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

FORM 10-Q

(Mark one)
[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2000

or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _________ to _________

Commission File Number: 0-24277

Clarus Corporation

(Exact name of registrant as specified in its charter)

Delaware	58-1972600
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

3970 Johns Creek Court
Suwanee, Georgia 30024
- ---
(Address of principal executive offices)
(Zip code)

(770) 291-3900
- ---
(Registrant's telephone number, including area code)

- ---
(Former name, former address and former fiscal year, if changed since last report.)

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 periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Common Stock, ($.0001 Par Value)

14,080,282 shares outstanding as of March 31, 2000

INDEX

CLARUS CORPORATION

PART I FINANCIAL INFORMATION

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CLARUS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

(in thousands, except share and per share amounts)

<TABLE>
<CAPTION>

<S>	March 31, 2000 <C>	December 31, 1999 <C>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$247,920	$14,127
Trade accounts receivable, less allowance for doubtful accounts of $526 and $271 in 2000 and 1999, respectively	14,026	10,389
Deferred marketing expense, current	7,410	5,723
Prepaids and other current assets	1,652	1,965
Total current assets	271,008	32,204
PROPERTY AND EQUIPMENT:	4,540	4,122
OTHER ASSETS:		
Deferred marketing expense	6,141	4,293
Intangible assets, net of accumulated amortization of $1,011 and $784 in 2000 and 1999, respectively	6,511	6,649
Investments	1,918	1,168
Deposits and other long-term assets	167	127
Total other assets	14,737	12,237
TOTAL ASSETS	$290,285	$48,563

</TABLE>

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

Item 1. Financial Statements (continued)

CLARUS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited) (continued)

(in thousands, except share and per share amount)

<TABLE>
<CAPTION>

	March 31, 2000	December 31, 1999
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 6,394	$ 6,326
Deferred revenue	4,056	3,081
Current maturities of long-term debt	15	6,046
Total current liabilities	10,465	15,453
NONCURRENT LIABILITIES:		
Deferred revenue	207	293
Long-term debt, net of current maturities	5,000	0
Other non-current liabilities	202	202
Total liabilities	15,874	15,948
STOCKHOLDERS' EQUITY:		
Common Stock, $.0001 par value; 25,000,000 shares authorized in 2000 and 1999; 14,155,282 and 11,600,681 shares issued in 2000 and 1999, respectively	1	1
Additional paid in capital	319,673	63,953
Accumulated deficit	(55,553)	(44,122)
Warrants	14,847	13,055
Treasury stock, at cost	(2)	(2)
Deferred compensation	(4,555)	(270)
Total stockholders' equity	274,411	32,615
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$290,285	$ 48,563

</TABLE>

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

Item 1. Financial Statements (continued)

CLARUS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)
(in thousands, except per share amounts)

<TABLE>
<CAPTION>

	Three months ended March 31 2000	1999
REVENUES:		
License fees	$ 5,796	$ 3,659
Services fees	1,210	7,742

	---------	-------
Total revenues	7,006	11,401
COST OF REVENUES:		
License fees	39	346
Services fees	1,572	4,350
	---------	-------
Total cost of revenues	1,611	4,696
OPERATING EXPENSES:		
Research and development, exclusive of noncash expense	3,084	2,194
Sales and marketing, exclusive of noncash expense	6,463	3,373
General and administrative, exclusive of noncash expense	2,626	1,619
Depreciation and amortization	700	871
Noncash development expense	826	-0-
Noncash sales and marketing expense	1,812	-0-
Noncash general and administrative compensation expense	1,145	42
	---------	-------
Total operating expenses	16,656	8,099
OPERATING LOSS	(11,261)	(1,394)
INTEREST INCOME	986	117
INTEREST EXPENSE	(1,156)	(26)
	---------	-------
NET LOSS	$ (11,431)	$(1,303)
	=========	=======
Loss per common share:		
Basic	$ (0.93)	$ (0.12)
Diluted	$ (0.93)	$ (0.12)
Weighted average shares outstanding		
Basic	12,247	10,947
Diluted	12,247	10,947

</TABLE>

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

Item 1. Financial Statements (continued)

CLARUS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
(in thousands)

<TABLE>
<CAPTION>

	Three months ended March 31	
	2000	1999
	-----------	---------
<S>	<C>	<C>
OPERATING ACTIVITIES:		
Net loss	$(11,431)	$(1,303)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization, exclusive of debt discount	700	887
Amortization of debt discount	982	-0-
Noncash development expense	826	-0-
Noncash sales and marketing expense	1,812	-0-
Noncash general and administrative compensation expense	1,145	42
Loss on disposal of property and equipment	-0-	26
Changes in operating assets and liabilities:		
Accounts receivable	(3,637)	(1,976)
Prepaid and other current assets	313	(176)
Deposits and other long-term assets	(40)	140
Accounts payable and accrued liabilities	68	(794)
Deferred revenue	889	335
Other non-current liabilities	-0-	144
	--------	-------
NET CASH USED IN OPERATING ACTIVITIES	(8,373)	(2,675)

INVESTING ACTIVITIES:		
Purchases of property and equipment	(891)	(1,509)
Purchases of intangible assets	(89)	-0-
Minority investment in a strategic partner	(750)	-0-
	--------	-------
NET CASH USED IN INVESTING ACTIVITIES	(1,730)	(1,509)
FINANCING ACTIVITIES:		
Repayments of long-term borrowings	(7,013)	(228)
Proceeds from long-term borrowings	5,000	-0-
Proceeds from issuance of common stock related to secondary offering	244,456	31
Proceeds from issuance of common stock related to options exercised	1,453	-0-
	--------	-------
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	243,896	(197)
	--------	-------
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	233,793	(4,381)
CASH AND CASH EQUIVALENTS, beginning of period	14,127	14,799
	--------	-------
CASH AND CASH EQUIVALENTS, end of period	$247,920	$10,418
	========	=======
SUPPLEMENTAL CASH FLOW DISCLOSURE:		
Cash paid for interest	$ 174	$ 26
	========	=======
NONCASH TRANSACTIONS:		
Issuance of warrants to purchase 50,000 shares of common stock in connection with marketing agreements	$ 986	$ -0-
	========	=======
Issuance of 39,118 shares of common stock in connection with marketing agreements	$ 4,361	$ -0-
	========	=======

</TABLE>

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

CLARUS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of Clarus Corporation (the "Company") have been prepared in accordance with Generally Accepted Accounting Principles for interim financial information and instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information in notes required by Generally Accepted Accounting Principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the unaudited financial statements for this interim period have been included. The results of the interim periods are not necessarily indicative of the results to be obtained for the year ended December 31, 2000. These interim financial statements should be read in conjunction with the Company's audited consolidated financial statements and footnotes thereto included in the Company's Form 10-K for the fiscal year ended December 31, 1999, filed with the Securities and Exchange Commission.

NOTE 2. EARNINGS PER SHARE

Basic and diluted net income (loss) per share was computed in accordance with Statement of Financial Accounting Standards No. 128, "Earnings per Share," using the weighted average number of common shares outstanding. The diluted net loss per share for the three-month periods ended March 31, 2000 and 1999 does not include the effect of common stock equivalents, as their effect would be antidilutive.

NOTE 3. SHAREHOLDER'S EQUITY

On March 10, 2000, the Company sold 2,243,000 shares of common stock in a public offering yielding net proceeds to the Company of approximately $244.5 million.

NOTE 4. INVESTMENTS

In March 2000, the Company made a minority investment in a strategic partner of $750,000. This investment was accounted for using the cost method.

NOTE 5. RECLASSIFICATIONS

Certain prior period amounts have been reclassified to conform to the current period presentation.

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

Overview

We develop, market and support an Internet-based business-to-business electronic commerce solution that automates the procurement and management of operating resources. Our solution provides a framework to enable Internet-based digital marketplaces, allowing companies to create trading communities and additional revenue opportunities. Our solution, based on a free trade model, provides a direct Internet-based connection between buyer and supplier without requiring transactions to be executed through a centralized trading portal. We also provide implementation and ongoing customer support services as an integral part of our complete procurement solution. To achieve broad market adoption of our solution and services, we have developed a multi-channel distribution strategy that includes both our direct sales force and a growing number of indirect channels, including application service providers, systems integrators and resellers.

Sources of Revenue

Our revenue consists of license fees and services fees. We generate license fees from the licensing of our Clarus Commerce suite of products. We generate services fees from consulting, implementation, training and maintenance services.

Revenue Recognition

Effective January 1, 1998, we adopted Statement of Position ("SOP") No. 97-2, "Software Revenue Recognition." Under SOP No. 97-2, we recognize software license revenue when the following criteria are met:

- a signed and executed contract is obtained;
- shipment of the product has occurred;
- the license fee is fixed and determinable;
- collectibility is probable; and
- remaining obligations under the license agreement are insignificant.

We recognize revenues from consulting, implementation and training services as the services are performed. Maintenance fees relate to customer maintenance and support. We recognize the revenue from these fees ratably over the term of the software support services agreement, which is typically 12 months. Revenues that have been prepaid or invoiced but that do not yet qualify for recognition under our policies are reflected as deferred revenues.

Operating Expenses

Cost of license fees includes royalties and software duplication and distribution costs. We recognize these costs as the applications are shipped. Cost of services fees includes personnel and related costs incurred to provide implementation, training, maintenance, ongoing support and upgrade services to customers. We recognize these costs as they are incurred.

Research and development expenses consist primarily of personnel costs and consulting fees. We account for software development costs under Statement of Financial Accounting Standards No. 86, "Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed." We charge research and development costs to expense as incurred until technological feasibility is established, after which we capitalize remaining costs. We define technological feasibility as the point in time at which we have a working model of the related product. Historically, the costs we have incurred during the period between the achievement of technological feasibility and the point at which the product is available for general release to customers have not been material. Accordingly, we have charged all internal software development costs to expense as incurred.

Sales and marketing expenses consist primarily of salaries, commissions and benefits for business development, sales and marketing personnel and expenses related to travel, trade show participation, public relations and promotional activities.

General and administrative expenses consist primarily of salaries for financial, administrative and management personnel and related travel expenses, as well as occupancy, equipment and other administrative costs.

We have incurred significant costs to develop our business-to-business e-commerce technology and products and to recruit and train personnel. We believe that our success is contingent upon increasing our customer base and investing in further development of our products and services. This will require expenditures for sales, marketing and research and development. We therefore expect to continue to incur substantial operating losses for the foreseeable future.

Sale of Human Resources and Financial Software Business

On October 18, 1999, we sold all of the assets of our human resources and financial software (our "ERP" business) to Geac Computer Systems, Inc. and Geac Canada Limited. In this sale, we received approximately $14.5 million in proceeds, of which $2.9 million is held in escrow. See "--Liquidity and Capital Resources."

Limited Operating History

We have a limited operating history in our e-commerce business that makes it difficult to forecast our future operating results. You should not rely on period-to-period comparisons of operating results to predict our future performance.

Closing of Follow-On Offering

On March 10, 2000, we closed a follow-on offering of our common stock and received approximately $244.5 million. See "--Liquidity and Capital Resources."

Results of Operations

The following table sets forth certain statement of operations data dividing revenues between our previous human resources and financial software business (ERP) and our current e-commerce business for the periods indicated.

<TABLE>
<CAPTION>

	Three Months Ended March 31 2000	1999
	(in thousands)	
<S>	<C>	<C>
Revenues: e-commerce		
License fees..	$ 5,796	$ 1,570

Services fees	1,210	116
Total revenues	7,006	1,686
Revenues: ERP		
License fees	-0-	2,089
Services fees	-0-	7,626
Total revenues	-0-	9,715
Cost of revenues: e-commerce		
License fees	39	11
Services fees	1,572	362
Total cost of revenues	1,611	373
Cost of revenues: ERP		
License fees	-0-	335
Services fees	-0-	3,988
Total cost of revenues	-0-	4,323
Gross margin on e-commerce license fees	5,757	1,559
Gross margin on e-commerce services fees	(362)	(246)
Gross margin on ERP license fees	-0-	1,754
Gross margin on ERP services fees	-0-	3,638
Operating expenses:		
Research and development, exclusive of noncash expense	3,084	2,194
Sales and marketing, exclusive of noncash expense	6,463	3,373
General and administrative, exclusive of noncash expense	2,626	1,619
Depreciation and amortization	700	871
Noncash development expense	826	-0-
Noncash sales and marketing expense	1,812	-0-
Noncash general and administrative compensation expense	1,145	42
Total operating expenses	16,656	8,099
Operating loss	(11,261)	(1,394)
Interest income	986	117
Interest expense	(1,156)	(26)
Net loss	$(11,431)	$(1,303)

</TABLE>

Quarter Ended March 31, 2000 and 1999

Revenues

Total Revenues. Total revenues decreased 38.5% to $7.0 million for the quarter ended March 31, 2000 from $11.4 million during the same period in 1999. This decrease is attributable to decreases in services fees, as a result of the sale of our ERP business in October 1999.

e-commerce License Fees. License fees increased 269.2% to $5.8 million, or 82.7% of total e-commerce revenues, for the quarter ended March 31, 2000 from $1.6 million , or 93.1% of total e-commerce revenues, in the same period in 1999. The increase in e-commerce license fees was the result of an increase in the amount of software licensed.

e-commerce Services Fees. Services fees increased 943.1% to $1.2 million, for the quarter ended March 31, 2000, from $116,000 for the same period in 1999, and also increased as a percentage of total e-commerce revenues to 17.3%, for the period ended March 31, 2000, from 6.9% in the same period in 1999. This increase is primarily attributable to increased demand for our services as a result of the growth in e-commerce license fees.

ERP License Fees. We sold our ERP business in October 1999, and as a result had no ERP license fees during the period ended March 31, 2000. ERP license fees represented $2.1 million, or 57.1% of our license fee revenue, during the period ending March 31, 1999.

ERP Services Fees. We sold our ERP business in October 1999, and as a result had no ERP service fees during the period ending March 31, 2000. ERP service fees represented $ 7.6 million of our first quarter 1999 service revenue, or 98.5% of our services fees, during the period ending March 31, 1999.

Cost of Revenues

Total Cost of Revenues. Cost of revenues decreased 65.7% to $ 1.6 million during the quarter ended March 31, 2000 from $4.7 million during the same period in 1999. The decrease as a percentage of total revenues is primarily a result of the decrease in the portion of the revenue mix represented by services fees, which historically had a higher cost of revenue than license fees.

e-commerce Cost of License Fees. Cost of e-commerce license fees increased to $39,000 for the quarter ended March 31, 2000 from $11,000 during the same period in 1999. Cost of e-commerce license fees as a percentage of e-commerce sales remained constant at 0.7% of e-commerce license fees during the quarters ending March 31, 2000 and 1999. Cost of license fees may vary from period to period depending on the product mix licensed, but are expected to remain a small percentage of license fees.

e-commerce Cost of Services Fees. Cost of services fees increased 334.3% to $1.6 million, or 129.9% of total e-commerce services fees, during the quarter ended March 31, 2000 compared to $362,000, or 312.1% of total e-commerce services fees, during the same period in 1999. The increase in the cost of e-commerce services fees was primarily attributable to an increase in personnel and related costs to provide implementation, training and upgrade services to both customers and partners.

ERP Cost of License Fees. We sold our ERP business in October 1999, and as a result had no ERP license fees or ERP cost of license fees during the quarter ended March 31, 2000. During the quarter ended March 1999, cost of license fees totaled $335,000 or 16.0% of ERP license fees. ERP cost of license fees represented 96.8% of our total cost of license fees during the quarter ended March 31, 1999.

ERP Cost of Services Fees. We sold our ERP business in October 1999, and as a result had no ERP services fees or ERP cost of services fees during the quarter ended March 31, 2000. During the quarter ended March 1999, cost of services fees totaled approximately $4.0 million, or 52.3% of ERP services fees. ERP cost of services fees represented 91.7% of our total cost of services fees during the quarter ended March 31, 1999.

Research and Development Expenses, Exclusive of Noncash Expense

Research and development expenses increased 40.6% to approximately $3.1 million, or 44.0% of total revenues, during the quarter ended March 31, 2000 from $2.2 million, or 19.2% of total revenues, during the same period in 1999. Research and development expenses increased primarily due to increased personnel and contractor fees related to the development of our e-commerce products. We intend to continue to expend substantial resources toward research and development in the e-commerce area.

Sales and Marketing Expenses, Exclusive of Noncash Expense

Sales and marketing expenses increased 91.6% to $6.5 million, or 92.2% of total revenues, during the quarter ended March 31, 2000 from $3.4 million, or 29.6% of total revenues, during the same period in 1999. The increase was primarily attributable to the additional sales and marketing personnel and promotional activities associated with building market awareness of our e-commerce products. We intend to expend substantial resources toward sales and marketing in the e-commerce area.

General and Administrative Expenses, Exclusive of Noncash Expense

General and administrative expenses increased 62.2% to $2.6 million during the quarter ending March 31, 2000 or 37.5% of total revenue from $1.6 million or 14.2% of total revenue during the same period in 1999. The increase in general and administrative expenses was primarily attributable to increases in personnel, facilities and related costs. We believe that our general and administrative expenses will continue to increase in future periods to accommodate anticipated growth.

Depreciation and Amortization Expenses

Depreciation of tangible equipment and amortization of intangible assets decreased 19.6% to $700,000 in the period ending March 31, 2000 from $871,000 in the same period 1999, but increased to 10.0% of total revenues, from 7.6% of total revenue during the same period in 1999. The decrease in absolute dollars in depreciation and amortization expense between the first quarter of 2000 and the first quarter of 1999 is due to the transfer of some intangible assets in the sale of our ERP business in October 1999.

Noncash Development Expenses

Noncash development expenses of approximately $826,000 were recognized during the first quarter of 2000. The expenses resulted from the Company's agreement with a third party to develop certain software that we intend to sell in the future. The agreement required the third party to reach certain milestones related to the software development in order to earn warrants to purchase 50,000 shares of common stock. The third party completed two of the three scheduled milestones in the first quarter of 2000 and they were granted warrants to purchase 33,334 shares of common stock valued at $826,000. The Company expects the third scheduled milestone to be complete in the second quarter of 2000.

Noncash Sales and Marketing Expenses

During the quarter ended March 31, 2000, noncash sales and marketing expenses of approximately $1.8 million were recognized related to various sales and marketing agreements signed by the company. The first of such agreements occurred during the fourth quarter of 1999, whereby we issued warrants and shares of our common stock to certain strategic partners, some of whom are also customers, in exchange for their participation in our sales and marketing efforts. We recorded the value of these warrants and common stock as deferred sales and marketing expenses, which will be amortized over the life of the agreements which range from six months to five years.

Noncash General and Administrative Compensation Expenses

Noncash general and administrative compensation expenses increased 2,626.2% to approximately $1.1 million, or 16.3% of total revenues, during the first quarter of 2000, from $42,000, or 0.4% of total revenues, during the same period in 1999. The increase was attributable to the Company granting 160,000 options to a senior executive during the first quarter of 2000 at an exercise price below the fair market value at the date of grant. Fifteen percent of these options vested immediately and the remainder vested over four years. The Company recorded deferred compensation of $5.4 million related to the executive's options and amortized to compensation expense approximately $1.1 million in the first quarter of 2000.

Interest Income

Interest income increased 742.7% to $986,000 in the first quarter of 2000, or 14.1% of total revenues in the first quarter of 2000, from $117,000, or 1.0% of total revenues, in the first quarter of 1999. The increase in interest income was due to higher levels of cash available for investment, a direct result of our follow-on offering in March 2000.

Interest Expense

Interest expense increased 4,346.2% to $1,156,000 in the first quarter of

2000 from $26,000 in the first quarter of 1999. This increase is primarily due to higher levels of debt in the first quarter of 2000 as compared to 1999. This was primarily the result of an interim funding of $7.0 million received in December 1999. As part of the interim funding agreement, the company issued warrants valued at approximately $982,000 as debt discount to be amortized over the life of the financing agreement. The entire $7.0 million plus interest was paid prior to the end of the first quarter of 2000, accordingly, the entire value of the warrants was amortized in the period ending March 31, 2000.

Income Taxes

As a result of the operating losses incurred since our inception, we have not recorded any provision or benefit for income taxes in the first quarter of 2000 or in the first quarter of 1999.

Liquidity and Capital Resources

On March 10, 2000, we completed a follow-on offering of 2,243,000 of shares of common stock at an offering price of $115.00 per share. The proceeds, net of expenses, from this public offering of approximately $ 244.5 million were placed in investment grade cash equivalents. We believe the proceeds from this follow-on offering will be adequate to provide for our capital expenditures and working capital requirements for the foreseeable future. Although operating activities may provide cash in certain periods, to the extent we experience growth in the future, our operating and investing activities will use significant amounts of cash.

On March 14, 2000, we entered into a securities purchase agreement with Wachovia Capital Investments, Inc. Wachovia purchased a 4.5% convertible subordinated promissory note in the original principal amount of $5.0 million, which may be converted into shares of common stock of the Company. The $5.0 million was placed in investment grade cash equivalents.

Cash used in operating activities was approximately $ 8.4 million during the three months ended March 31, 2000. The cash used was primarily attributable to increases in accounts receivable, offset by an increase in deferred revenue. Cash used in operating activities was approximately $2.7 million during the three months ended March 31, 1999. This was primarily attributable to an increase in accounts receivable and a decrease in accounts payable and accrued liabilities.

Cash used for investing activities was approximately $1.7 million during the three month period ended March 31, 2000. The cash was used to purchase a minority ownership interest in a strategic partner and equipment. Cash used for investing activities was approximately $1.5 million during the three month period ended March 31, 1999. Cash was used to purchase equipment during this period.

Cash provided by financing activities was approximately $244.0 million during the period ended March 31, 2000, and the cash used by financing activities was approximately $197,000 during the quarter ended March 31, 1999. The cash provided by financing activities during the period ended March 31, 2000 was primarily attributable to proceeds from the sale of 2,243,000 shares of common stock that generated net proceeds of approximately $244.5 million, the issuance of long-term debt of $5.0 million, and partially offset by the repayment of $7.0 million in interim funding provided by Transamerica Business Credit Corp., Silicon Valley Bank and Sand Hill Capital II, L.P.

In March 1997, we entered into a loan agreement and a master leasing agreement for an equipment line of credit in the amount of $1.0 million with a leasing company. The equipment line of credit bears interest at rates negotiated with each loan or lease schedule, generally 22.0% to 22.5%, and is collateralized by all of the equipment purchased with the proceeds of the equipment line of credit. As of March 31, 2000, there was no outstanding balance on the equipment line of credit.

We have a revolving working capital line of credit and equipment facility with Silicon Valley Bank. Borrowings outstanding under the line are limited to the lesser of $8.0 million or 80% of our accounts receivable. Interest on the revolving credit facility is at the prime rate, and the interest on the equipment facility is at the prime rate plus 1.0%, and is collateralized by all of our assets. The line of credit and equipment term facility with Silicon Valley Bank were renewed in May 1999, and will expire in May 2000. As of March 31, 2000, neither the equipment facility nor the credit facility had an outstanding balance. As of March 31, 2000, we are unable to draw on the line of credit as we have not renegotiated the terms of the agreement since the sale of our human resources and financial software business. We do not intend to renew this agreement upon its expiration in May 2000.

On October 18, 1999, we closed the sale of our human resources and financial software business to Geac. We received approximately $14.5 million in proceeds, of which approximately $2.9 million is being held in escrow. We recorded a gain in 1999 on the sale of this business of approximately $9.4 million and will record the gain on the escrow at the time it is settled. We expect the escrow to settle during the second quarter of 2000. In connection with the sale of this business, we accelerated the vesting on certain options. We recorded a one-time, noncash compensation charge of approximately $706,000 during 1999 related to these options. Revenue from the human resources and financial software business for the years ended December 31, 1999, 1998 and 1997 were

approximately $26.7 million, $41.4 million and $26.0 million. We used approximately $2.1 million of our proceeds to repay all of our indebtedness under our credit facility with Silicon Valley Bank and approximately $300,000 to repay all of our indebtedness under our equipment facility with Leasing Technologies International, Inc.

We had net operating loss carryforwards of approximately $40.1 million at March 31, 2000, which will expire at various dates through 2019. We established a valuation allowance equal to the net operating losses and all other deferred tax assets. We will record the income tax benefits from these deferred tax assets when we realize them, which will reduce our effective tax rate for future taxable income, if any. Section 382 of the Internal Revenue Code may limit our ability to benefit from certain net operating loss carryforwards, as we had an ownership change of more than 50%, as defined in Section 382. We may not realize certain net operating loss carryforwards in future years due to this limitation.

During the first quarter of 2000, we issued warrants and approximately 39,000 shares of our common stock to certain strategic partners, some of whom are also customers, in exchange for their participation in our sales and marketing efforts. We recorded the value of these warrants and common stock as deferred sales and marketing expense of approximately $986,000 and $4.4 million, respectively. The March 31, 2000 balance in deferred sales and marketing expense will be amortized over periods ranging from six months to five years

During 1999, we entered into an agreement with a third party to develop certain software that we intend to sell in the future. The third party will be compensated for these services with warrants to purchase 50,000 shares of common stock at an exercise price of $56.78 per share. The agreement requires the third party to reach certain milestones related to the software development in order to earn the warrants. The third party completed two of the three scheduled milestones in the first quarter of 2000 and they were granted warrants to purchase 33,334 shares of common stock. We recorded the issuance of the warrants at the time they are earned by the third party and the warrants were valued at approximately $826,000 based on the fair value of the warrant on the date of the grant. The company expects the final milestone to completed in the second quarter of 2000.

During 1999, we entered into a reseller agreement that allows the reseller to license our products in a certain territory. We will receive minimum royalty amounts from the reseller and additional royalty amounts if certain minimum revenue requirements are exceeded. We will recognize this fee as the product is licensed to the end user. Additionally, the reseller has the ability to earn warrants to purchase up to 150,000 shares of our common stock if certain revenue targets are met. We will record the issuance of the warrants at the time they are earned by the reseller as a sales and marketing expense based on the fair value of the warrant on the date of grant. During the first quarter of 2000, the reseller did not license any of the Company's products. Accordingly, no warrants were granted and no noncash sales and marketing expense was recognized related to the reseller agreement.

New Accounting Pronouncements

In 1998, the Financial Accounting Standards Board issued Statement of Financial Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." In 1999, the Financial Accounting Standards Board issued Statement of Financial Standards No. 137, "Accounting for Derivative Instruments and Hedging Activities--Deferral of Effective Date of FASB Statement No. 133." Statement of Financial Standards No. 133 is effective for our fiscal year ended December 31, 2001. We do not expect Statement of Financial Standards No. 133 to have a significant impact on our consolidated financial statements.

In addition to other information in this annual report on Form 10-Q, the following risk factors should be carefully considered in evaluating us and our business because such factors currently may have a significant impact on our business, operating results and financial condition. As a result of the risk factors set forth below, actual results could differ materially from those projected in any forward-looking statements.

We have only recently focused on the business-to-business e-commerce market and may not effectively implement our business strategy.

Our future performance will depend in part on successfully developing, introducing and gaining market acceptance of our Clarus Commerce suite of products, which is designed to automate the procurement and management of operating resources. On October 18, 1999, we sold substantially all of the assets of our financial and human resources software business to Geac Computer Systems, Inc. and Geac Canada Limited. Our financial and human resources software business had historically been our primary business. We began marketing our Clarus eProcurement solution in the second quarter of 1998. If we do not successfully implement our business-to-business e-commerce growth strategy, our business will suffer materially and adversely.

Our solution may not achieve significant market acceptance without a critical mass of large buying organizations and their suppliers.

Unless a critical mass of large buying organizations and their suppliers join our SupplierUniverse network, our solutions may not achieve widespread market acceptance, and our business would be seriously harmed. The implementation of our Clarus Commerce suite of products by large buying organizations can be complex, time consuming and expensive. In many cases, these organizations must change established business practices and conduct business in new ways. Our ability to attract additional customers for our Clarus Commerce suite of products will depend on using our existing customers as referenceable accounts. As of March 31, 2000, only 40 customers had licensed our Clarus eProcurement solution, and only eight customers were buying operating resources through our Clarus eProcurement solution from a limited number of online suppliers. As a result, our operating resource solutions may not achieve significant market acceptance.

If a sufficient and increasing number of suppliers fail to join our SupplierUniverse network, our network will be less attractive to buyers and other suppliers. To provide buyers on our SupplierUniverse network an organized means of accessing operating resources, we rely on suppliers to maintain web-based catalogs, indexing services and other content aggregation tools. Our inability to access and index these catalogs and services would result in our customers having fewer products and services available to them through our solution, which would adversely affect the perceived usefulness of our SupplierUniverse network.

If our zero capital subscription-based model is unsuccessful, the market may adopt our products at a slower rate than anticipated, and our business may suffer materially.

We expect to achieve widespread adoption of our Internet-based procurement solution by offering a zero capital subscription-based payment method to our customers. This model is unproven and represents a significant departure from the fee-based software licensing strategies that we and our competitors have traditionally employed. If we do not successfully develop and support our zero capital subscription-based model, the market may adopt our products at a slower rate than anticipated, and our business may suffer materially. As of March 31, 2000, we have no zero capital subscribers.

We may not generate the substantial additional revenues necessary to become profitable and anticipate that we will continue to incur losses.

We have incurred significant net losses in each year since our formation, primarily related to our former enterprise resource planning business. In addition, we have incurred losses related to the development of our electronic procurement business. We expect that we will continue to incur losses.

As we expand our international sales and marketing activities, our business will be more susceptible to numerous risks associated with international operations.

To be successful, we believe we must expand our international operations and hire additional international personnel. As a result, we expect to commit significant resources to expand our international sales and marketing activities. If successful, we will be subject to a number of risks associated with international business activities. These risks generally include:

- currency exchange rate fluctuations;
- seasonal fluctuations in purchasing patterns;
- unexpected changes in regulatory requirements;
- tariffs, export controls and other trade barriers;
- longer accounts receivable payment cycles and difficulties in collecting accounts receivable;
- difficulties in managing and staffing international operations;
- potentially adverse tax consequences, including restrictions on the repatriation of earnings;
- the burdens of complying with a wide variety of foreign laws; and
- political instability.

We have limited experience in marketing, selling and suporting our products and services in foreign countries. We do not have experience developing foreign language versions of our products.

We intend to expand the geographic scope of our customer base and operations. We opened our first interanational sales office in the United Kingdom during the quarter ended March 31, 2000. We currently have three international customers.

Significant fluctuations in our quarterly and annual operating results may adversely affect the market price of our common stock.

We believe that our quarterly and annual operating results are likely to fluctuate significantly in the future, and our results of operations may fall below the expectations of securities analysts and investors. If this occurs or if market analysts perceive that it will occur, our market value could decrease substantially. Because the percentage of our revenues represented by maintenance services is smaller than that of many software companies with a longer history of operations, we do not have a significant recurring revenue stream that could lessen the effect of quarterly fluctuations in operating results. Our expense levels are based in part on our expectations of future orders and sales. Many factors may cause significant fluctuations in our quarterly and annual operating results, including:

- changes in the demand for our products;
- the timing, composition and size of orders from our customers;
- customer spending patterns and budgetary resources;
- our success in generating new customers;
- the timing of introductions of or enhancements to our products;
- changes in our pricing policies or those of our competitors;
- our ability to anticipate and adapt effectively to developing markets and rapidly changing technologies;
- our ability to attract, retain and motivate qualified personnel, particularly within our sales and marketing and research and development organizations;
- the publication of opinions or reports about us, our products, our competitors or their products;
- unforeseen events affecting business-to-business e-commerce;
- changes in general economic conditions;
- actions taken by our competitors, including new product introductions and enhancements;

. our ability to scale our network and operations to support large numbers of customers, suppliers and transactions;

. our success in maintaining and enhancing existing relationships and developing new relationships with strategic partners, including application service providers, systems integrators, resellers, value-added trading communities and other partners; and
. our ability to control costs.

Competition from other electronic procurement providers may reduce demand for our products and cause us to reduce the price of our products.

The market for Internet-based procurement applications, and e-commerce technology generally, is rapidly evolving and intensely competitive. We may not compete effectively in our markets. Competitive pressure may result in our reducing the price of our products, which would negatively affect our revenues and operating margins. If we are unable to compete effectively in our markets, our business, results of operations and financial condition would be materially and adversely affected.

In targeting the e-commerce market, we must compete with electronic procurement providers such as Ariba and Commerce One. We also anticipate competition from some of the large enterprise resource planning software vendors, such as Oracle and SAP, which have announced business-to-business electronic procurement solutions. A number of companies, including International Business Machines, have stated an interest in electronic procurement. In addition, we believe we will experience increased competition from travel and expense software companies, such as Concur and Extensity. These companies have significantly greater financial, technical and marketing resources and brand recognition than we have.

In addition, some of our competitors have well-established relationships with our potential customers and have extensive knowledge of our industry. Others have established or may establish cooperative relationships among themselves or with third parties to increase the appeal of their products. We also expect that competition will increase as a result of industry consolidation. For these reasons, and given the relatively low barriers to entry and relatively high availability of capital in today's markets, new competitors will likely emerge in our markets and may rapidly acquire significant market share.

Market adoption of our solution will be impeded if we do not continue to establish and maintain strategic relationships.

Our success depends in part on the ability of our strategic partners to expand market adoption of our solution. If we are unable to maintain our existing strategic partnerships or enter into new partnerships, we may need to devote substantially more resources to direct sales of our products and services. We would also lose anticipated customer introductions and co-marketing benefits.

We rely, and expect to rely increasingly, on a number of third-party application service providers to host our solutions. If we are unable to establish and maintain effective, long-term relationships with our application service providers, or if these providers do not meet our customers' needs or expectations, our business would be seriously harmed. In addition, we lose a significant amount of control over our solution when we engage application service providers, and we cannot adequately control the level and quality of their service. By relying on third-party application service providers, we are wholly reliant on their information technology infrastructure, including the maintenance of their computers and communication equipment. An unexpected natural disaster or failure or disruption of an application service provider's infrastructure would have a material adverse effect on our business.

If the demand for our solution continues to increase, we will need to develop relationships with additional third-party application service providers to provide these services. Our competitors have or may develop relationships with these third parties and, as a result, these third parties may be more likely to recommend competitors' products and services rather than ours.

Many of our strategic partners have multiple strategic relationships, and they may not regard us as important to their businesses. In addition, our strategic partners may terminate their relationships with us, pursue other partnerships or relationships or attempt to develop or acquire products or services that compete with our solution. Further, our existing strategic relationships may interfere with our ability to enter into other desirable strategic relationships. A significant number of our new Clarus eProcurement sales have occurred through referrals from Microsoft, but Microsoft is not obligated to refer any potential customers to us, and it may enter into strategic relationships with other providers of electronic procurement applications.

We expect to depend on our Clarus eProcurement product for substantially all of our revenues for the foreseeable future.

We anticipate that revenues from our Clarus eProcurement product and related services will continue to represent substantially all of our revenues for the foreseeable future. As a result, a decline in the price of, profitability of or demand for our Clarus eProcurement product would seriously harm our business.

Clarus eProcurement may perform inadequately in a high volume environment.

Any failure by our principal product, Clarus eProcurement, to perform adequately in a high volume environment could materially and adversely affect the market for Clarus eProcurement and our business, results of operations and financial condition. Clarus eProcurement was designed for use in environments that include numerous users, large amounts of catalog and other data and potentially high peak transaction volumes. Clarus eProcurement and the third party software and hardware on which it depends may not operate as designed when deployed in these environments.

Defects in our products could delay market adoption of our solution or cause us to commit significant resources to remedial efforts.

We could lose revenues as a result of software errors or other product defects. As a result of their complexity, software products may contain undetected errors or failures when first introduced or as new versions are released. Despite our testing of our software products and their use by current customers, errors may appear in new applications after commercial shipping begins. If we discover errors, we may not be able to correct them. Errors and failures in our products could result in the loss of customers and market share or delay in market adoption of our applications, and alleviating these errors and failures could require us to expend significant capital and other resources. The consequences of these errors and failures could materially and adversely affect our business, results of operations and financial condition. Because we do not maintain product liability insurance, a product liability claim could materially and adversely affect our business, results of operations and financial condition. Provisions in our license agreements may not effectively protect us from product liability claims.

Any acquisitions that we attempt or make could prove difficult to integrate or require a substantial commitment of management time and other resources.

As part of our business strategy, we may seek to acquire or invest in businesses, products or technologies that may complement or expand our business. If we identify an appropriate acquisition opportunity, we may not be able to negotiate the terms of that acquisition successfully, finance it, or integrate it into our existing business and operations. We have completed only one acquisition to date. We may not be able to select, manage or absorb any future acquisitions successfully, particularly acquisitions of large companies. Further, the negotiation of potential acquisitions, as well as the integration of an acquired business, would divert management time and other resources. We may use a substantial portion of our available cash to make an acquisition. On the other hand, if we make acquisitions through an exchange of our securities, our stockholders could suffer dilution. In addition, any particular acquisition, even if successfully completed, may not ultimately benefit our business.

An increase in the length of our sales cycle may contribute to fluctuations in our operating results.

As our products and competing products become increasingly sophisticated and complex, the length of our sales cycle is likely to increase. The loss or delay of orders due to increased sales and evaluation cycles could materially and adversely affect our business, results of operations and financial condition and, in particular, could contribute to significant fluctuations in our quarterly operating results. A customer's decision to license and implement our solution may present significant enterprise-wide implications for the customer and involve a substantial commitment of its management and resources. The period of time between initial customer contact and the purchase commitment typically ranges from four to nine months for our applications. Our sales cycle could extend beyond current levels as a result of lengthy evaluation and approval processes that typically accompany major initiatives or capital expenditures or other delays over which we have little or no control.

Our success depends on the continued use of Microsoft technologies or other technologies that operate with our products.

Our products operate with, or are based on, Microsoft's proprietary products. If businesses do not continue to adopt these technologies as anticipated, or if they adopt alternative technologies that we do not support, we may incur significant costs in redesigning our products or lose market share. Our customers may be unable to use our products if they experience significant problems with Microsoft technologies that are not corrected.

The failure to maintain, support or update software licensed from third parties could materially and adversely affect our products' performance or cause product shipment delays.

We have entered into license agreements with third-party licensors for products that enhance our products, are used as tools with our products, are licensed as products complementary to ours or are integrated with our products. If these licenses terminate or if any of these licensors fail to adequately maintain, support or update their products, we could be required to delay the shipment of our products until we could identify and license software offered by alternative sources. Product shipment delays could materially and adversely affect our business, operating results and financial condition, and replacement licenses could prove costly. We may be unable to obtain additional product licenses on commercially reasonable terms. Additionally, our inability to maintain compatibility with new technologies could impact our customers' use of our products.

If we are unable to manage our internal resources, we may incur increased administrative costs and be unable to capitalize on revenue opportunities.

The growth of our e-commerce business, coupled with the rapid evolution of our market and the sale of our financial and human resources business and products to Geac, has strained, and may continue to strain, our administrative, operational and financial resources and internal systems, procedures and controls. Our inability to manage our internal resources effectively could increase administrative costs and distract management. If our management is distracted, we may not be able to capitalize on opportunities to increase revenues.

Our success depends on our continuing ability to attract, hire, train and retain a substantial number of highly skilled managerial, technical, sales, marketing and customer support personnel.

Competition for qualified personnel is intense, and we may fail to retain our key employees or to attract or retain other highly qualified personnel. In particular, there is a shortage of, and significant competition for, research and development and sales personnel. Even if we are able to attract qualified personnel, new hires frequently require extensive training before they achieve desired levels of productivity. If we are unable to hire or fail to retain competent personnel, our business, results of operations and financial condition could be materially and adversely affected. We do not maintain life insurance policies on any of our employees.

Illegal use of our proprietary technology could result in substantial litigation costs and divert management resources.

Our success will depend significantly on internally developed proprietary intellectual property and intellectual property licensed from others. We rely on a combination of copyright, trademark and trade secret laws, as well as on confidentiality procedures and licensing arrangements, to establish and protect our proprietary rights in our products. We have no patents or patent applications pending, and existing trade secret and copyright laws provide only limited protection of our proprietary rights. We have applied for registration of our trademarks. We enter into license agreements with our customers that give the customer the non-exclusive right to use the object code version of our products. These license agreements prohibit the customer from disclosing object code to third parties or reverse-engineering our products and disclosing our confidential information. Despite our efforts to protect our products' proprietary rights, unauthorized parties may attempt to copy aspects of our products or to obtain and use information that we regard as proprietary. Third parties may also independently develop products similar to ours.

Litigation may be necessary to enforce our intellectual property rights, to protect our trade secrets, to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement or invalidity. Such litigation could result in substantial costs and diversion of resources and could harm our business, operating results and financial condition.

Claims against us regarding our proprietary technology could require us to pay licensing or royalty fees or to modify or discontinue our products.

Any claim that our products infringe on the intellectual property rights of others could materially and adversely affect our business, results of operations and financial condition. Because knowledge of a third party's patent rights is not required for a determination of patent infringement and because the United States Patent and Trademark Office is issuing new patents on an ongoing basis, infringement claims against us are a continuing risk. Infringement claims against us could cause product release delays, require us to redesign our products or require us to enter into royalty or license agreements. These agreements may be unavailable on acceptable terms. Litigation, regardless of the outcome, could result in substantial cost, divert management attention and delay or reduce customer purchases. Claims of infringement are becoming increasingly common as the software industry matures and as courts apply expanded legal protections to software products. Third parties may assert infringement claims against us regarding our proprietary technology and intellectual property licensed from others. Generally, third-party software licensors indemnify us from claims of infringement. However, licensors may be unable to indemnify us fully for such claims, if at all.

If a court determines that one of our products violates a third party's patent or other intellectual property rights, there is a material risk that the revenue from the sale of the infringing product will be significantly reduced or eliminated, as we may have to:

- pay licensing fees or royalties to continue selling the product;
- incur substantial expense to modify the product so that the third party's patent or other intellectual property rights no longer apply to the product; or

- stop selling the product.

In addition, if a court finds that one of our products infringes a third party's patent or other intellectual property rights, then we may be liable to that third party for actual damages and attorneys' fees. If a court finds that we willfully infringed on a third party's patent, the third party may be able to recover treble damages, plus attorneys' fees and costs.

A compromise of the encryption technology employed in Clarus eProcurement could reduce customer and market confidence in our products or result in claims against us.

A significant barrier to Internet-based commerce is the secure exchange of valued and confidential information over public networks. Any compromise of our security technology could result in reduced customer and market confidence in our products and in customer or third party claims against us. This could materially and adversely affect our business, financial condition and operating results. Clarus eProcurement relies on encryption technology to provide the confidential information. Advances in computer capabilities, discoveries in the field of cryptography or other events or developments may result in a compromise of the encryption methods we employ in Clarus eProcurement to protect transaction data.

Our success depends upon market acceptance of e-commerce as a reliable method for corporate procurement and other commercial transactions.

Market acceptance of e-commerce generally, and the Internet specifically, as a forum for corporate procurement is uncertain and subject to a number of risks. The success of our Clarus Commerce suite of business-to-business e-commerce applications, including Clarus eProcurement, depends upon the development and expansion of the market for Internet-based software applications, in particular e-commerce applications. This market is new and rapidly evolving. Many significant issues relating to commercial use of the Internet, including security, reliability, cost, ease of use, quality of service and government regulation, remain unresolved and could delay or prevent Internet growth. If widespread use of the Internet for commercial transactions does not develop or if the Internet otherwise does not develop as an effective forum for corporate procurement, the demand for our Clarus Commerce suite of products and our overall business, operating results and financial condition will be materially and adversely affected.

If the market for Internet-based procurement applications fails to develop or develops more slowly than we anticipate or if our Internet-based products or new Internet-based products we may develop do not achieve market acceptance, our business, operating results and financial condition could be materially and adversely affected. The adoption of the Internet for corporate procurement and other commercial transactions requires accepting new ways of transacting business. In particular, enterprises with established patterns of purchasing goods and services that have already invested substantial resources in other means of conducting business and exchanging information may be particularly reluctant to adopt a new strategy that may make some of their existing personnel and infrastructure obsolete. Also, the security and privacy concerns of existing and potential users of Internet-based products and services may impede the growth of online business generally and the market's acceptance of our products and services in particular. A functioning market for these products may not emerge or be sustained.

The market for business-to-business e-commerce solutions is characterized by rapid technological change, and our failure to introduce enhancements to our products in a timely manner could render our products obsolete and unmarketable.

The market for e-commerce applications is characterized by rapid technological change, frequent introductions of new and enhanced products and changes in customer demands. In attempting to satisfy this market's demands, we may incur substantial costs that may not result in increased revenues due to the short life cycles for business-to-business e-commerce solutions. Because of the potentially rapid changes in the e-commerce applications market, the life cycle of our products is difficult to estimate. Products, capabilities or technologies others develop may render our products or technologies obsolete or noncompetitive and shorten the life cycles of our products.

Satisfying the increasingly sophisticated needs of our customers requires developing and introducing enhancements to our products and technologies in a timely manner that keeps pace with technological developments, emerging industry standards and customer requirements while keeping our products priced competitively. Our failure to develop and introduce new or enhanced e-commerce products that compete with other available products could materially and adversely affect our business, results of operations and financial condition.

Failure to expand Internet infrastructure could limit our growth.

Our ability to increase the speed and scope of our services to customers is limited by and depends on the speed and reliability of both the Internet and our customers' internal networks. As a result, the emergence and growth of the market for our services depends on improvements being made to the entire Internet infrastructure as well as to our individual customers' networking infrastructures. The recent growth in Internet traffic has caused frequent periods of decreased performance. If the Internet's infrastructure is unable to support the rapid growth of Internet usage, its performance and reliability may decline, and overall Internet usage could grow more slowly or decline. If Internet reliability and performance declines, or if necessary improvements do not increase the Internet's capacity for increased traffic, our customers will be hindered in their use of our solution, and our business, operating results and financial condition could suffer.

Future governmental regulations could materially and adversely affect our business and e-commerce generally.

We are not subject to direct regulation by any government agency, other than under regulations applicable to businesses generally, and few laws or regulations specifically address commerce on the Internet. In view of the increasing use and growth of the Internet, however, the federal government or state governments may adopt laws and regulations covering issues such as user privacy, property ownership, libel, pricing and characteristics and quality of products and services. We could incur substantial costs in complying with these laws and regulations, and the potential exposure to statutory liability for information carried on or disseminated through our application systems could force us to discontinue some or all of our services. These eventualities could adversely affect our business operating results and financial condition. The adoption of any laws or regulations covering these issues also could slow the growth of e-commerce generally, which would also adversely affect our business, operating results or financial condition. Additionally, one or more states may impose sales tax collection obligations on out-of-state companies that engage in or facilitate e-commerce. The collection of sales tax in connection with e-commerce could impact the growth of e-commerce and could adversely affect sales of our e-commerce products.

Legislation limiting further levels of encryption technology may adversely affect our sales.

As a result of customer demand, it is possible that Clarus eProcurement will be required to incorporate additional encryption technology. The United States government regulates the exportation of this technology. Export regulations, either in their current form or as they may be subsequently enacted, may further limit the levels of encryption or authentication technology that we are able to use in our software and our ability to distribute our products outside the United States. Any revocation or modification of our export authority, unlawful exportation or use of our software or adoption of new legislation or regulations relating to exportation or use of software and encryption technology could materially and adversely affect our sales prospects and, potentially, our business, financial condition and operating results as a whole.

PART II. OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds

The following equity securities of the Company were sold by the Company during the first quarter of 2000 that were not registered under the Securities Act of 1933:

(a) On March 31, 2000, the Company issued a warrant to purchase 33,334 shares of common stock to TPN Marketplace in exchange for software development services. The exercise price of the warrant is $56.78 per share.

(b) On March 11, 2000, the Company issued 22,500 shares of common stock to Wachovia Corporation in exchange for sales and marketing services.

(c) On March 31, 2000, the Company issued 10,618 shares of common stock to Tibbett & Britten in exchange for sales and marketing services.

(d) On March 31, 2000, the Company issued 6,000 shares of common stock to Burlington Northern in exchange for sales and marketing services.

All of the above-described equity securities were issued in reliance on

Section 4(2) of the Securities Act of 1933.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not Applicable

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

10.1 Securities Purchase Agreement (incorporated by reference from Exhibit 99.1 to the Company's Form 8-K filed on March 20, 2000).

10.2 Convertible Subordinated Promissory Note (incorporated by reference from Exhibit 99.2 to the Company's Form 8-K filed on March 20, 2000).

27.1 Financial Data Schedule

(b) Reports on Form 8-K

On March 20, 2000, the Company filed a form 8-K to report that it had entered into a Securities Purchase Agreement with Wachovia Capital Investments, Inc. pursuant to which Wachovia purchased from the company a subordinated promissory note in the original principal amount of $5,000,000 that is convertible into shares of common stock of the company.

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.

Clarus Corporation

Date: May 15, 2000 /s/ Stephen P. Jeffery

Stephen P. Jeffery
Chairman, President and CEO

Date: May 15, 2000 /s/ Mark D. Gagne

Mark D. Gagne
Chief Operating Officer and
Chief Financial Officer

<TABLE> <S> <C>

<ARTICLE> 5

<S>	<C>
<PERIOD-TYPE>	3-MOS
<FISCAL-YEAR-END>	DEC-31-1999
<PERIOD-START>	JAN-01-2000
<PERIOD-END>	MAR-31-2000
<CASH>	247,920
<SECURITIES>	1,918
<RECEIVABLES>	14,552
<ALLOWANCES>	526
<INVENTORY>	0
<CURRENT-ASSETS>	271,008
<PP&E>	9,293
<DEPRECIATION>	4,753
<TOTAL-ASSETS>	290,285
<CURRENT-LIABILITIES>	10,465
<BONDS>	0
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	1
<OTHER-SE>	274,410
<TOTAL-LIABILITY-AND-EQUITY>	290,285
<SALES>	7,006
<TOTAL-REVENUES>	7,006
<CGS>	1,611
<TOTAL-COSTS>	1,611
<OTHER-EXPENSES>	16,656
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	1,156
<INCOME-PRETAX>	(11,431)
<INCOME-TAX>	0
<INCOME-CONTINUING>	(11,431)
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	(11,431)
<EPS-BASIC>	(0.93)
<EPS-DILUTED>	(0.93)

</TABLE>