ASPECT SOFTWARE PARENT, INC.

FORM 10-Q
(Quarterly Report)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the Quarterly Period Ended September 30, 2015

OR

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission File Number: 333-170936

ASPECT SOFTWARE PARENT, INC.
(Exact name of registrant as specified in its charter)

Delaware	20-3503231
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2325 E. Camelback Road, Suite 700
Phoenix, Arizona, 85016
(Address of principal executive offices) (Zip code)

Telephone Number: Telephone: (978) 250-7900

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ 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 “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐		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 ☒

The registrant had one ordinary share outstanding as of October 31, 2015.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Aspect Software Parent, Inc.

Condensed Consolidated Balance Sheets (unaudited)

(in thousands, except par value and share amounts)	September 30, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 26,858	$ 17,030
Accounts receivable, net	49,186	59,923
Receivable due from Aspect Software Group Holdings Ltd.	482	415
Deferred tax assets	3,271	3,716
Other current assets	23,017	21,505
Total current assets	102,814	102,589
Property, plant, and equipment, net	21,790	21,573
Intangible assets, net	50,147	59,480
Goodwill	753,283	751,063
Other assets	8,560	17,156
Total assets	$ 936,594	$ 951,861
Liabilities and deficit		
Current liabilities:		
Accounts payable	$ 9,545	$ 15,087
Current portion of long-term debt	475,920	17,094
Accrued liabilities	53,140	53,691
Deferred revenues	62,320	69,912
Total current liabilities	600,925	155,784
Deferred tax liabilities	33,202	32,619
Long-term deferred revenue	1,164	2,468
Long-term debt (1)	319,662	764,411
Other long-term liabilities	48,463	51,273
Total liabilities	1,003,416	1,006,555
Commitments and contingencies (*Note 9*)		
Deficit:		
Ordinary shares, $1.00 par value: 50,000 share authorized and 1 share issued	—	—
Additional paid-in capital	36,807	35,588
Accumulated other comprehensive loss	(4,184)	(5,645)
Accumulated deficit	(101,910)	(88,269)
Total Aspect Software Parent, Inc. deficit	(69,287)	(58,326)
Noncontrolling interest	2,465	3,632
Total deficit	(66,822)	(54,694)
Total liabilities and deficit	$ 936,594	$ 951,861

(1) $9.7 million and $3.7 million held by a related party as of September 30, 2015 and December 31, 2014 , respectively.

See accompanying notes.

Aspect Software Parent, Inc.

Condensed Consolidated Statements of Operations (unaudited)

(in thousands)	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Net revenues:				
Product revenue	$ 12,810	$ 21,408	$ 45,516	$ 51,189
Recurring revenue	67,930	72,248	207,357	217,756
Services revenue	16,608	19,794	51,769	59,777
Total net revenues	97,348	113,450	304,642	328,722
Cost of revenues:				
Cost of product revenue	3,341	6,071	11,277	15,276
Cost of recurring revenue	21,776	22,203	65,868	67,653
Cost of services revenue	15,484	19,198	46,910	56,197
Amortization expense for acquired intangible assets	1,227	1,225	3,656	3,674
Total cost of revenues	41,828	48,697	127,711	142,800
Gross profit	55,520	64,753	176,931	185,922
Operating expenses:				
Research and development	11,514	12,500	34,753	39,191
Selling, general and administrative	27,723	29,561	86,923	94,121
Amortization expense for acquired intangible assets	1,985	2,035	6,058	6,205
Restructuring charges	88	—	747	—
Total operating expenses	41,310	44,096	128,481	139,517
Income from operations	14,210	20,657	48,450	46,405
Interest and other expense, net	(22,341)	(19,208)	(59,211)	(57,091)
(Loss) income before income taxes	(8,131)	1,449	(10,761)	(10,686)
Provision for (benefit from) income taxes	1,467	(846)	4,047	(1,233)
Net (loss) income	$ (9,598)	$ 2,295	$ (14,808)	$ (9,453)
Less: Net loss attributable to noncontrolling interest	(342)	(509)	(1,167)	(1,255)
Net (loss) income attributable to Aspect Software Parent, Inc.	$ (9,256)	$ 2,804	$ (13,641)	$ (8,198)

Aspect Software Parent, Inc.

Condensed Consolidated Statements of Comprehensive (Loss) Income (unaudited)

(in thousands)	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Net (loss) income	$ (9,598)	$ 2,295	$ (14,808)	$ (9,453)
Change in cumulative translation adjustment	1,283	759	1,461	(80)
Comprehensive (loss) income	(8,315)	3,054	(13,347)	(9,533)
Comprehensive loss attributable to noncontrolling interest	(342)	(509)	(1,167)	(1,255)
Comprehensive (loss) income attributable to Aspect Software Parent, Inc.	$ (7,973)	$ 3,563	$ (12,180)	$ (8,278)

See accompanying notes.

Aspect Software Parent, Inc.

Condensed Consolidated Statement of Deficit (unaudited)
(In Thousands, Except Share Amounts)

	Ordinary Shares							
	Shares	Par Value	Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total Aspect Software Parent, Inc. Shareholder's Deficit	Non-controlling Interest	Total Deficit
Balance at December 31, 2014	1	$ —	$ 35,588	$ (5,645)	$ (88,269)	$ (58,326)	$ 3,632	$ (54,694)
Net loss	—	—	—	—	(13,641)	(13,641)	(1,167)	(14,808)
Other comprehensive income	—	—	—	1,461	—	1,461	—	1,461
Additional contribution from Aspect Software Group Holdings, Ltd.	—	—	1,000	—	—	1,000	—	1,000
Stock-based compensation	—	—	219	—	—	219	—	219
Balance at September 30, 2015	1	$ —	$ 36,807	$ (4,184)	$ (101,910)	$ (69,287)	$ 2,465	$ (66,822)

See accompanying notes.

Aspect Software Parent, Inc.

Condensed Consolidated Statements of Cash Flows (unaudited)

(in thousands)	Nine Months Ended September 30, 2015	2014
Cash flows from operating activities:		
Net loss	$ (14,808)	$ (9,453)
Reconciliation of net loss to net cash and cash equivalents provided by operating activities:		
Depreciation	7,747	6,839
Amortization expense for acquired intangible assets	9,714	9,879
Non-cash interest expense	5,404	4,508
Non-cash compensation expense	219	270
Increase to accounts receivable allowances	496	2,284
Deferred income taxes	952	(9,986)
Changes in operating assets and liabilities:		
Accounts receivable	8,725	2,090
Receivable due from Aspect Software Group Holdings Ltd.	(67)	1,397
Other current assets and other assets	1,239	1,065
Accounts payable	(5,315)	2,162
Accrued liabilities and other liabilities	(2,249)	4,023
Deferred revenues	(7,596)	4,053
Net cash and cash equivalents provided by operating activities	4,461	19,131
Cash flows from investing activities:		
Cash paid for acquisition, net of cash acquired	(1,000)	—
Purchases of property and equipment	(8,109)	(8,660)
Net cash and cash equivalents used in investing activities	(9,109)	(8,660)
Cash flows from financing activities:		
Repayment of borrowings	(30,575)	(46,800)
Borrowings under debt facilities	44,000	15,000
Proceeds received from capital contribution	—	7,004
Net cash and cash equivalents provided by (used in) financing activities	13,425	(24,796)
Effect of exchange rate changes on cash	1,051	(126)
Net change in cash and cash equivalents	9,828	(14,451)
Cash and cash equivalents:		
Beginning of period	17,030	26,694
End of period	$ 26,858	$ 12,243
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 44,853	$ 44,162
Cash paid for income taxes	$ 2,312	$ 1,553

See accompanying notes.

Aspect Software Parent, Inc.

Notes to Condensed Consolidated Financial Statements (unaudited)

NOTE 1—DESCRIPTION OF BUSINESS, BASIS OF PRESENTATION AND RECENT ACCOUNTING STANDARDS

Description of Business

Aspect Software Parent, Inc. (together with its subsidiaries, "Aspect Software" or the "Company"), a subsidiary of Aspect Software Group Holdings Ltd., a Cayman Islands company, provides customer engagement solutions such as; unified interaction management, workforce optimization, and back-office solutions to improve the customer experience. The Company's technologies streamline and enhance customer-facing business processes by optimizing workflows across multiple communication channels and automating smarter business processes across the contact center and related functions. The Company offers the business and technology expertise to help its customers build, enhance and sustain relationships with their customers by bringing enterprise technologies like customer relationship management ("CRM") and content management together with unified multi-channel communications and effective people management to enrich customer interactions.

Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") for interim financial reporting. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States ("GAAP"). In the opinion of management, the financial information reflects all adjustments, consisting of adjustments of a normal recurring nature necessary to present fairly the financial position, results of operations, and cash flows of the Company for the periods presented. The results of operations for the three and nine months ended September 30, 2015 , are not necessarily indicative of the results to be expected for the full year or any future periods. For further information, refer to the consolidated financial statements and footnotes for the year ended December 31, 2014, included in the Annual Report on Form 10-K. All intercompany amounts related to the Company's consolidated subsidiaries have been eliminated in consolidation.

First Lien Credit Facility

The Company's first lien credit facility, maturing in May 2016, has been classified as a current liability. The public and private capital markets have served as the Company's primary source of financing to fund large acquisitions and other large transactions, such as debt refinancings. Because the Company lacks the cash flow from operations to fully pay the first lien credit facility at maturity, the Company is actively pursuing and considering a number of actions to adequately address its short- and long-term balance sheet requirements before maturity. While the Company currently believes it will execute on these actions by such time, there can be no assurance that sufficient liquidity can be raised from one or more of these actions or that these actions can be consummated within the period needed to meet the Company's obligations. The Company's ability to refinance any of its existing indebtedness, including the first lien credit facility, on commercially reasonable terms may be materially and adversely impacted by general economic conditions, the domestic and global financial markets, the credit ratings assigned to its debt by independent credit rating agencies, its operational and financial performance, the value and performance of its equity and debt securities, and other macroeconomic factors outside of its control.

Recent Accounting Standards

In April 2015, the Financial Accounting Standards Board ("FASB") issued ASU No. 2015-03, *Interest - Imputation of Interest* (Subtopic 835-30): *Simplifying the Presentation of Debt Issuance Costs* . The updated standard requires debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-03 is effective for periods beginning after December 15, 2015. Early adoption is permitted for financial statements that have not been previously issued. ASU 2015-03 should be applied on a retrospective basis, wherein the balance sheet of each individual period presented should be adjusted to reflect the period-specific effects of applying the new guidance. The Company intends to adopt ASU No. 2015-03 as of December 31, 2015, and its adoption will result in the reclassification of debt issuance costs currently classified in other current assets and long-term assets to be offset against the carrying value of the Company's debt. Approximately $3.4 million and $2.2 million of such deferred costs were classified as other current assets and other long-term assets, respectively, on the Company's Condensed Consolidated Balance Sheet as of September 30, 2015.

Also in April 2015, the FASB issued ASU No. 2015-05, *Intangibles – Goodwill and Other – Internal-Use Software* (Subtopic 350-40): *Customer's Accounting for Fees Paid in a Cloud Computing Arrangement* , which provides guidance on whether a cloud-computing arrangement contains a software license, and whether that license should be accounted for separately as an asset or solely as a service contract. This standard also aligns the accounting for licenses of internal-use software with the accounting for licenses of other acquired intangible assets. This standard is effective for interim and annual periods beginning January 1, 2016, but early adoption is permitted. It may be adopted either prospectively to all arrangements entered into or materially modified after the effective date, or retrospectively. The Company is currently evaluating the potential impact of this standard on its Consolidated Financial Statements and determining which adoption method to use.

In February 2015, the FASB issued ASU No. 2015-02, Consolidation (Topic 810): *Amendments to the Consolidation Analysis* , which is intended to improve targeted areas of consolidation guidance for legal entities such as limited partnerships, limited liability corporations, and securitization structures (collateralized debt obligations, collateralized loan obligations, and mortgage-backed security transactions). This ASU focuses on the consolidation evaluation for reporting organizations (public and private companies and not-for-profit organizations) that are required to evaluate whether they should consolidate certain legal entities. In addition to reducing the number of consolidation models from four to two, the new standard simplifies the FASB Accounting Standards Codification by: i) placing more emphasis on risk of loss when determining a controlling financial interest; ii) reducing the frequency of the application of related-party guidance when determining a controlling financial interest in a variable interest entity ("VIE"); and iii) changing consolidation conclusions for public and private companies in several industries that typically make use of limited partnerships or VIEs. ASU No. 2015-02 is effective for periods beginning after December 15, 2015. Early adoption is permitted, including adoption in an interim period. The adoption of this standard is not expected to have a material impact on the Company's Consolidated Financial Statements.

In January 2015, the FASB issued ASU No. 2015-01 - *Income Statement* - *Extraordinary and Unusual Items* ("ASU 2015-01"), which eliminates the concept of extraordinary items. ASU 2015-01 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted. The adoption of this standard is not expected to have an impact on the Company's Consolidated Financial Statements.

In August 2014, the FASB issued ASU No. 2014-15, *Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern* , which provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity's ability to continue as a going concern. The ASU applies to all entities and is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. The adoption of this standard is not expected to have a material impact on the Company's Consolidated Financial Statements.

In June 2014, the FASB issued ASU No. 2014-12 - *Compensation* - *Stock Compensation* ("ASU 2014-12") which provides guidance that a performance target that affects vesting of a share-based payment and that could be achieved after the requisite service period is a performance condition. As a result, the target is not reflected in the estimation of the award's grant date fair value. Compensation cost for such an award would be recognized over the required service period, if it is probable that the performance condition will be achieved. ASU 2014-12 is effective for all entities for annual periods beginning after December 15, 2015 and interim periods within those annual periods. ASU 2014-12 should be applied on a prospective basis to awards that are granted or modified on or after the effective date. The adoption of this standard is not expected to have an impact on the Company's Consolidated Financial Statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"). While the standard supersedes existing revenue recognition guidance, it closely aligns with current GAAP. Under the new standard, revenue is recognized at the time a good or service is transferred to a customer for the amount of consideration received for that specific good or service. This update could impact the timing and amounts of revenue recognized. In July 2015, the FASB voted to defer the effective date by one year to annual reporting periods (including interim periods within those periods) beginning December 15, 2017 and early adoption during 2016 is permitted. This ASU shall still be applied using either a full retrospective or modified retrospective approach. The Company is currently assessing when it will adopt ASU 2014-09 and evaluating the method of adoption and the effect that implementation of this update will have on its Consolidated Financial Statements upon adoption.

There were various updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries. None of the updates are expected to a have a material impact on the Company's financial position, results of operations or cash flows.

NOTE 2—REVENUE RECOGNITION

The Company derives its revenue from (i) product revenues, which typically include perpetual software licenses and hardware, (ii) recurring revenues comprised of (a) maintenance revenues, which include software license updates and product support, and (b) hosting and managed services revenues, which include subscription fees for access to and use of our on-demand applications and (iii) services revenues, which include installation, consulting and education. Revenues have been derived from sales to end users through the Company's direct sales force, distributors and resellers.

The Company recognizes revenue from the sale of software licenses and hardware (the “Product”) when persuasive evidence of an arrangement exists, the Product has been delivered, the fee is fixed or determinable and collection of the resulting receivable is probable. Revenue recognition for software licenses with multiple-element arrangements generally requires recognition of revenue using the residual method. Under the residual method, the portion of the total arrangement fee attributable to undelivered elements is deferred based upon its vendor-specific objective evidence (“VSOE”) of fair value, or the stated amount if higher, and subsequently recognized as the service is delivered. The difference between the total arrangement fee and the amount deferred for the undelivered elements is recognized as revenue related to the delivered elements, which is generally Product.

Certain of the Company's multiple-element arrangements include software and hardware components that function together to deliver the product's essential functionality. When these software and non-software elements are sold together, the Company believes the arrangements meet the scope exception in Accounting Standards Codification 985-605, *Software Revenue Recognition,* (“ASC 985-605") because of (i) the infrequency of the tangible product's sale without a software element, (ii) the degree of integration between the tangible product and the software element, which is considered significant and (iii) the non-software element of the tangible product's substantive contributions to the tangible product's essential functionality. For these multiple-element arrangements, the Company allocates the total arrangement fee to all deliverables based on a selling price hierarchy. The selling price for a deliverable is based on VSOE, if available, third party evidence (“TPE"), if VSOE is not available, or estimated selling price (“ESP”), if neither VSOE nor TPE is available. The Company generally expects that it will not be able to establish TPE due to the nature of the products sold and the markets in which it competes, and therefore relies upon VSOE or ESP in allocating the arrangement's arrangement fee. Once the arrangement fee has been allocated to each deliverable, revenue is recognized as each item is delivered.

VSOE generally exists only when the Company sells the deliverable separately and is the price actually charged by the Company for that deliverable. The Company has established VSOE for support and maintenance services, certain professional services, and education services.

ESP reflects the Company's best estimate of what the selling prices of elements would be if they were sold regularly on a standalone basis. ESP is based upon all reasonably available information including both market data and conditions and entity-specific factors. These factors include market trends and competitive conditions, product maturity, differences related to geography, distribution channel, deal size, and cumulative customer purchases. The Company has established ESP for software licenses, hardware and subscriptions and reviews them annually or more frequently when a significant change in the Company's business or selling practices occurs.

Delivery generally occurs when the Product is delivered to a common carrier at the Company's loading dock unless title and risk of loss transfers upon delivery to the customer. In sales transactions through a distributor or reseller, the Company generally recognizes revenues upon shipment to the distributor, reseller or identified end user, as applicable.

At the time of the Product sale, the Company assesses whether the fee associated with the revenue transaction is fixed or determinable and whether collection is probable. The assessment of whether the fee is fixed or determinable is based in part on the payment terms associated with the transaction. If any portion of a fee is due beyond the Company's normal payment terms, the Company evaluates the specific facts and circumstances to determine if the fee is fixed or determinable. If it is determined that the fee is not fixed or determinable, the Company recognizes revenue as the fees become due. If the Company determines that collection of a fee is not probable, then the Company will defer the entire fee and recognize revenue upon receipt of cash.

Product revenue for software licenses sold on a perpetual basis, along with hardware, is recognized at the inception of the arrangement, presuming all other relevant revenue recognition criteria are met. Product revenue for software sold on a non-perpetual basis (Rental or Term) is recognized ratably over the license term.

In connection with the sale of its software licenses, the Company sells support and maintenance services, which are recognized ratably over the term of the arrangement, typically one year . Under support and maintenance services, customers receive unspecified software product upgrades, maintenance and patch releases during the term, as well as internet and telephone access to technical support personnel.

Many of the Company's software arrangements also include professional services for consulting and implementation sold under separate agreements. Professional services revenue from these arrangements is generally accounted for separately from the software license because the services qualify as a separate element under ASC 985-605. The more significant factors considered in determining whether professional services revenue should be accounted for separately include (i) the nature of the services and whether they are essential to the functionality of the licensed product, (ii) the degree of risk, (iii) the availability of services from other vendors, (iv) the timing of payments and (v) the impact of milestones or acceptance criteria on the realizability of the software license fee. Professional services revenue under these arrangements, as well as when sold on a standalone basis, is generally recognized as the services are performed.

The Company recognizes revenue associated with education as these services are performed.

Hosting and managed services revenue reflects subscription and other recurring revenues which includes fees for access rights to software solutions offered under a subscription-based delivery model where the users do not take possession of the software. Under this model, the software applications are hosted by us or by a third party and the customer accesses and uses the software on an as-needed basis over the internet or via a dedicated line. The underlying arrangements typically (i) include a single fee for the service that is billed monthly, quarterly or annually, (ii) cover a period from 12 to 36 months and (iii) do not provide the customer with an option to take delivery of the software at any time during or after the subscription term. Hosting revenues are recognized ratably over the subscription term beginning on the commencement dates of each contract, which is the date the Company's hosting and managed services are made available to the customer. Professional services revenue for consulting or training services, when sold with hosted offerings, are accounted for separately if they have standalone value to the customer. The Company believes its professional services have standalone value because those services are sold separately by us and similar services are sold by other vendors. In addition, the Company's hosted offerings have standalone value as such offerings are often sold separately.

Deferred revenues primarily represent payments received from customers for software licenses and updates, hardware, product support, installation services, educational services and hosting prior to satisfying the revenue recognition criteria related to those payments.The deferred revenue balance does not represent the total contract value of annual or multi-year, non-cancelable hosting and managed services agreements. Deferred revenue that will be recognized during the succeeding twelve month period is recorded as current deferred revenue and the remaining portion is recorded as noncurrent.

The Company records its estimate for customer returns or other customer allowances as a reduction in revenues. In determining the Company's revenue reserve estimate, and in accordance with internal policy, the Company relies on historical data and known returned goods in transit. These factors, and unanticipated changes in the economic and industry environments, could cause the Company's return estimates to differ from actual results.

NOTE 3—BUSINESS COMBINATIONS

LINGUASYS

On August 4, 2015, the Company acquired certain assets of LinguaSys, a natural language processing software company. This investment enhances the Company's solution portfolio by providing real-time multilingual text analytics, automatic translation and fast, cost-effective natural language interfaces.

The total purchase price consideration provided by the Company was $2.0 million , comprised of equal parts cash and common shares of Aspect Group Holdings, Ltd. The Company determined the acquisition-date fair value of the contingent consideration liabilities, based on the likelihood of cash payments related to the contingent earn-out clauses, as part of the consideration transferred. The maximum contingent earn-out is $1.0 million . The acquisition of LinguaSys was accounted for as a purchase of a business under ASC 805 *Business Combinations.* Accordingly, the results of Linguasys have been included in the consolidated financial statements since the date of acquisition. Pro forma results of operations have not been presented because the effects of the acquisition were not material to the Company's financial results.

The purchase price was allocated to the tangible and intangible assets acquired and liabilities assumed based on a preliminary estimate of their fair values. The excess purchase price over those values was recorded as goodwill. The factors contributing to the recognition of goodwill were based upon the Company's determination that several strategic and synergistic benefits are expected to be realized from the combination. None of the goodwill is expected to be deductible for tax purposes. The fair values assigned to tangible and intangible assets acquired and liabilities assumed were based on management's estimates and assumptions, and other information compiled by management. Purchased intangibles with finite lives will be amortized over the respective estimated useful life using a method that is based on estimated future cash flows, as the Company believes this will approximate the pattern in which the economic benefits of the asset will be utilized (approximately 5 - 7 years).

The purchase price for Linguasys has been preliminarily allocated as follows (in thousands):

Description	Amount
Goodwill	1,690
Customer relationships	265
Tradename and trademarks	35
Technology	510
Accrued expenses	(500)
Net assets acquired	$ 2,000

NOTE 4—EQUITY

Stock-based compensation expense is reflected within the Company’s condensed consolidated statements of operations as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Cost of services	$ 11	$ 82	$ 29	$ 98
Research and development	10	24	42	74
Selling, general and administrative	50	50	148	98
Total	$ 71	$ 156	$ 219	$ 270

NOTE 5—FAIR VALUE

Financial Assets and Liabilities Recorded at Fair Value

The following table summarizes the Company’s fair value hierarchy for its financial assets and liabilities measured at fair value as of September 30, 2015 (in thousands):

	Total Fair Value	Quoted Prices in Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets				
Cash and cash equivalents	$ 26,858	$ 26,858	$ —	$ —

The following table summarizes the Company’s fair value hierarchy for its financial assets and liabilities measured at fair value as of December 31, 2014 (in thousands):

	Total Fair Value	Quoted Prices in Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets				
Cash and cash equivalents	$ 17,030	$ 17,030	$ —	$ —

Financial Assets and Liabilities Not Recorded at Fair Value

The estimated fair values of the amounts borrowed under the Company's debt obligations were based on a Level 2 input using quotes from third-party banks for the Company's debt which is subject to infrequent transactions (i.e. a less active market). As of September 30, 2015 and December 31, 2014, the Company's first lien credit facility had a fair value of approximately $435.7 million and $448.5 million , respectively. As of September 30, 2015 and December 31, 2014, the Company's senior second lien notes had a fair value of approximately $270.4 million and $302.4 million , respectively.

On February 4, 2013 the Company purchased 1,712,392 ordinary shares of eg solutions plc. ("eg"), a back office optimization software company in the United Kingdom at a cost of approximately £1.25 million , or $1.9 million . The Company concurrently entered into a reseller agreement which grants Aspect the right to market and distribute eg's products and services in all territories with exclusivity rights in all territories other than Europe, Middle East and Africa. The Company must achieve minimum annual revenue targets to maintain the exclusivity rights and was issued a conditional warrant to purchase up to 400,000 shares ,which is approximately 2% of its current outstanding equity, at a price of 0.79 pence per share based upon annual revenue levels within the first two years of the agreement. In addition, during 2014 the Company issued a convertible loan note to eg of approximately £0.55 million plus interest at an annual rate of 10% , which was converted to 435,945 shares at a price of 0.50 pence per share in the first quarter of 2015. The Company recorded the acquired shares at cost and has accounted for this investment under the equity method. Under this method, the Company recorded a reduction in the investment of less than $0.1 million for the three and nine month periods ended September 30, 2014 for its proportionate share of eg’s net loss based on the most recently available financial statements. The Company's aggregate investment in eg was $2.2 million and $1.8 million as of September 30, 2015 and December 31, 2014, respectively.

NOTE 6—GOODWILL

Changes in the carrying amount of goodwill are as follows (in thousands):

Balance as of December 31, 2014	$	751,063
Foreign currency translation		530
Additions		1,690
Balance as of September 30, 2015	$	753,283

NOTE 7—INCOME TAXES

The Company’s income tax expense was $1.5 million and $4.0 million for the three and nine months ended September 30, 2015, respectively compared to an income tax benefit of $0.8 million and $1.2 million for the three and nine months ended September 30, 2014, respectively. The Company’s tax provision in each period differs from the amount resulting from applying statutory rates primarily due to foreign operations in lower tax jurisdictions, tax reserve adjustments, valuation allowance adjustments, and foreign withholding taxes.

The Company’s total unrecognized tax benefits were approximately $34.0 million as of September 30, 2015 and December 31, 2014. T he amount of unrecognized tax benefits could be reduced upon closure of tax examinations or if the statute of limitations on certain tax filings expires without assessment from the relevant tax authorities. The Company believes that it is reasonably possible that there could be a reduction in unrecognized tax benefits during the next 12 months of approximately $1.6 million .

NOTE 8—RESTRUCTURING

Components of the restructuring accrual were as follows (in thousands):

		Consolidation of Facilities Costs
Balance as of December 31, 2014	$	3,046
Charges		747
Interest accretion		105
Payments		(1,287)
Balance as of September 30, 2015	$	2,611

Restructuring charges during the nine months ended September 30, 2015, primarily reflect vacating excess capacity office space in certain facilities in the United States. There were no such charges during the nine months ended September 30, 2014.

NOTE 9—CONTINGENCIES

Litigation

The Company, from time to time, is party to litigation arising in the ordinary course of its business. Management does not believe that the outcome of these claims will have a material adverse effect on the consolidated financial condition of the Company based on the nature and status of proceedings at this time.

At each reporting period, the Company evaluates whether or not a potential loss amount or a potential range of loss is probable and reasonably estimable under the provisions of the authoritative guidance that addresses accounting for contingencies. Legal costs are expensed as incurred.

NOTE 10—RELATED PARTY TRANSACTIONS

The Company incurred advisory fees from Holdings' majority shareholder totaling $0.5 million for the three months ended September 30, 2015 and 2014 and $1.5 million for the nine months ended September 30, 2015 and 2014. The fees related to management and advisory services rendered in connection with a consulting agreement entered into by both parties. The advisory fees are included in general and administrative expenses in the accompanying condensed consolidated statements of operations, with a related accrued expense of $4.5 million and $3.0 million as of September 30, 2015 and December 31, 2014 , respectively.

As of September 30, 2015 and December 31, 2014 , approximately $10.0 million of the commitments under the revolving loan facility of the first lien credit facility was held by a corporation owned by certain of Holdings' shareholders. The Company paid interest of $0.2 million during the nine months ended September 30, 2015 and had accrued interest expense of approximately $0.1 million related to certain of Holdings' shareholders' revolving loan facility holdings as of September 30, 2015 .

In March 2014, the majority shareholder of Aspect Software Group Holdings Ltd. acquired LiveVox, Inc. ("LiveVox") a leading provider of cloud contact center solutions. The Company concurrently entered into a strategic partnership with LiveVox which initially focuses on a joint go to market between the companies. Aspect and LiveVox will cross-license and cross-sell each other's products to better serve current and new customers. The companies will leverage the scale of both organizations to optimize efficiencies in network and telecommunications infrastructure. The Company's Chief Executive Officer, Stewart Bloom, was appointed to the board of directors of LiveVox. There were no amounts recorded in the accompanying condensed consolidated statements of operations or condensed consolidated balance sheet during the nine month periods ended September 30, 2015 or 2014 related to this partnership.

NOTE 11—SUBSEQUENT EVENTS

The Company has evaluated all subsequent events and determined that there are no material recognized or unrecognized subsequent events requiring disclosure.

NOTE 12—SUPPLEMENTAL GUARANTOR CONDENSED CONSOLIDATING FINANCIALS

The Company's debt issued in May 2010 is fully and unconditionally and jointly and severally guaranteed by Aspect Software Parent, Inc. and each of its domestic subsidiaries. Aspect Software Inc. is the issuer of the Company's debt. Each of the guarantor subsidiaries is 100% owned, directly or indirectly by Aspect Software Parent, Inc. The following represents the supplemental condensed financial information of Aspect Software Parent, Inc. and its guarantor and non-guarantor subsidiaries, as of September 30, 2015 and December 31, 2014 , and for the three and nine months ended September 30, 2015 and 2014 .

Supplemental Condensed Consolidating Balance Sheet (unaudited)
September 30, 2015

(in thousands)	Issuer / Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Assets				
Current assets:				
Cash and cash equivalents	$ 12,308	$ 14,550	$ —	$ 26,858
Accounts receivable, net	62,594	66,080	(79,488)	49,186
Receivable due from Aspect Software Group Holdings Ltd.	482	—	—	482
Deferred tax assets	1,808	1,463	—	3,271
Other current assets	18,272	4,745	—	23,017
Total current assets	95,464	86,838	(79,488)	102,814
Property, plant, and equipment, net	18,842	2,948	—	21,790
Intangible assets, net	43,271	6,876	—	50,147
Goodwill	716,485	36,798	—	753,283
Investment in subsidiaries	74,224	—	(74,224)	—
Other assets	3,460	5,100	—	8,560
Total assets	$ 951,746	$ 138,560	$ (153,712)	$ 936,594
Liabilities and deficit				
Current liabilities:				
Accounts payable	$ 58,662	$ 30,371	$ (79,488)	$ 9,545
Current portion of long-term debt	475,920	—	—	475,920
Accrued liabilities	45,714	7,426	—	53,140
Deferred revenues	46,633	15,687	—	62,320
Total current liabilities	626,929	53,484	(79,488)	600,925
Deferred tax liabilities	28,988	4,214	—	33,202
Long-term deferred revenue	810	354	—	1,164
Long-term debt	319,662	—	—	319,662
Other long-term liabilities	42,179	6,284	—	48,463
Total liabilities	1,018,568	64,336	(79,488)	1,003,416
Total Aspect Software Parent, Inc. (deficit) equity	(66,822)	71,759	(74,224)	(69,287)
Noncontrolling interest	—	2,465	—	2,465
Total (deficit) equity	(66,822)	74,224	(74,224)	(66,822)
Total liabilities and deficit	$ 951,746	$ 138,560	$ (153,712)	$ 936,594

Supplemental Condensed Consolidating Balance Sheet (unaudited)
December 31, 2014

(in thousands)	Issuer / Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Assets				
Current assets:				
Cash and cash equivalents	$ 2,124	$ 14,906	$ —	$ 17,030
Accounts receivable, net	71,021	65,701	(76,799)	59,923
Receivable due from Aspect Software Group Holdings Ltd.	415	—	—	415
Deferred tax assets	1,808	1,908	—	3,716
Other current assets	16,496	5,009	—	21,505
Total current assets	91,864	87,524	(76,799)	102,589
Property, plant, and equipment, net	18,146	3,427	—	21,573
Intangible assets, net	50,855	8,625	—	59,480
Goodwill	714,795	36,268	—	751,063
Investment in subsidiaries	67,041	—	(67,041)	—
Other assets	8,166	8,990	—	17,156
Total assets	$ 950,867	$ 144,834	$ (143,840)	$ 951,861
Liabilities and deficit				
Current liabilities:				
Accounts payable	$ 59,718	$ 32,168	$ (76,799)	$ 15,087
Current portion of long-term debt	17,094	—	—	17,094
Accrued liabilities	39,423	14,268	—	53,691
Deferred revenues	52,045	17,867	—	69,912
Total current liabilities	168,280	64,303	(76,799)	155,784
Deferred tax liabilities	28,988	3,631	—	32,619
Long-term deferred revenue	1,571	897	—	2,468
Long-term debt	764,411	—	—	764,411
Other long-term liabilities	42,311	8,962	—	51,273
Total liabilities	1,005,561	77,793	(76,799)	1,006,555
Total Aspect Software Parent, Inc. (deficit) equity	(54,694)	63,409	(67,041)	(58,326)
Noncontrolling interest	—	3,632	—	3,632
Total (deficit) equity	(54,694)	67,041	(67,041)	(54,694)
Total liabilities and deficit	$ 950,867	$ 144,834	$ (143,840)	$ 951,861

Supplemental Condensed Consolidating Statement of Operations (unaudited)
For the Three Months Ended September 30, 2015

(in thousands)	Issuer / Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Net revenues	$ 71,702	$ 29,894	$ (4,248)	$ 97,348
Cost of revenues	32,336	13,740	(4,248)	41,828
Gross profit	39,366	16,154	—	55,520
Operating expenses:				
Research and development	8,718	2,796	—	11,514
Selling, general and administrative	19,073	8,650	—	27,723
Amortization expense for acquired intangible assets	1,754	231	—	1,985
Restructuring charges	—	88	—	88
Total operating expenses	29,545	11,765	—	41,310
Income from operations	9,821	4,389	—	14,210
Interest and other expense, net	(17,847)	(4,494)	—	(22,341)
Loss before income taxes	(8,026)	(105)	—	(8,131)
Provision for income taxes	837	630	—	1,467
Equity in earnings of subsidiaries	(388)	—	388	—
Net (loss) income	(9,251)	(735)	388	(9,598)
Less: Net loss attributable to noncontrolling interest	—	(342)	—	(342)
Net (loss) income attributable to Aspect Software Parent, Inc.	$ (9,251)	$ (393)	$ 388	$ (9,256)

For the Three Months Ended September 30, 2014

(in thousands)	Issuer / Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Net revenues	$ 74,048	$ 49,156	$ (9,754)	$ 113,450
Cost of revenues	35,233	23,218	(9,754)	48,697
Gross profit	38,815	25,938	—	64,753
Operating expenses:				
Research and development	9,290	3,210	—	12,500
Selling, general and administrative	17,327	12,234	—	29,561
Amortization expense for acquired intangible assets	1,741	294	—	2,035
Total operating expenses	28,358	15,738	—	44,096
Income from operations	10,457	10,200	—	20,657
Interest and other expense, net	(15,109)	(4,099)	—	(19,208)
(Loss) income before income taxes	(4,652)	6,101	—	1,449
(Benefit from) provision for income taxes	(1,897)	1,051	—	(846)
Equity in earnings of subsidiaries	5,559	—	(5,559)	—
Net income (loss)	2,804	$ 5,050	$ (5,559)	$ 2,295
Less: Net loss attributable to noncontrolling interest	—	(509)	—	(509)
Net income (loss) attributable to Aspect Software Parent, Inc.	$ 2,804	$ 5,559	$ (5,559)	$ 2,804

Supplemental Condensed Consolidating Statement of Operations (unaudited)
For the Nine Months Ended September 30, 2015

(in thousands)	Issuer / Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Net revenues	$ 219,309	$ 98,118	$ (12,785)	$ 304,642
Cost of revenues	98,252	42,244	(12,785)	127,711
Gross profit	121,057	55,874	—	176,931
Operating expenses:				
Research and development	26,179	8,574	—	34,753
Selling, general and administrative	60,450	26,473	—	86,923
Amortization expense for acquired intangible assets	5,333	725	—	6,058
Restructuring charges	635	112	—	747
Total operating expenses	92,597	35,884	—	128,481
Income from operations	28,460	19,990	—	48,450
Interest and other expense, net	(50,889)	(8,322)	—	(59,211)
(Loss) income before income taxes	(22,429)	11,668	—	(10,761)
Provision for income taxes	2,414	1,633	—	4,047
Equity in earnings of subsidiaries	11,204	—	(11,204)	—
Net (loss) income	(13,639)	10,035	(11,204)	(14,808)
Less: Net loss attributable to noncontrolling interest	—	(1,167)	—	(1,167)
Net (loss) income attributable to Aspect Software Parent, Inc.	$ (13,639)	$ 11,202	$ (11,204)	$ (13,641)

For the Nine Months Ended September 30, 2014

(in thousands)	Issuer / Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Net revenues	$ 219,090	$ 129,284	$ (19,652)	$ 328,722
Cost of revenues	104,685	57,767	(19,652)	142,800
Gross profit	114,405	71,517	—	185,922
Operating expenses:				
Research and development	29,894	9,297	—	39,191
Selling, general and administrative	59,987	34,134	—	94,121
Amortization expense for acquired intangible assets	5,324	881	—	6,205
Total operating expenses	95,205	44,312	—	139,517
Income from operations	19,200	27,205	—	46,405
Interest and other expense, net	(48,703)	(8,388)	—	(57,091)
(Loss) income before income taxes	(29,503)	18,817	—	(10,686)
(Benefit from) provision for income taxes	(4,037)	2,804	—	(1,233)
Equity in earnings of subsidiaries	17,268	—	(17,268)	—
Net (loss) income	(8,198)	16,013	(17,268)	(9,453)
Less: Net loss attributable to noncontrolling interest	—	(1,255)	—	(1,255)
Net (loss) income attributable to Aspect Software Parent, Inc.	$ (8,198)	$ 17,268	$ (17,268)	$ (8,198)

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Supplemental Condensed Consolidating Statement of Comprehensive Income (Loss) (unaudited)

For the Three Months Ended September 30, 2015

(in thousands)	Issuer / Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Net (loss) income	$ (9,251)	$ (735)	$ 388	$ (9,598)
Change in cumulative translation adjustment	—	1,313	(30)	1,283
Comprehensive (loss) income	(9,251)	578	358	(8,315)
Comprehensive loss attributable to noncontrolling interest	—	(342)	—	(342)
Comprehensive (loss) income attributable to Aspect Software Parent, Inc.	$ (9,251)	$ 920	$ 358	$ (7,973)

For the Three Months Ended September 30, 2014

(in thousands)	Issuer / Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Net income (loss)	$ 2,804	$ 5,050	$ (5,559)	$ 2,295
Change in cumulative translation adjustment	(151)	918	(8)	759
Comprehensive income (loss)	$ 2,653	$ 5,968	$ (5,567)	$ 3,054
Comprehensive loss attributable to noncontrolling interest	—	(509)	—	(509)
Comprehensive income (loss) attributable to Aspect Software Parent, Inc.	$ 2,653	$ 6,477	$ (5,567)	$ 3,563

For the Nine Months Ended September 30, 2015

(in thousands)	Issuer / Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Net (loss) income	$ (13,639)	$ 10,035	$ (11,204)	$ (14,808)
Change in cumulative translation adjustment	12	1,449	—	1,461
Comprehensive (loss) income	(13,627)	11,484	(11,204)	(13,347)
Comprehensive loss attributable to noncontrolling interest	—	(1,167)	—	(1,167)
Comprehensive (loss) income attributable to Aspect Software Parent, Inc.	$ (13,627)	$ 12,651	$ (11,204)	$ (12,180)

For the Nine Months Ended September 30, 2014

(in thousands)	Issuer / Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Net (loss) income	$ (8,198)	$ 16,013	$ (17,268)	$ (9,453)
Change in cumulative translation adjustment	(248)	183	(15)	(80)
Comprehensive (loss) income	$ (8,446)	$ 16,196	$ (17,283)	$ (9,533)
Comprehensive loss attributable to noncontrolling interest	—	(1,255)	—	(1,255)
Comprehensive (loss) income attributable to Aspect Software Parent, Inc.	$ (8,446)	$ 17,451	$ (17,283)	$ (8,278)

Supplemental Condensed Consolidating Statement of Cash Flows (unaudited)
For the Nine Months Ended September 30, 2015

(in thousands)	Issuer / Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Operating activities:				
Net cash provided by (used in) operating activities	$ 4,936	$ (475)	$ —	$ 4,461
Investing activities:				
Cash paid for acquisitions, net of cash acquired	(1,000)	—	—	(1,000)
Purchases of property and equipment	$ (7,177)	$ (932)	$ —	$ (8,109)
Net cash used in investing activities	(8,177)	(932)	—	(9,109)
Financing activities:				
Repayment of borrowings	(30,575)	—	—	(30,575)
Borrowings under debt facilities	44,000			44,000
Net cash provided by financing activities	13,425	—	—	13,425
Effect of exchange rate changes on cash	—	1,051	—	1,051
Net change in cash and cash equivalents	10,184	(356)	—	9,828
Cash and cash equivalents:				
Beginning of period	2,124	14,906	—	17,030
End of period	$ 12,308	$ 14,550	$ —	$ 26,858

Supplemental Condensed Consolidating Statement of Cash Flows (unaudited)
For the Nine Months Ended September 30, 2014

(in thousands)	Issuer / Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Operating activities:				
Net cash provided by (used in) operating activities	$ 28,480	$ (9,349)	$ —	$ 19,131
Investing activities:				
Purchases of property and equipment	(7,024)	(1,636)	—	(8,660)
Net cash used in investing activities	(7,024)	(1,636)	—	(8,660)
Financing activities:				
Repayment of borrowings	(46,800)	—	—	(46,800)
Borrowings under debt facilities	15,000	—	—	15,000
Proceeds received from capital contribution	7,004			7,004
Net cash used in financing activities	(24,796)	—	—	(24,796)
Effect of exchange rate changes on cash	—	(126)	—	(126)
Net change in cash and cash equivalents	(3,340)	(11,111)	—	(14,451)
Cash and cash equivalents:				
Beginning of period	3,764	22,930	—	26,694
End of period	$ 424	$ 11,819	$ —	$ 12,243

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

The following discussion should be read in conjunction with the Condensed Consolidated Financial Statements and notes thereto included in this Quarterly Report on Form 10-Q, or this "Quarterly Report", and in conjunction with the Annual Report for Aspects Software Group Holdings Ltd.'s on Form 10-K (File No. 333-170936).

This Quarterly Report contains forward-looking statements that are subject to risks and uncertainties. All statements other than statements of historical fact included in this Quarterly Report, including, but not limited to, statements regarding the extent and timing of future revenues and expenses and customer demand, statements regarding liquidity and our ability to address short- and long-term balance sheet requirements, statements regarding the deployment of our products, statements regarding our reliance on third parties and other statements using words such as "anticipates," "believes," "could," "estimates," "expects," "forecasts," "intends," "may," "plans," "projects," "should," "will" and "would," and words of similar import and the negatives thereof, are forward-looking statements. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business. For example, all statements we make relating to our estimated and projected costs, expenditures, cash flows, growth rates and financial results, our plans and objectives for future operations, growth or initiatives, strategies, or the expected outcome or impact of pending or threatened litigation are forward-looking statements. Actual results could vary materially as a result of certain factors, including, but not limited to, those the "Risk Factors," "Quantitative and Qualitative Disclosures of Market Risks," and "Liquidity and Capital Resources" sections contained in this Quarterly Report, and the risks discussed in our other SEC filings. These sections and filings identify important risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements.

We urge you to consider these factors carefully in evaluating the forward-looking statements contained in this Quarterly Report. We claim the protection of the Private Securities Litigation Reform Act of 1995 for all forward-looking statements in this report. All subsequent written or oral forward-looking statements attributable to our company or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. The forward-looking statements included in this Quarterly Report are made only as of the date of this Quarterly Report. We do not intend, and undertake no obligation, to update these forward-looking statements.

Overview

We are a global provider of customer contact and workforce optimization solutions. We help our customers build, enhance and sustain stronger relationships with their customers by uniting enterprise technologies with customer contact solutions. Through seamless, two-way communications across phone, chat, email, IVR, IM, SMS and social channels, we equip companies with the tools and technologies needed to serve today's demanding customers. Aspect solutions enable organizations to integrate customer contact and workforce optimization solutions into existing enterprise technology investments for companies looking to ensure a consistent and integrated multi-channel customer support experience while creating more productive business processes. We believe that this integrated multi-channel solution approach drives enhanced business efficiencies, fosters loyalty and grows customer value. Our customer contact and workforce optimization software can enhance business processes throughout the organization by incorporating interaction management, collaboration and other enterprise technologies. Our interaction management applications for customer contact are built on feature-rich, high-availability, next-generation platforms that fully leverage real-time communications and intelligent workflows, enabling organizations to maintain best practices while engaging consumers through the channels and devices they expect, including social media and mobile services.

Results and Trends in 2015

The following table sets forth certain key performance indicators for the three and nine months ended September 30, 2015 and 2014 :

(Dollars in millions)	**Three Months Ended September 30,**				**Nine Months Ended September 30,**			
	2015	**2014**	**Change ($)**	**Constant Currency ($)**	**2015**	**2014**	**Change ($)**	**Constant Currency ($)**
Net revenues	$ 97.3	$ 113.5	$ (16.2)	$ (11.9)	$ 304.7	$ 328.7	$ (24.0)	$ (13.9)
Adjusted EBITDA	22.2	30.1	(7.9)	(6.4)	71.1	76.5	(5.4)	(3.6)

On a constant currency basis, our net revenues declined for both the three and nine months ended September 30, 2015, when compared to the prior year periods. While we expect our customers' deployment preference to continue to shift to cloud from on premise, we are optimistic about our product revenue results on a year to date basis for 2015. We added 76 new customer brands to our portfolio in the first nine months of 2015 contributing $7.8 million of bookings. Our cloud business continues to grow, delivering 20% higher revenue in 2015 on a year-to-date basis.

Our Adjusted EBITDA for both the three and nine months ended September 30, 2015 when compared to the prior year periods were lower primarily resulting from lower sales volume partially offset as we closely manage our expenses.

We have identified certain items that management uses as performance indicators to manage our business, including revenue and Adjusted EBITDA, and we describe these items further below.

Financial Summary

The following table sets forth the unaudited results of our operations for the three and nine months ended September 30, 2015 and 2014 :

(Dollars in millions)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2015	**2014**	**Change ($)**	**Constant Currency ($)**	**2015**	**2014**	**Change ($)**	**Constant Currency ($)**
Net revenues	$ 97.3	$ 113.5	(16.2)	(11.9)	$ 304.7	$ 328.7	(24.0)	(13.9)
Total cost of revenues	41.8	48.7	(6.9)	(3.9)	127.7	142.8	(15.1)	(11.2)
Gross profit	55.5	64.8	(9.3)	(8.0)	177.0	185.9	(8.9)	(2.7)
Operating expenses	41.3	44.1	(2.8)	—	128.5	139.5	(11.0)	(8.1)
Income from operations	14.2	20.7	(6.5)	(8.0)	48.5	46.4	2.1	5.4
Interest and other expense, net	(22.3)	(19.2)	(3.1)	(3.1)	(59.2)	(57.1)	(2.1)	(2.1)
(Loss) income before income taxes	(8.1)	1.5	(9.6)	(11.1)	(10.7)	(10.7)	—	3.3
Provision for income taxes	1.5	(0.8)	2.3	2.3	4.0	(1.2)	5.2	5.2
Net loss	(9.6)	2.3	(11.9)	(13.4)	(14.7)	(9.5)	(5.2)	(1.9)
Less: Net loss attributable to noncontrolling interest	(0.3)	(0.5)	0.2	0.2	(1.2)	(1.3)	0.1	0.1
Net loss attributable to Aspect Software Parent, Inc.	$ (9.3)	$ 2.8	$ (12.1)	$ (13.6)	$ (13.5)	$ (8.2)	$ (5.3)	$ (2.0)

Adjusted EBITDA

Earnings before interest, taxes, depreciation and amortization, as adjusted (“Adjusted EBITDA”) is a non-GAAP financial measure used in our debt agreements to determine compliance with financial covenants and our ability to engage in certain activities, such as making certain payments. In addition to covenant compliance, our management also uses Adjusted EBITDA to assess our operating performance and to calculate performance-based cash bonuses which are tied to Adjusted EBITDA targets. Adjusted EBITDA contains other charges and gains, for which we believe adjustment is permitted under our senior secured credit agreement. Adjusted EBITDA is not a measure of our liquidity or financial performance under GAAP and should not be considered as an alternative to net income, income from operations or any other performance measures derived in accordance with GAAP, or as an alternative to cash flow from operating activities as a measure of our liquidity. The use of Adjusted EBITDA instead of income from operations has limitations as an analytical tool, including the failure to reflect changes in cash requirements, including cash requirements necessary to service principal or interest payments on our debt, or changes in our working capital needs. Management compensates for these limitations by relying primarily on our GAAP results and by using Adjusted EBITDA on a supplemental basis. Other companies in our industry may calculate this measure differently than we do, limiting its usefulness as a comparative measure.

The following is a reconciliation of income from operations, the most directly comparable GAAP financial measure, to Adjusted EBITDA:

(In millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2015	2014	Change ($)	2015	2014	Change ($)
Income from operations	$ 14.2	$ 20.7	$ (6.5)	$ 48.5	$ 46.4	$ 2.1
Depreciation and amortization	6.1	5.6	0.5	17.5	16.7	0.8
Stock based compensation	0.1	0.3	(0.2)	0.3	0.3	—
Sponsor management fees	0.5	0.5	—	1.5	1.5	—
Severance costs	0.3	1.4	(1.1)	2.3	3.8	(1.5)
Cost savings initiatives	—	1.2	(1.2)	—	6.1	(6.1)
Facilities restructuring charges & adjustments	—	—	—	0.7	—	0.7
Acquisition related costs & adjustments	—	—	—	—	0.5	(0.5)
Other (1)	1.0	0.4	0.6	0.4	1.2	(0.8)
Adjusted EBITDA	$ 22.2	$ 30.1	$ (7.9)	$ 71.2	$ 76.5	$ (5.3)

(1) These costs represent amounts that are allowed to be added back for calculation of compliance with our debt agreement covenants, including but not limited to; acquisition related adjustments to revenue, strategic investment costs, legal entity rationalization, IRS audit, debt issuance, Sarbanes-Oxley compliance, foreign withholding taxes, and non-recurring charges & adjustments.

Net Revenues

The following table presents the breakdown of net revenues:

(In millions)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2015	2014	Change ($)	Constant Currency ($)	2015	2014	Change ($)	Constant Currency ($)
Product revenue	$ 12.8	$ 21.4	$ (8.6)	$ (7.5)	$ 45.5	$ 51.2	$ (5.7)	$ (3.4)
Recurring revenue	67.9	72.3	(4.4)	(1.9)	207.4	217.7	(10.3)	(4.4)
Services revenue	16.6	19.8	(3.2)	(2.5)	51.8	59.8	(8.0)	(6.1)
Total revenue	$ 97.3	$ 113.5	$ (16.2)	$ (11.9)	$ 304.7	$ 328.7	$ (24.0)	$ (13.9)

Product

Our product revenue is comprised of software sales that are installed on a customer's premise. The decrease in product revenue year-over-year is primarily attributed to several large (over $1 million) deals that closed in the prior year quarter that did not recur in 2015. We continue to experience lengthening decision and approval cycles and many customers remain cautious with capital investments resulting in a prolonged sales cycle. Hosted offerings allow capital investment cautious customers an opportunity to delay cash outflow by switching from up front license fees to a recurring service. Over the past two years we have had many customers change their deployment model from on-premise to either hosted or managed services. We expect this trend to continue and we will continue to invest in these alternative deployment methods across our broad scale customer base. In addition, weakening foreign currencies reduced our product revenue by $2.3 million for the nine months ended September 30, 2015.

Recurring

(In millions)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2015	2014	Change ($)	Constant Currency ($)	2015	2014	Change ($)	Constant Currency ($)
Cloud revenue	$ 14.2	$ 12.7	$ 1.5	$ 1.8	$ 43.0	$ 33.8	$ 9.2	$ 10.1
Core maintenance revenue	40.0	40.7	(0.7)	1.1	120.3	121.6	(1.3)	2.8
Signature maintenance revenue	13.7	18.9	(5.2)	(4.8)	44.1	62.3	(18.2)	(17.3)
Total recurring revenue	$ 67.9	$ 72.3	$ (4.4)	$ (1.9)	$ 207.4	$ 217.7	$ (10.3)	$ (4.4)

Cloud revenue is comprised of hosting and managed service revenue. Our Cloud revenue increased by nearly 30% for the nine months ended September 30, 2015 when compared to the prior year period. We expect this revenue stream to continue to become a more significant component of our total revenue as both prospective customers and existing customers opt for solutions requiring lower start up costs and predictable ongoing operating expenses. Our hosting and managed services deals typically include a service ramp up schedule of six or more months before the customer reaches their monthly committed booking level. This can result in a considerable conversion lag between bookings and revenue. We expanded our data center capabilities and coverage areas and we are focused on ease of implementation to accelerate the earnings process for these deals.

On a constant currency basis, our Core maintenance revenue would have been $1.1 million higher for the three months ended September 30, 2015 and $2.8 million higher for the nine months ended September 30, 2015. Our Core maintenance revenue increased on a year-over-year basis as we experienced growth in Voxeo and Unified IP premise upsell opportunities. Substantially all of our customers subscribe to maintenance when purchasing our on premise solutions.

Our Signature maintenance revenue decreased during the three and nine months ended September 30, 2015, when compared to the prior year periods as we migrated many of these customers to on premise or cloud Unified IP solutions. Additionally, we have experienced some customer consolidation due to license decommissioning resulting from agent downsizing.

As our business continues to shift from on premise deployment to the cloud, our off balance sheet contracted unbilled revenue balance will continue to grow. The deferred revenue balance on our consolidated balance sheet does not represent the total contract value of annual or multi-year, non-cancelable hosting and managed services agreements. Contracted unbilled revenue represents future billings under our hosting and managed services agreements that have not been invoiced and, accordingly, are not recorded in deferred revenue. The following schedule outlines our contractual on balance sheet and off balance sheet amounts that we expect to recognize as revenue as well as an estimate for minute usage revenue for our cloud customers which is based on historical activity.

(In millions)	September 30,		
	2015	**2014**	**Change ($)**
Deferred revenue - on balance sheet	$ 63.5	$ 84.5	$ (21.0)
Contracted unbilled revenue - off balance sheet	183.2	144.9	38.3
Anticipated minute usage revenue - off balance sheet	16.3	21.6	(5.3)
Total	$ 263.0	$ 251.0	$ 12.0

Our typical cloud contract length is between 12 and 36 months. We expect that the amount of contracted unbilled revenue will change from period to period for several reasons, including the specific timing and duration of large customer hosting and managed services agreements, varying billing cycles of these agreements, the specific timing of customer renewals, foreign currency fluctuations, the timing of when contracted unbilled revenue is to be recognized, and changes in customer financial circumstances.

Services

Services revenue is comprised of consulting, implementation and education revenue. On a constant currency basis, our services revenue would have been $0.7 million and $2.0 million higher for the three and nine months ended September 30, 2015. The remaining decline in services revenue year-over-year is primarily the result of the timing of our product revenue volume closing as our revenue from customers purchasing installation services lags their product order. In an effort to deliver a services revenue stream that is less dependent on the timing of premise software installations, our services team offers engagements in a consultancy role to partner with customers and prospective customers to design great customer experiences and run more efficient customer service support centers.

Cost of Revenue

The following table presents the breakdown of cost of revenues between product, maintenance and services revenue and amortization expense for acquired intangible assets:

(In millions)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2015	2014	Change ($)	Constant Currency ($)	2015	2014	Change ($)	Constant Currency ($)
Cost of product revenue	$ 3.3	$ 6.1	$ (2.8)	$ (2.6)	$ 11.3	$ 15.3	$ (4.0)	$ (3.2)
Cost of recurring revenue	21.8	22.2	(0.4)	0.1	65.9	67.6	(1.7)	(0.2)
Cost of services revenue	15.5	19.2	(3.7)	(3.1)	46.9	56.2	(9.3)	(7.6)
Amortization expense for acquired intangible assets	1.2	1.2	—	—	3.6	3.7	(0.1)	(0.1)
Total cost of revenues	$ 41.8	$ 48.7	$ (6.9)	$ (5.6)	$ 127.7	$ 142.8	$ (15.1)	$ (11.1)

The following table presents gross profit as a percentage of related revenue:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2015	2014	Change (pts)	Constant Currency (pts)	2015	2014	Change (pts)	Constant Currency (pts)
Product gross margin	74.2%	71.5%	2.7	3.3	75.2%	70.1%	5.1	6.3
Recurring gross margin	67.9%	69.3%	(1.4)	(0.5)	68.2%	68.9%	(0.7)	1.2
Services gross margin	6.6%	3.0%	3.6	4.0	9.5%	6.0%	3.5	4.8

Product

Our product gross margins have improved as the composition of our sales has shifted away from legacy Signature hardware to our Core software based solutions which have considerably lower delivery costs.

Recurring

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2015	2014	Change	Constant Currency (pts)	2015	2014	Change	Constant Currency (pts)
Cloud gross margin	42.1%	49.2%	(7.1)pts	(6.6)	45.6%	46.2%	(0.6)pts	1.5
Maintenance gross margin	74.8%	73.5%	1.3 pts	1.7	74.2%	73.1%	1.1 pts	1.5

On a constant currency basis, cloud gross margins for nine months ended September 30, 2015, improved primarily as a result of volume growth. We will continue to invest in this business in advance of revenue generation and expect these margins to improve with volume growth. Cloud gross margin for the three and nine months ended September 30, 2015 reflect approximately $0.4 million of one-time retention bonuses related to our July 2013 Voxeo acquisition.

Maintenance gross margins for the three and nine months ended September 30, 2015, were favorably impacted by workforce redistributions that occurred in 2014 to ultimately reduce overall costs and better deliver service to our customers. Excluding the impact of these actions, maintenance gross margins were relatively consistent year-over-year.

Services

During 2014 we redesigned the structure of our professional services organization to realign, invest and hire the skill sets necessary to better meet customer experience expectations and improve utilization. These actions resulted in additional one-time separation costs during the first nine months of 2014 which had an unfavorable impact on gross margins. Over the past nine months we have made significant progress in growing our project backlog, improving our realized billing rate and increasing our stand-alone services opportunities to reduce our dependency on product bookings.

Amortization

Amortization expense for acquired intangible assets was consistent when comparing the three and nine months ended September 30, 2015 to the prior year periods.

Operating Expenses

(In millions)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2015	2014	Change ($)	Constant Currency	2015	2014	Change ($)	Constant Currency
Research and development	$ 11.5	$ 12.5	$ (1.0)	(0.8)	$ 34.8	$ 39.2	$ (4.4)	$ (3.7)
Selling, general and administrative	27.7	29.6	(1.9)	(0.6)	86.9	94.1	(7.2)	(3.4)
Amortization expense for acquired intangible assets	2.0	2.0	—	—	6.1	6.2	(0.1)	(0.1)
Restructuring charges	0.1	—	0.1	0.1	0.7	—	0.7	0.7
Total	$ 41.3	$ 44.1	$ (2.8)	$ (1.3)	$ 128.5	$ 139.5	$ (11.0)	$ (6.5)

Research & Development

The decrease in research and development expenses in the three and nine months ended September 30, 2015, compared to the prior year periods is primarily related to realizing the benefits of cost reduction initiatives executed in the prior year which included workforce adjustments to lower cost geographies as well as reduced overall headcount in this function.

Selling, General & Administrative

The decrease in selling, general and administrative expenses in the three and nine months ended September 30, 2015, compared to the prior year periods is primarily related to realizing the benefits of cost reduction initiatives executed in the prior year which included workforce adjustments to lower cost geographies as well as reduced overall headcount in these functions. In addition, lower variable compensation costs and the favorable impact of foreign currencies weakening against the United States dollar resulted in lower expenses in the current year.

Amortization Expense for Acquired Intangible Assets

Amortization expense for acquired intangible assets was relatively consistent when comparing the three and nine months ended September 30, 2015 to the prior year periods.

Restructuring Charges

Restructuring charges during the three and nine months ended September 30, 2015, primarily reflect cost related to vacating excess capacity office space in certain facilities in the United States.

Interest and Other Expense, Net

The components of interest and other expense, net, were as follows:

(In millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2015	2014	Change ($)	2015	2014	Change ($)
Interest expense, net	$ 21.6	$ 19.0	$ 2.6	$ 59.2	$ 56.9	$ 2.3
Exchange rate gain	0.9	0.3	0.6	0.2	0.2	—
Other expense, net	—	(0.1)	0.1	—	—	—
Total interest and other expense, net	$ 22.5	$ 19.2	$ 3.3	$ 59.4	$ 57.1	$ 2.3

Interest expense for the three and nine months ended September 30, 2015, increased as compared to the prior year periods due to approximately $2.3 million of additional payments during the third quarter of 2015 as a result of a refinancing not being completed on or before June 30, 2015, in accordance with the terms of the November 2014 amendment.

For each of the periods presented, we experienced exchange rate gains primarily due to the strengthening of the United States dollar against foreign currencies.

Income Taxes

The following table presents benefit from income taxes and the effective tax rate:

(Dollars in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2015	**2014**	**Change**	**2015**	**2014**	**Change**
Provision for (benefit from) income taxes	$ 1.5	$ (0.8)	$ 2.3	$ 4.0	$ (1.2)	$ 5.2
Effective tax rate	(18.0)%	(58.4)%	40.4 pts	(37.6)%	11.5%	(49.1)pts

The Company's tax expense in each period differs from the amount resulting from applying statutory rates primarily due to foreign operations in lower tax jurisdictions, tax reserve adjustments, and valuation allowance adjustments.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents increased by $14.6 million to $26.8 million at September 30, 2015 from $12.2 million at September 30, 2014. Our existing cash balance generated by operations and borrowings available under our credit facilities have served as our primary sources of short-term liquidity. The public and private capital markets have served as our primary source of financing to fund large acquisitions and other large transactions, such as debt refinancings. In the past, we have issued debt and equity in both the public and private capital markets.

As of September 30, 2015, our indebtedness was $795.8 million, consisting of indebtedness under our revolving credit facility, our First Lien Credit Facility and our Senior Second Lien Notes. Our outstanding indebtedness under our revolving credit facility (which is fully drawn as of September 30, 2015) and our First Lien Credit Facility are classified as short-term liabilities as of September 30, 2015. This classification was necessary due to the fact that our revolving credit facility matures on February 7, 2016, and our First Lien Credit Facility matures on May 7, 2016. Our Senior Second Lien Notes mature in May 2017. Because the Company lacks the cash flow from operations to fully pay our debt instruments at maturity, we continue to actively pursue and consider a number of actions, which may include among other things (i) actively managing our capital structure through a number of strategic and financial restructuring alternatives, including new money investments, debt-for-debt exchanges and debt-for-equity exchanges, (ii) obtaining waivers or amendments from our lenders, (iii) effectively managing our working capital and (iv) improving our cash flows from operations. We currently believe that we will execute on one or more of these actions to adequately address our short- and long-term balance sheet requirements before maturity. However, there can be no assurance that sufficient liquidity can be raised from one or more of these actions or that these actions can be consummated within the period needed to meet our obligations.

Additionally, covenants contained in our debt agreements may limit our ability to pursue certain of the above actions. For example, the terms of our First Lien Credit Facility and the indenture governing our Senior Second Lien Notes impose limitations on the amount and type of additional indebtedness we can incur, which may significantly reduce our ability to obtain liquidity through the incurrence of additional indebtedness. Furthermore, our ability to refinance any of our existing indebtedness on commercially reasonable terms may be materially and adversely impacted by general economic conditions, the domestic and global financial markets, the credit ratings assigned to our debt by independent credit rating agencies, our operational and financial performance, the value and performance of our equity and debt securities, and other macroeconomic factors outside of our control.

We believe that our existing cash and expected cash flows provided by operating activities will be sufficient to fund our normal recurring operating needs and our contractual obligations until such time as our current debt obligations mature.

A condensed statement of cash flows for the nine months ended September 30, 2015 and 2014 follows:

(In millions)	Nine Months Ended September 30,	
	2015	2014
Net cash provided by (used for):		
Net loss	$ (14.8)	$ (9.5)
Adjustments to net loss for non-cash items	24.5	13.8
Changes in operating assets and liabilities	(5.2)	14.8
Operating activities	4.5	19.1
Investing activities	(9.1)	(8.7)
Financing activities	13.4	(24.8)
Effect of exchange rate changes	1.1	(0.1)
Net change in cash and cash equivalents	9.9	(14.5)
Cash and cash equivalents at beginning of period	17.0	26.7
Cash and cash equivalents at end of period	$ 26.9	$ 12.2

Net Cash Provided by Operating Activities

T he decrease in net cash provided by operating activities was primarily due to lower operating results and higher interest payments in the current year. Our days sales outstanding metric increased from 44 days for the third quarter of 2014 to 47 days for the same period in 2015. This increase was primarily related to renewal billings occurring later in the current year quarter.

Net Cash Used In Investing Activities

Net cash used in investing activities primarily represents our investments in our hosting data centers, revitalization of our office spaces and equipment purchases. Additionally, we contributed $1 million of cash towards our acquisition of Linguasys during the third quarter of 2015.

Net Cash Used In/Provided By Financing Activities

Financing cash flow activities for both periods presented primarily represents activities related to our debt. In the current year net cash provided by financing activities reflects borrowings under our revolver partially offset by scheduled quarterly principal payments to our first-lien lenders and repayments under our revolver.

Debt Covenants

We were in compliance with all of our financial debt covenants as of September 30, 2015 .

Off-Balance Sheet Arrangements

In the Annual Report on Form 10-K, we included a discussion of our off-balance sheet arrangements under “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Off-Balance Sheet Arrangements.” There have been no significant changes to our off-balance sheet arrangements since December 31, 2014.

Critical Accounting Policies

Our financial statements are prepared in accordance with Generally Accepted Accounting Principles (“GAAP”) in the United States. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amount of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Management evaluates its estimates on an on-going basis. Management bases its estimates and judgments on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from the estimates used. Our actual results have generally not differed materially from our estimates. However, we monitor such differences and, in the event that actual results are significantly different from those estimated, we disclose any related impact on our results of operations, financial position and cash flows.

During the first nine months of 2015 , there were no significant changes to our critical accounting policies and estimates. For a complete discussion of all other critical accounting policies, refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our Annual Report on Form 10-K.

Item 3. Quantitative and Qualitative Disclosure of Market Risks

During the first nine months of 2015 , there were no significant changes to our quantitative and qualitative disclosures about market risk. Please refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures of Market Risks” in our Annual Report on Form 10-K, for a more complete discussion of the market risks we encounter.

Item 4. Controls and Procedures

Disclosure controls and procedures . Our Chief Executive Officer and Chief Financial Officer have evaluated our disclosure controls and procedures as of September 30, 2015 and have concluded that these disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission’s rules and forms and is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in internal control over financial reporting . During the three month period ended September 30, 2015, the Company implemented a new enterprise resource planning (ERP) information technology system, which was completed in July 2015. Other than as noted above, there was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended September 30, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

See Note 9 to the Condensed Consolidated Financial Statements included in our Quarterly Report, which is incorporated by reference herein.

Item 1A. Risk Factors

We operate in a rapidly changing environment that involves certain risks and uncertainties, some of which are beyond our control. In addition to the information provided in this Quarterly Report, please refer to the Risk Factors section included the Annual Report of Aspect Software Parent, Inc. on Form 10-K (File No. 333-170936), for a more complete discussion regarding certain factors that could materially affect our business, financial condition or future results.

Item 6. Exhibits

The following exhibits are filed or furnished as part of this quarterly report on Form 10-Q:

Exhibit No.	Description
31.1*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Principal Financial Officer and Principal Executive Officer pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS***	XBRL Instance Document
101.SCH***	XBRL Taxonomy Extension Schema Document
101.CAL***	XBRL Calculation Linkbase Document
101.DEF***	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB***	XBRL Label Linkbase Document
101.PRE***	XBRL Taxonomy Presentation Linkbase Document

* Filed herewith

** Furnished herewith

*** XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections

SIGNATURES

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

Date: November 16, 2015	ASPECT SOFTWARE PARENT, INC.
	By: /s/ Robert J. Krakauer
	Robert J. Krakauer, Executive Vice President and Chief Financial Officer

Exhibit 31.1

CERTIFICATION

I, Stewart M. Bloom, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aspect Software Parent, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure control and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 16, 2015

/s/ STEWART M. BLOOM

Stewart M. Bloom

Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Robert J. Krakauer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aspect Software Parent, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure control and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 16, 2015

/s/ ROBERT J. KRAKAUER

Robert J. Krakauer

Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

Certification Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Aspect Software Parent, Inc. (the Company) for the three and nine months ended Septemeber 30, 2015, as filed with the Securities and Exchange Commission on the date hereof (the Report), each of the undersigned, Stewart M. Bloom, Chairman and Chief Executive Officer, and Robert J. Krakauer, Executive Vice President and Chief Financial Officer, of the Company, certifies, to the best knowledge and belief of the signatory, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ STEWART M. BLOOM	/s/ ROBERT J. KRAKAUER
Chairman and Chief Executive Officer	Executive Vice President and Chief Financial Officer
Date: November 16, 2015	Date: November 16, 2015