recorded within cost of revenue on our consolidated statement of operations. In conjunction with the acquisition of Dealer.com, the categories of operating expenses were reviewed and it was determined that presentation of these costs within their own caption, research and development, within operating expenses was more useful to readers of our financial statements. Product development expenses, previously presented on their own line within operating expenses, are now included as research and development expenses. In addition, certain technology and development costs relating to our internal ERP and CRM applications, which were also previously recorded in cost of revenue, are now being presented in selling, general and administrative expenses. For further information, please refer to Note 1 and 19 in the accompanying notes to the consolidated financial statements included in this Quarterly Report on Form 10-Q.

Acquisitions

On March 1, 2014, we completed the acquisition of the outstanding equity of Dealer.com for $620.8 million in cash and 8.7 million shares of our common stock for a total cost of $1,092 million. Dealer.com is a leading provider of comprehensive digital marketing solutions and services for the automotive retail industry. We expect the acquisition to further our vision of transforming automotive retailing by delivering the most advanced solutions for dealers, OEMs, lenders and car shoppers.

On July 1, 2014, we completed the acquisition of substantially all of the assets of ASR Pro for $11.7 million in cash, 48 thousand shares of our common stock with a value of $2.2 million. There is a potential contingent consideration obligation for up to $3.0 million, subject to attaining future revenue results of the product. ASR Pro is a leading provider of web-based electronic multipoint-inspection and fixed operations services for automotive dealerships.

For further information on these acquisitions, see Note 12 in the accompanying notes to the consolidated financial statements included in this Quarterly Report on Form 10-Q.

Fair Value Measurements

We have segregated all financial assets that are measured at fair value on a recurring basis into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date.

In connection with our July 1, 2014 acquisition of substantially all of the assets of ASR Pro, a portion of the purchase price included contingent consideration of $3.0 million that will be payable in 2017 based upon the achievement of revenue results in 2015 and 2016. The fair value of the contingent consideration was determined based upon probability-weighted revenue forecasts for the underlying period. The contingent consideration will be revalued each reporting period, until settled, with the resulting gains and losses recorded in the consolidated statements of operations. We recorded expense of $1.0 million for the three months ended September 30, 2014 as a result of the increase in the estimated settlement of the contingent consideration from the estimated amount of $1.0 million as of the July 1, 2014 acquisition date.

In connection with our October 1, 2012 acquisition of ClickMotive, LLC, a portion of the purchase price included contingent consideration that was payable in 2014 based upon the achievement of certain performance targets in 2013. The fair value of the contingent consideration was primarily determined based upon probability-weighted revenue forecasts for the underlying period. The contingent consideration was revalued each reporting period, until settled, with the resulting gains and losses recorded in the consolidated statements of operations. For further information, see Note 4 in the accompanying notes to the consolidated financial statements included in this Quarterly Report on Form 10-Q.

A reconciliation of the beginning and ending balances of the contingent consideration, a Level 3 liability, is as follows (in thousands):

Balance as of December 31, 2013	$(500)
Change in fair value of contingent consideration - ClickMotive	250
Payment of contingent consideration - ClickMotive	250
Record fair value of contingent consideration in purchase accounting - ASR Pro	(1,050)
Change in fair value of contingent consideration - ASR Pro	(950)
Balance as of September 30, 2014	$(2,000)

Critical Accounting Policies and Estimates

Our management's discussion and analysis of our financial condition and results of our operations is based on our consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles (GAAP). The preparation of these consolidated financial statements requires management to make estimates and judgments that affect the amounts reported for assets, liabilities, revenue, expenses and the disclosure of contingent liabilities.

Our critical accounting policies are those that we believe are both important to the portrayal of our financial condition and results of operations and that involve difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. The estimates are based on historical experience and on various assumptions about the ultimate outcome of future events. Our actual results may differ from these estimates if unforeseen events occur or should the assumptions used in the estimation process differ from actual results. We believe there have been no material changes to the critical accounting policies discussed in the section entitled "Management Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2013, except as set forth below.

Revenue Recognition

Subscription Services Revenue

Subscription services revenue consists of revenue earned from primarily our dealers and other customers (typically on a monthly basis) for use of our subscription products and services. Our subscription services enable dealer customers to manage their dealership data and operations, compare various financing and leasing options and programs, manage the allocation of advertising spend, sell insurance and other aftermarket products, analyze, merchandise, advertise, and transport their inventory and execute financing contracts electronically. Revenue is recognized from such contracts ratably over the contract period. Set-up fees, if applicable, are recognized ratably over the expected dealer customer relationship period, which is generally 36 to 60 months. For contracts that contain two or more subscription products and services, we recognize revenue in accordance with the above policy using relative selling price when the delivered products have stand-alone value.

Advertising and Other Revenue

Advertising revenue consists of amounts we charge customers for third-party fees related to online display advertisements and paid search campaigns in connection with our advertising solutions. We recognize revenue as clicks are recorded on sponsored links on the various search engines for paid search or as impressions are delivered for display advertisements. As we are the primary obligor in a majority of our arrangements, subject to the credit risk and with discretion over price, we recognize the gross amount of such advertising spend as advertising revenue and the cost of such advertising from online search providers as cost of revenue. In instances in which we are not the primary obligor, our customers' advertising spend and amounts paid to the online search providers do not impact our consolidated results of operations. In both instances, we record as subscription services revenue the amounts we charge to manage the allocation of advertising spend through our web-based software tools.

Other revenue consists of revenue primarily earned through forms programming, data conversion, hardware and equipment sales from our Dealer Management solutions, and shipping fees and commissions earned from our digital contract business. Training fees are also included in other revenue. Other revenue is recognized when the service is rendered.

State and other Incentive Credits

We participate in certain programs, primarily sponsored by state governments, whereby we receive cash incentives based on achieving certain employment and capital expenditure milestones and by participating in qualifying training activities. Credits relating to capital spend are recorded as a reduction in capital expenditures. Credits relating to employment are recorded as a reduction of operating expenses.

Net Income (Loss) Per Share

Basic earnings per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding, assuming dilution, during the period. The diluted earnings per share calculation assumes (i) all stock options which are in the money are exercised at the beginning of the period, (ii) if applicable, unvested awards that are considered to be contingently issuable shares because they contain either a performance or market condition will be included in diluted earnings per share if dilutive and if their conditions have (a) been satisfied at the reporting date or (b) would have been satisfied if the reporting date was the end of the contingency period, (iii) if applicable, potential common shares which may be issued to satisfy the conversion spread value of our senior convertible notes, and (iv) if applicable, potential common shares which may be issued to satisfy the warrants issued in conjunction with our senior convertible notes.

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The number of shares included in the denominator of diluted earnings per share relating to our senior convertible notes is calculated by dividing the conversion spread value by the average share price of our common stock during the period. The conversion spread value is the value that would be delivered to investors based on the terms of the notes, at the assumed conversion date.

The number of shares included in the denominator of diluted earnings per share relating to the warrants issued in conjunction with our senior convertible notes is calculated using the treasury stock method, with the dilution calculated by dividing the warrant premium by the average share price of our common stock during the period. The warrant premium is the value that would be delivered to investors based on the terms of the warrants, at the assumed conversion date.

Concentration of Credit Risk

Our assets that are exposed to concentrations of credit risk consist primarily of cash, cash equivalents, short-term and long-term marketable securities and receivables from clients. We place our cash, cash equivalents, short-term and long-term marketable securities with financial institutions. We regularly evaluate the creditworthiness of the issuers in which we invest. Our trade receivables are spread over many customers. We maintain an allowance for uncollectible accounts receivable based on expected collectability and perform ongoing credit evaluations of customers' financial condition.

Our revenue is generated from customers in the automotive retail industry. As of September 30, 2014 and December 31, 2013, no customer accounted for more than 10% of our accounts receivable. For the three and nine months ended September 30, 2014 and 2013, no customer accounted for more than 10% of our revenue.

Related Party Transactions

One of our stockholders, who owns more than 5% of our outstanding common shares, also has an ownership interest in a third party that Dealer.com sells services to in the normal course of business. Revenue from this third party for the three months ended September 30, 2014, and for the seven month period from the date of acquisition of Dealer.com (March 1, 2014) to September 30, 2014, was $4.6 million and $10.7 million, respectively, and the accounts receivable from this third party as of September 30, 2014 was $3.6 million.

We own a 50% interest in Chrome Data Solutions. We incur an annual data license fee payable to Chrome Data Solutions of $0.5 million, which is recorded as cost of revenue. In addition, there are other services performed by both us and Chrome Data Solutions, which results in both the payment and receipt of insignificant amounts, in the normal course of business.

Results of Operations

The following table sets forth, for the periods indicated, the consolidated statements of operations:

	Three Months Ended September 30, 2014		2013		Nine Months Ended September 30, 2014		2013	
	$ Amount	% of Net Revenue	$ Amount	% of Net Revenue	$ Amount	% of Net Revenue	$ Amount	% of Net Reven
	(In thousands, except percentages)				(In thousands, except percentages)			
Consolidated Statements of Operations Data:								
Net revenue	$233,520	100%	$124,582	100%	$617,095	100%	$355,423	100%
Operating expenses:								
Cost of revenue	125,245	54 %	53,858	43 %	334,613	54 %	154,065	44 %
Research and development	26,451	11 %	18,447	15 %	77,635	13 %	54,346	15 %
Selling, general and administrative	72,689	31 %	45,365	36 %	214,812	35 %	131,720	37 %
Total operating expenses	224,385	96 %	117,670	94 %	627,060	102%	340,131	96 %
Income (loss) from operations	9,135	4 %	6,912	6 %	(9,965)	(2)%	15,292	4 %
Interest income	128	— %	171	— %	328	— %	412	— %
Interest expense	(9,093)	(4)%	(3,229)	(3)%	(24,840)	(4)%	(9,938)	(3)%
Other income, net	123	— %	419	— %	961	— %	547	— %
Gain on sale of investment	—	— %	—	— %	9,828	2 %	—	— %
Earnings from equity method investment, net	2,079	1 %	1,544	2 %	5,611	1 %	4,042	2 %
Income (loss) before (provision for) benefit from income taxes, net	2,372	1 %	5,817	5 %	(18,077)	(3)%	10,355	3 %
(Provision for) benefit from income taxes, net	(264)	— %	(22)	— %	7,168	1 %	(755)	— %
Net income (loss)	$2,108	1 %	$5,795	5 %	$(10,909)	(2)%	$9,600	3 %

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Three Months Ended September 30, 2014 and 2013

Revenue

	Three Months Ended September 30,		Variance		
	2014	2013	$ Amount	Percent	
	(In thousands, except percentages)				
Transaction services revenue	$87,157	$73,514	$13,643	19	%
Subscription services revenue	94,803	45,223	49,580	110	%
Advertising and other revenue	51,560	5,845	45,715	782	%
Total net revenue	$233,520	$124,582	$108,938	87	%

Transaction Services Revenue. The increase in transaction services revenue is primarily due to an increase in automobile sales, increased credit application activity, improving credit availability, and the acquisition of Vintek. These factors had a positive impact on the following changes in our key business metrics:

	Three Months Ended September 30,		Variance		
	2014	2013	Amount	Percent	
Average transaction price (1)	$ 2.82	$ 2.74	$0.08	3	%
Transaction revenue per car sold	$ 8.86	$ 7.70	$1.16	15	%
Active lenders in our U.S. network as of end of the period	1,511	1,378	133	10	%
Active lender to dealer relationships as of end of the period	204,338	191,548	12,790	7	%
Transactions processed (in thousands, except percentages)	31,391	27,172	4,219	16	%

(1) - Revenue used in the calculation adds back (excludes) contra revenue.

Our average transaction price and the total number of transactions processed increased 3% and 16%, respectively, which resulted in an increase in revenue of $2.4 million and $11.5 million, respectively, which was partially offset by an increase in contra-revenue of $0.3 million. Contributing factors to the increase in average transaction price and the total number of transactions processed included increases of 10% in active lender customers in our U.S. Dealertrack network and a 7% increase in our active lender to dealer relationships, as well as an increase in car sales volumes and transaction pricing. While new lender customers are generally lower transaction volume customers, they have higher average prices per transaction.

Additional volumes in Registration & Titling solutions and Collateral Management solutions (including the additional volume from Vintek, Inc. (Vintek) acquired on October 1, 2013), which are at a higher average price than our other transactions, also contributed to the increase in average transaction price and the total number of transactions processed. The increase in our number of lender to dealer relationships was attributable to more active dealers, more active lenders on our U.S. network, and an increase in the average number of lenders that dealers use. In addition, expanded use across our range of transaction products increased our transaction revenue per car sold. The Vintek acquisition contributed $4.0 million to transaction services revenue for the three months ended September 30, 2014.

Subscription Services Revenue. The increase in subscription services revenue is primarily a result of additional subscription services revenue from the acquisitions of Dealer.com, Customer Focused Marketing, Inc. (CFM), and ASR Pro as well as from organic growth. The net increase in subscription services revenue was a result of the following changes in our key business metrics:

	Three Months Ended September 30,		Variance	
	2014	2013	Amount	Percent
Average monthly subscription revenue per subscribing dealership (1)(2)	$ 1,253	$ 758	$495	65 %
Subscribing dealers in U.S. and Canada as of end of the period (2)	24,089	18,255	5,834	32 %

(1) - Revenue used in the calculation adds back (excludes) contra revenue.

(2) - Subscribing dealers and subscription revenue from Dealertrack CentralDispatch have been excluded from the calculation as a majority of these customers are not dealers.

Our average monthly subscription revenue per subscribing dealer and the number of subscribing dealers increased 65% and 32%, respectively. Dealer.com, CFM, and ASR Pro contributed $44.7 million to subscription services revenue for the three months ended September 30, 2014. In addition, we had continued success in selling DMS and F&I products, including our ability to cross sell those solutions to existing customers, which increased the average monthly spend per subscribing dealer.

Advertising and Other Revenue. The increase in advertising and other revenue is primarily due to the acquisition of Dealer.com and its advertising products related to paid search and display advertising. These industry trends had a positive impact on the following changes in our key business metrics:

	Three Months Ended September 30,		Variance	
	2014	2013	Amount	Percent
Active dealerships on advertising platform as of end of the period**	8,143	*	*	*
Average monthly advertising spend per dealer rooftop	$ 2,041	*	*	*

* Historical amounts not applicable

** The number of advertisers at the end of the period may be impacted by the timing of manufacturer endorsed campaigns on behalf of their dealership base, for which there were approximately 900 dealerships that were part of a short term campaign as of September 30, 2014.

Advertising and other revenue increased $45.7 million primarily due to the Dealer.com acquisition in March 2014, which contributed $46.3 million to the total increase. The offsetting decrease of $0.6 million is primarily the result of timing of installation and training across multiple other solutions.

Operating Expenses

	Three Months Ended September 30,		Variance	
	2014	2013	$ Amount	Percent
	(In thousands, except percentages)			
Cost of revenue	$125,245	$53,858	$71,387	133 %
Research and development	26,451	18,447	8,004	43 %
Selling, general and administrative	72,689	45,365	27,324	60 %
Total operating expenses	$224,385	$117,670	$106,715	91 %

Cost of Revenue. Additional compensation and related benefit costs of $7.4 million primarily due to additional team members, including those from the acquisitions of Vintek, CFM and Dealer.com, contributed to the increase. These acquisitions also contributed an increase of $43.5 million in direct costs of revenue.

Other increases included $13.1 million of intangible amortization expense, $2.5 million of amortization of software development costs and $1.6 million of technology expenses, including technology consulting and other related expenses. The increase in amortization expense is primarily a result of additional acquired intangibles, primarily from the acquisition of Dealer.com.

Research and Development Expenses. The increase was primarily the result of an increase of $6.6 million in compensation and related benefit costs primarily due to additional team members, including those from acquisitions, and $0.5 million in additional depreciation expense.

Selling, General and Administrative Expenses. The increase was primarily the result of $18.1 million of additional compensation and related benefit costs, primarily due to additional team members, including those from acquisitions.

There were also increases of $1.6 million in travel and related costs, $1.6 million in professional fees (including acquisition and integration costs), $1.0 million in occupancy and telecom costs (primarily acquisition-related), $1.7 million in additional technology consulting and related expenses associated with our internal and support systems, and $1.2 million in depreciation expense.

Interest Expense

	Three Months Ended September 30,		Variance	
	2014	2013	$ Amount	Percent
	(In thousands, except percentages)			
Interest expense	$(9,093)	$(3,229)	$(5,864)	182 %

The following table sets forth the interest expense components for the period:

	Three Months Ended September 30,		Variance	
	2014	2013	$ Amount	Percent
	(In thousands, except percentages)			
Convertible notes - coupon interest	$ 750	$ 750	$ —	— %
Convertible notes - amortization of debt discount	2,153	2,015	138	7 %
Convertible notes - amortization of debt issuance costs	266	249	17	7 %
Term loan B credit facility - cash interest	4,907	—	4,907	100 %
Term loan B credit facility - amortization of debt issuance costs and debt discount	395	—	395	100 %

2014 and 2011 revolving credit facilities - commitment fees	216	103	113	110	%
2014 and 2011 revolving credit facilities - amortization of debt issuance costs	285	112	173	154	%
Other	121	—	121	100	%
Total	$ 9,093	$ 3,229	$ 5,864	182	%

Earnings from Equity Method Investment, Net

	Three Months Ended September 30,		Variance	
	2014	2013	$ Amount	Percent
	(In thousands, except percentages)			
Earnings from equity method investment, net	$ 2,079	$ 1,544	$ 535	35 %

The net earnings from the Chrome Data Solutions joint venture for the three months ended September 30, 2014 consisted of our 50% share of the joint venture net income of $2.6 million, which was reduced by approximately $0.5 million of basis difference amortization.

The net earnings from the Chrome Data Solutions joint venture for the three months ended September 30, 2013 consisted of our 50% share of the joint venture net income of $2.2 million, which was reduced by approximately $0.7 million of basis difference amortization.

Provision for Income Taxes, Net

	Three Months Ended September 30,		Variance	
	2014	2013	$ Amount	Percent
	(In thousands, except percentages)			
Provision for income taxes, net	$ (264)	$ (22)	$ (242)	1,100 %

The net provision for income taxes for the three months ended September 30, 2014 consisted of $0.5 million of federal income tax benefit, $0.5 million of state income tax benefit and $1.3 million of tax expense for our Canadian subsidiary.

The federal benefit was $0.2 million for the period, before discrete items. Discrete items include $0.3 million benefit from return to provision adjustments.

The state benefit was $0.5 million for the period, before discrete items. Discrete items include $0.1 million of expense from return to provision adjustments and state apportionment rate changes, and $0.1 million benefit from the release of state uncertain tax positions.

The net provision for income taxes for the three months ended September 30, 2013 consisted of $0.1 million of federal income tax benefit, $1.1 million of state income tax expense and $1.2 million of tax expense for our Canadian subsidiary.

This resulted in an effective tax rate for the three months ended September 30, 2014 of 11.2% compared with 0.4% for the three months ended September 30, 2013.

Nine Months Ended September 30, 2014 and 2013

Revenue

	Nine Months Ended September 30,		Variance		
	2014	2013	$ Amount	Percent	
	(In thousands, except percentages)				
Transaction services revenue	$252,273	$206,523	$45,750	22	%
Subscription services revenue	248,257	132,624	115,633	87	%
Advertising and other revenue	116,565	16,276	100,289	616	%
Total net revenue	$617,095	$355,423	$261,672	74	%

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Transaction Services Revenue. The increase in transaction services revenue is primarily due to an increase in automobile sales, increased credit application activity, improving credit availability, and the acquisition of Vintek. These factors had a positive impact on the following changes in our key business metrics:

	Nine Months Ended September 30,		Variance	
	2014	2013	Amount	Percent
Average transaction price (1)	$ 2.82	$ 2.71	$0.11	4 %
Transaction revenue per car sold	$ 9.40	$ 7.92	$1.48	19 %
Active lenders in our U.S. network as of end of the period	1,511	1,378	133	10 %
Active lender to dealer relationships as of end of the period	204,338	191,548	12,790	7 %
Transactions processed (in thousands, except percentages)	90,620	77,454	13,166	17 %

(1) - Revenue used in the calculation adds back (excludes) contra revenue.

Our average transaction price and the total number of transactions processed increased 4% and 17%, respectively, which resulted in an increase in revenue of $10.1 million and $35.7 million, respectively. Contributing factors to the increase in average transaction price and the total number of transactions processed included increases of 10% in active lender customers in our U.S. Dealertrack network and a 7% increase in our active lender to dealer relationships, as well as an increase in car sales volumes and transaction pricing. While new lender customers are generally lower transaction volume customers, they have higher average prices per transaction.

Additional volumes in Registration & Titling solutions and Collateral Management solutions (including the additional volume from Vintek acquired on October 1, 2013), which are at a higher average price than our other transactions, also contributed to the increase in average transaction price and the total number of transactions processed. The increase in our number of lender to dealer relationships was attributable to more active dealers, more active lenders on our U.S. network, and an increase in the average number of lenders that dealers use. In addition, expanded use across our range of transaction products increased our transaction revenue per car sold. The Vintek acquisition contributed $14.0 million to transaction services revenue for the nine months ended September 30, 2014.

Subscription Services Revenue. The increase in subscription services revenue is primarily a result of additional subscription services revenue from the acquisitions of Dealer.com, CFM, and ASR Pro as well as from organic growth. The net increase in subscription services revenue was a result of the following changes in our key business metrics:

Nine Months Ended September 30,		Variance	
2014	2013	Amount	Percent
$ 1,152	$ 751	$401	53 %

Average monthly subscription revenue per subscribing dealership (1)(2)					
Subscribing dealers in U.S. and Canada as of end of the period (2)	24,089	18,255	5,834	32	%

(1) - Revenue used in the calculation adds back (excludes) contra revenue.

(2) - Subscribing dealers and subscription revenue from Dealertrack CentralDispatch have been excluded from the calculation as a majority of these customers are not dealers.

Our average monthly subscription revenue per subscribing dealer and the number of subscribing dealers increased 53% and 32%, respectively. Dealer.com, CFM, and ASR Pro contributed $101.2 million to subscription services revenue for the nine months ended September 30, 2014. In addition, we had continued success in selling DMS and F&I products, including our ability to cross sell those solutions to existing customers, which increased the average monthly spend per subscribing dealer.

Advertising and Other Revenue. The increase in advertising and other revenue is primarily due to the acquisition of Dealer.com and its advertising products related to paid search and display advertising. These industry trends had a positive impact on the following changes in our key business metrics:

	Nine Months Ended September 30,		Variance	
	2014	2013	Amount	Percent
Active dealerships on advertising platform as of end of the period**	8,143	*	*	*
Average monthly advertising spend per dealer rooftop	$ 1,905	*	*	*

* Historical amounts not applicable

** The number of advertisers at the end of the period may be impacted by the timing of manufacturer endorsed campaigns on behalf of their dealership base, for which there were approximately 900 dealerships that were part of a short term campaign as of September 30, 2014.

Advertising and other revenue increased $100.3 million primarily due to the Dealer.com acquisition in March 2014, which contributed $98.2 million to the total increase.

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Operating Expenses

	Nine Months Ended September 30,		Variance	
	2014	2013	$ Amount	Percent
	(In thousands, except percentages)			
Cost of revenue	$334,613	$154,065	$180,548	117 %
Research and development	77,635	54,346	23,289	43 %
Selling, general and administrative	214,812	131,720	83,092	63 %
Total operating expenses	$627,060	$340,131	$286,929	84 %

Cost of Revenue. Additional compensation and related benefit costs of $19.1 million primarily due to additional team members, including those from the acquisitions of Casey & Casey, Vintek, CFM and Dealer.com, contributed to the increase. These acquisitions also contributed an increase of $96.7 million in direct costs of revenue.

Other increases included $39.7 million of intangible amortization expense, $8.3 million of amortization of software development costs and $8.3 million of technology expenses, including technology consulting and other related expenses. The increase in amortization expense is primarily a result of additional acquired intangibles as well as $8.9 million from charges relating to changes in expected asset use. Technology expenses also include $3.2 million of charges relating to changes in expected asset use.

Research and Development Expenses. The increase was primarily the result of an increase of $18.2 million in compensation and related benefit costs primarily due to additional team members, including those from acquisitions, and $2.4 million in additional technology expenses, including technology consulting and other related expenses. The increase also included $1.1 million in additional depreciation expense.

Selling, General and Administrative Expenses. The increase was primarily the result of $45.9 million of additional compensation and related benefit costs, primarily due to additional team members, including those from acquisitions, and $5.8 million of additional transaction related costs, primarily from the Dealer.com acquisition.

There were also increases of $1.8 million in recruiting and relocation, $4.7 million in travel and related costs, $3.3 million of marketing expenses, $4.7 million in professional fees (including acquisition and integration costs), $2.5 million in occupancy and telecom costs (primarily acquisition-related), $5.9 million in additional technology consulting and related expenses associated with our internal and support systems, and $2.6 million in depreciation expense.

Interest Expense

	Nine Months Ended September 30,		Variance	
	2014	2013	$ Amount	Percent
	(In thousands, except percentages)			
Interest expense	$(24,840)	$(9,938)	$(14,902)	150 %

The following table sets forth the interest expense components for the period:

	Nine Months Ended September 30,		Variance	
	2014	2013	$ Amount	Percent
	(In thousands, except percentages)			
Convertible notes - coupon interest	$2,250	$2,250	$—	— %
Convertible notes - amortization of debt discount	6,376	5,967	409	7 %
Convertible notes - amortization of debt issuance costs	789	739	50	7 %
Term loan B credit facility - cash interest	11,783	—	11,783	100 %
Term loan B credit facility - amortization of debt issuance costs and debt discount	958	—	958	100 %
Term loan B credit facility - loss on extinguishment	518	—	518	100 %
2014 and 2011 revolving credit facilities - commitment fees	564	348	216	62 %
2014 and 2011 revolving credit facilities - amortization of debt issuance costs	1,269	337	932	277 %
Other	333	297	36	12 %
Total	$24,840	$9,938	$14,902	150 %

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Gain on Sale of Assets

	Nine Months Ended September 30,		Variance	
	2014	2013	$ Amount	Percent
	(In thousands, except percentages)			
Gain on sale of assets	$ 9,828	$ —	$ 9,828	100 %

During the nine months ended September 30, 2014, we recorded a gain of $9.8 million on the sale of all our shares in TrueCar.

Earnings from Equity Methods Investment, Net

	Nine Months Ended September 30,		Variance	
	2014	2013	$ Amount	Percent
	(In thousands, except percentages)			
Earnings from equity method investment, net	$ 5,611	$ 4,042	$ 1,569	39 %

The net earnings from the Chrome Data Solutions joint venture for the nine months ended September 30, 2014 consisted of our 50% share of the joint venture net income of $7.2 million, which was reduced by approximately $1.6 million of basis difference amortization.

The net earnings from the Chrome Data Solutions joint venture for the nine months ended September 30, 2013 consisted of our 50% share of the joint venture net income of $6.1 million, which was reduced by approximately $2.1 million of basis difference amortization.

Benefit from (Provision for) Income Taxes, net

	Nine Months Ended	Variance

	September 30,			
	2014	2013	$ Amount	Percent
	(In thousands, except percentages)			
Benefit from (provision for) income taxes, net	$ 7,168	$ (755)	$ 7,923	(1,049)%

The net benefit from income taxes for the nine months ended September 30, 2014 consisted of $11.2 million of federal income tax benefit, $0.9 million of state income tax expense and $3.1 million of tax expense for our Canadian subsidiary.

The federal benefit was $10.2 million for the period, before discrete items. Discrete items include $3.4 million of expense for the gain on sale and reversal of deferred tax liabilities related to the sale of our investment in TrueCar, $2.9 million of benefit for intangible asset impairment charges, $1.9 million benefit from the reversal of valuation allowances on foreign tax credits and capital loss carryforwards due to their projected use, $0.3 million benefit from return to provision adjustments, and $0.8 million of expense related to certain non-deductible transaction costs.

The state provision was $0.1 million for the period, before discrete items. Discrete items include $0.3 million of expense for the gain on sale and reversal of deferred tax liabilities related to our prior investment in TrueCar, $0.9 million expense from apportionment rate changes due to acquisitions, $0.3 million of benefit for intangible asset impairments, and $0.1 million benefit from the release of state uncertain tax positions.

The net provision for income taxes for the nine months ended September 30, 2013 of $0.8 million consisted of $0.8 million of federal income tax benefit, $1.1 million of state income tax benefit and $2.7 million of tax expense for our Canadian subsidiary. The state income tax expense includes $0.2 million of deferred tax expense which resulted from a change in state apportionment due to the acquisition of Casey & Casey. The federal income tax benefit includes a $0.7 million benefit from research and development credits.

This resulted in an effective tax rate for the nine months ended September 30, 2014 of 39.7% compared with 7.3% for the nine months ended September 30, 2013.

Liquidity and Capital Resources

We expect that our liquidity requirements will continue to be primarily for working capital, acquisitions, capital expenditures and general corporate purposes. Our capital expenditures, software and website development costs for the nine months ended September 30, 2014 were $69.1 million, of which $63.7 million was paid in cash.

The closing sale price of our common stock did not exceed $48.58 (130% of the conversion price of $37.37) for at least 20 of the last 30 trading days of the quarter ended September 30, 2014 and December 31, 2013. As a result, the senior convertible notes may not be surrendered for conversion during the calendar quarter following September 30, 2014 and could not be surrendered for conversion during the calendar quarter following December 31, 2013. As there is no potential conversion, the net carrying value of the senior convertible notes was presented as a long-term liability on the consolidated balance sheet as of September 30, 2014. It is our intent to settle the par value of the notes in cash, and we expect to have the liquidity to do so, through the use of cash, our revolving credit facility, or a combination thereof.

As of September 30, 2014, we had $141.1 million of cash and cash equivalents, $5.1 million in short-term marketable securities and $162.4 million in working capital, as compared to $122.4 million of cash and cash equivalents, $10.6 million in short-term marketable securities and $135.8 million in working capital as of December 31, 2013.

Included in cash and cash equivalents as of September 30, 2014 was $37.7 million of cash and cash equivalents held by our Canadian subsidiary. Our intent is to permanently reinvest these funds outside the United States, and current plans do not anticipate that we will need funds generated by our Canadian subsidiary to fund our domestic operations. In the event funds from our Canadian subsidiary are needed to fund operations in the United States, we would be subject to additional income and withholding taxes upon repatriation.

We also had $225.0 million available for borrowings under our credit facility as of September 30, 2014.

In February 2014, we signed agreements to sell all of our equity interest in TrueCar. We received proceeds of $92.5 million from the sale of the shares, which had a carrying value of $82.7 million. This resulted in a gain of $6.8 million, net of taxes. The tax liability of $22.3 million, before utilization of tax attributes, on the taxable gain of approximately $58.8 million is included within income taxes payable as presented within accrued liabilities – other, as of September 30, 2014. We used a portion of the after-tax proceeds from the sale as part of the purchase consideration for the acquisition of Dealer.com.

On February 28, 2014, Dealertrack and Dealertrack Canada, Inc., a corporation organized under the laws of Ontario and a subsidiary of Dealertrack, entered into a credit agreement (the 2014 Credit Agreement) which provides credit facilities aggregating $800.0 million, including a $575.0 million term loan B credit facility and a $225.0 million revolving credit facility. The $575.0 million proceeds of the term loan B credit facility were used to pay the cash consideration for the acquisition of Dealer.com, to effectuate the payment in full of amounts due under our prior Credit Agreement dated as of April 20, 2011 (2011 Credit Agreement), to pay the fees and expenses related to the acquisition of Dealer.com and the refinancing of the 2011 Credit Agreement, and for general corporate purposes. The proceeds of the revolving credit facility, under which no amounts have been borrowed, may be used for general corporate purposes of Dealertrack and its subsidiaries (including certain acquisitions, capital expenditures and investments). Up to $25.0 million of the revolving credit facility may be used to obtain letters of credit, up to $25.0 million of the revolving credit facility may be used to obtain swing line loans, and up to $35.0 million of the revolving credit facility may be used to obtain revolving loans and letters of credit in Canadian Dollars. The 2011 Credit Agreement was terminated upon the closing of the 2014 Credit Agreement.

On March 1, 2014, we completed the acquisition of the outstanding equity of Dealer.com for $620.8 million in cash and 8.7 million shares of our common stock for a total cost of $1,092 million. For further information, please refer to Note 12 in the accompanying notes to the consolidated financial statements included in this Quarterly Report on Form 10-Q.

On June 30, 2014, we made payments of $26.4 million to reduce the outstanding balance of our term loan B credit facility.

On July 1, 2014, we completed the acquisition of substantially all of the assets of ASR Pro for $11.7 million in cash, 48 thousand shares of our common stock with a value of $2.2 million. There is a potential contingent consideration obligation for up to $3.0 million, subject to attaining future revenue results of the product.

We expect to have sufficient liquidity to meet our liquidity requirements for the next twelve months (including capital expenditures and acquisitions) through working capital and net cash flows from operations, cash on hand, investments in marketable securities and our credit facility.

The following table sets forth the cash flow components for the following periods (in thousands):

	Nine Months Ended September 30,	
	2014	2013
Net cash (used in) provided by operating activities	$ (14,611)	$ 40,782
Net cash used in investing activities	$ (521,723)	$ (39,936)
Net cash provided by financing activities	$ 556,933	$ 1,588

Operating Activities

The decrease in net cash from operations of $55.4 million is primarily due to a decrease in net income of $20.5 million, a decrease of $37.6 million in operating assets and liabilities, offset by changes in non-cash items which increased operating cash flows by $2.7 million.

The non-cash items included additional deferred tax benefit of $41.5 million, primarily the result of the gain from the sale of our investment in TrueCar, which resulted in a reduction in deferred tax expense and an increase in current tax expense. The non-cash items also include an increase of $5.3 million in windfall tax benefits and $9.8 million of realized gain on the sale of our TrueCar investment. These were offset by additional depreciation and amortization of $53.6 million, primarily due to increased amortization from acquired intangibles and the impairment of certain assets, additional amortization of debt issuance costs and debt discount of $2.9 million, additional stock based compensation expense of $2.0 million, and additional provision for doubtful accounts and sales credits of $2.6 million.

The decrease in cash flows from net changes in operating assets and liabilities was primarily from the payout of acquired liabilities from the Dealer.com acquisition.

Investing Activities

The increase in net cash used in investing activities of $481.8 million is primarily the result of a payment of $555.9 million for the acquisition of Dealer.com and ASR Pro, net of acquired cash, offset by $92.5 million of proceeds from the sale of our cost method investment in TrueCar, Inc.

Other changes included an increase in capital expenditures, software and website development costs of $26.0 million, a decrease in purchases of marketable securities of $22.2 million, and a decrease in sales and maturities of marketable securities of $35.7 million.

Financing Activities

The increase in net cash provided by financing activities of $555.3 million is due to borrowings under our term loan B credit facility in the amount of $575.0 million. These borrowings were reduced by principal payments of $26.4 million on our term loan B credit facility, and financing costs recorded as debt discounts and debt issuances costs in the amount of $16.7 million. In addition, there were $10.6 million of additional proceeds from the exercise of stock options and $5.3 million of additional windfall tax benefits.

Contractual Obligations

The following table summarizes our contractual obligations as of September 30, 2014 (in thousands):

	Total	Less Than 1 Year	2-3 Years	4-5 Years	After 5 Years
Senior convertible notes (1)	$207,500	$ 3,000	$204,500	$—	$—
Term loan B credit facility (2)	672,923	19,466	38,933	44,059	570,465
Notes payable - Dealer.com acquisition (3)	9,023	603	921	996	6,503
Note payable - Vintek consideration (4)	4,055	4,055	—	—	—
Operating lease obligations (5)	226,875	14,044	33,524	30,745	148,562
Capital lease obligations	255	107	89	55	4
Hosting and data licensing agreements (6)	14,243	6,963	6,912	368	—
Advertising agreement (7)	34,248	10,166	24,082	—	—
Continuing employment compensation	4,585	4,585	—	—	—
Contingent consideration (8)	12,500	5,250	7,250	—	—
Total contractual cash obligations	$1,186,207	$ 68,239	$316,211	$ 76,223	$725,534

(1) Consists of $200.0 million aggregate principal amount of 1.50% convertible senior notes that mature on March 15, 2017, unless earlier repurchased or converted before maturity. The amounts in the table assume the payment of interest on our senior convertible notes through their maturity date and the payment of the principal amount of the notes at their maturity date. Interest on the notes is payable semi-annually in March and September. The senior convertible notes will be convertible, subject to certain conditions, into cash, shares of our common stock, or a combination of cash and shares of common stock, at our option. It is our intent to settle the par value of the notes in cash, and we expect to have the liquidity to do so.

(2) Our term loan B credit facility matures on February 28, 2021. The disclosure includes any quarterly required principal payments and assumes the payment of interest through its maturity date and the payment of the remaining principal amount of the term loan at the maturity date. Interest on the notes is payable quarterly and is assumed to be at a rate of 3.5%, which was the rate in effect at September 30, 2014. An additional payment of $25.0 million was applied against mandatory prepayments in sequential order resulting in no required principal payment in the three months ended September 30, 2014. No additional principal payments are required to be made until the quarter ending December 31, 2018.

(3) For further information, see Note 12 in the accompanying notes to the consolidated financial statements included in this Quarterly Report on Form 10-Q.

(4) For further information, see Note 9 in our Annual Report on Form 10-K for the year ended December 31, 2013.

(5) Operating lease obligations includes the lease for our new headquarters facility, which provides for an initial base rent of approximately $7.6 million in the first year of the lease term, with increases of 2.5% annually thereafter, subject to increases of 3.0% if the Consumer Price Index for the prior twelve months has been equal to or greater than 4.0%. In addition, we will be responsible for additional rent to cover certain taxes and insurance charges. The lease, which has an initial term of seventeen years with an option to extend the term of the lease for an additional ten years, is expected to commence in 2016. The contractual obligations disclosure reflects commencement on July 1, 2016, the midpoint of the expected commencement year, with 2.5% annual increases.

(6) We have agreements with third parties to provide services for hosting operations and to license the use of data and images. The agreements require a payment of a minimum amount per month for a fixed period of time in return for which the hosting service provider provides certain services and we may use certain data and images. Additional payments are required when usage exceeds the minimums. All agreements expire by January 2019, with optional renewals.

(7) We have an agreement with a third party for the purchase of advertising impressions which contains an option to cancel after December 31, 2015. The agreement requires us to make minimum payments on an annual basis for the purchase of impressions. Any impressions purchased under the annual minimum commitment that are not consumed in the year can be carried forward to be used for the first six months of the following year.

(8) Contingent consideration includes a $10.5 million contingency acquired as part of the acquisition of Dealer.com. The Dealer.com acquired contingency was fully funded as part of total acquisition consideration and any amounts not paid to settle the contingency will be returned to seller. The contingent consideration for ASR Pro for up to $3.0 million is reflected at its current fair value of $2.0 million. For further information, see Note 4 in the accompanying notes to the consolidated financial statements included in this Quarterly Report on Form 10-Q.

Other Contractual Obligations

Pursuant to employment or severance agreements with certain team members, we have a commitment to pay severance of approximately $9.8 million as of September 30, 2014, in the event of termination without cause, as defined in the agreements, as well as certain potential gross-up payments to the extent any such severance payment would constitute an excess parachute payment under the Internal Revenue Code. Additionally, in the event of termination without cause due to a change in control, we would also have a commitment to pay additional severance of $3.1 million as of September 30, 2014. No amounts were required to be accrued under these agreements at September 30, 2014.

The total liability for the uncertain tax positions as of September 30, 2014 and December 31, 2013 was $5.3 million and $0.9 million, respectively, which may be reduced by a federal tax benefit, if paid. The increase is primarily related to uncertain tax positions acquired as part of the Dealer.com acquisition. As of September 30, 2014 and December 31, 2013, we have accrued interest and penalties related to tax positions taken on our tax returns of approximately $0.3 million and $0.1 million, respectively.

We have a $225.0 million revolving credit facility which is available subject to certain conditions. The revolving credit facility matures on February 28, 2019. As of September 30, 2014, we had no amounts outstanding under this revolving credit facility and we were in compliance with all covenants and financial ratios. For further information, please refer to Note 11 in the accompanying notes to the consolidated financial statements included in this Report on Form 10-Q.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements or relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which are typically established for the purpose of facilitating off-balance sheet arrangements or for other contractually narrow or limited purposes.

Industry Trends

We are impacted by trends in both the automotive retail industry and the credit finance markets. Our financial results are impacted by the number of dealers serviced and the number of vehicles sold. The number of transactions processed through our network is impacted by vehicle sales volumes, the level of indirect financing and leasing by our participating lender customers and our market shares of their business, special promotions by automobile manufacturers and the level of indirect financing and leasing by captive finance companies not available in our network.

The number of lending relationships between the various lenders and dealers available through our network continues to increase as the number of franchised dealers has stabilized and lenders are deploying more capital to auto finance. While the number of independent dealers appears to be declining, our market share of independent dealers is increasing.

In recent years, the franchise dealership count has remained consistent at approximately 17,500 based on data from the National Automobile Dealers Association. We do not anticipate a significant change in the number of franchise dealerships over the next few years. A reduction in the number of automotive dealers reduces our opportunities to sell our subscription products.

The automobile industry's new light vehicle sales for 2013 increased to 15.6 million vehicles, an increase of 8% from the 14.5 million new light vehicles sold in 2012, according to Automotive News. While new light vehicle sales is expected to increase in 2014, the growth rate is expected to be lower.

Used vehicle sales continue to be impacted by vehicle supply. Used vehicles sold by franchised dealers for 2013 increased to 15.7 million vehicles, an increase of 5% from the 15.0 million used vehicles sold in 2012, according to CNW Research. The supply of used vehicles that are newer models is limited compared to pre-recession levels due to the decline in new car sales, fleet purchases and leasing during the recession. The average age of cars and trucks in the United States is at a record high of 11.4 years compared to an average age of 9.8 years during the five year period ending in 2007. We expect that the total used vehicle supply will likely not increase until at least 2015 as the more recent increases in new vehicles sold start to be traded in to dealerships or leases are returned.

While total used vehicle supply remains limited, the used car market mix is expected to continue to change with a larger percentage of used vehicles being sold by franchised and independent dealers, and less through private sales.

In regards to digital marketing and advertising spending, dealers spend more of their advertising budgets on traditional advertising methods, such as newspaper, television, and radio than online. Based on data from the National Automobile Dealers Association, in 2013, franchise dealers spent 33% of their advertising dollars on the internet. We expect a continued shift of advertising spend from traditional media to online digital marketing and advertising. In addition to direct advertising spend made by dealerships, additional advertising spend is funded by automotive OEMs, both directly and via regional associations and dealership co-op programs.

Strengthening annual sales rates over the past several years have resulted in a general increase in dealer profitability. While increased profitability may be expected to increase the number of subscriptions, the dealers need for solutions may not be as high as they were during more difficult historic economic periods, in which certain offerings were essential to dealerships for maintaining liquidity.

Purchases of new automobiles are typically discretionary for consumers and have been, and may continue to be, affected by negative trends in the economy, including the cost of energy and gasoline, the availability and cost of credit, increased federal taxation, residential and commercial real estate markets, reductions in business and consumer confidence, stock market volatility and increased unemployment.

Effects of Inflation

Our monetary assets, consisting primarily of cash and cash equivalents, receivables and long-term investments, and our non-monetary assets, consisting primarily of intangible assets and goodwill, are not affected significantly by inflation. We believe that replacement costs of equipment, furniture and leasehold improvements will not materially affect our operations. However, the rate of inflation affects our expenses, which may not be readily recoverable in the prices of products and services we offer.

Part II, Item 6 of the Original Form 10-Q is hereby amended and restated as follows:

Item 6 Exhibits

The Exhibit Index following the signature page to the Original Form 10-Q is hereby amended and restated as follows:

EXHIBIT INDEX

Exhibit

Number Description of Document

2.1(1) Agreement and Plan of Merger, dated as of December 19, 2013, by and among, Dealertrack Technologies, Inc., Dealer Dot Com, Inc. (“DDC”), Derby Merger Corp., certain stockholders of DDC and Jason Chapnik, solely in his capacity as Sellers’ Representative.

3.1(2) Form of Fifth Amended and Restated Certificate of Incorporation of Dealertrack Technologies, Inc.

3.2(3) Certificate of Amendment of Certificate of Incorporation of Dealertrack Technologies, Inc.

3.3(2) Form of Amended and Restated By-laws of Dealertrack Technologies, Inc.

31.1* Certification of Mark F. O’Neil, Chairman, President and Chief Executive Officer, pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2* Certification of Eric D. Jacobs, Executive Vice President, Chief Financial and Administrative Officer, pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.3 Certification of Mark F. O'Neil, Chairman, President and Chief Executive Officer, pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (abbreviated for Form 10-Q/A).

31.4 Certification of Eric D. Jacobs, Executive Vice President, Chief Financial and Administrative Officer, pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (abbreviated for Form 10-Q/A).

32.1* Certifications of Mark F. O'Neil, Chairman, President and Chief Executive Officer, and Eric D. Jacobs, Executive Vice President, Chief Financial and Administrative Officer, pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101* The following financial statements from Dealertrack Technologies, Inc.'s Quarterly Report on Form 10-Q for the three months ended September 30, 2014, formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Operations; (iii) the Consolidated Statements of Comprehensive Income; (iv) the Consolidated Statements of Cash Flows; and (v) the Notes to the Consolidated Financial Statements, tagged in summary and detail.

(1) Incorporated by reference to our Current Report on Form 8-K filed on December 20, 2013.

(2) Incorporated by reference to Exhibit 3.3 to our Current Report on Form 8-K filed on August 25, 2014.

(3) Incorporated by reference to our Annual Report on Form 10-K filed on February 26, 2013.

* Filed with the Original Form 10-Q.

SIGNATURE

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

	Dealertrack Technologies, Inc.
November 10, 2014	/s/ Eric D. Jacobs Eric D. Jacobs Executive Vice President, Chief Financial and Administrative Officer
	(Duly Authorized Officer and Principal Financial Officer)

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