
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): July 31, 2008

Wayside Technology Group, Inc.
(Exact name of Registrant as specified in its charter)

<u>Delaware</u> <small>(State of Other Jurisdiction of Incorporation)</small>	<u>000-26408</u> <small>(Commission File Number)</small>	<u>13-3136104</u> <small>(IRS Employer Identification No.)</small>
<u>1157 Shrewsbury Avenue, Shrewsbury, New Jersey</u> <small>(Address of Principal Executive Offices)</small>		<u>07702</u> <small>(Zip Code)</small>

Registrant's telephone number, including area code: (732) 389-8950

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.02 Termination of a Material Definitive Agreement.

On July 30, 2008, Wayside Technology Group, Inc. ("Wayside"), received a notice from VMware, Inc. ("VMware") to terminate the VMware Distributor Agreement (the "Agreement"), dated September 20, 2004, between VMware and Lifeboat Distribution, Inc. ("Lifeboat"), a subsidiary of Wayside, effective as of December 31, 2008. Further, such notice provided that as of October 1, 2008, Lifeboat will cease distributing VMware-labeled products but VMware will accept orders for distributions of products through Programmer's Paradise, Inc., another subsidiary of Wayside. VMware has been the largest supplier of Wayside.

Item 2.02. Results of Operations and Financial Condition.

On July 31, 2008, Wayside issued a press release announcing its financial results for the second quarter ended June 30, 2008. The information contained in the press release, which is attached as Exhibit 99.1 to this report, is incorporated by reference herein and is furnished pursuant to Item 2.02, "Results of Operations and Financial Condition."

Item 9.01. Financial Statements and Exhibits.**(d) Exhibits.**

99.1 Press Release dated July 31, 2008, furnished pursuant to Item 2.02.
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SIGNATURE

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 hereunto duly authorized.

	Wayside Technology Group, Inc.
Dated: August 4, 2008	By: <u>/s/ Simon F. Nynens</u> Simon F. Nynens President and Chief Executive Officer

Index to Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated July 31, 2008, furnished pursuant to Item 2.02.

Company Contact:
Kevin Scull
Wayside Technology Group, Inc.
Vice President and Chief Accounting Officer
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**WAYSIDE TECHNOLOGY GROUP, INC. REPORTS 2008 SECOND QUARTER RESULTS
AND DECLARES QUARTERLY DIVIDEND**

- Sales: \$48.1 million, up 9% year-over-year
- Change in VMware agreement announced
- Promotion of Shawn Giordano to Vice President of Sales for Programmer's Paradise and TechXtend
- Expansion of Stock Buyback Program by 500,000 Shares

SHREWSBURY, NJ, July 31, 2008 - Wayside Technology Group, Inc. (NASDAQ: WSTG) today reported financial results for the second quarter ended June 30, 2008. The results will be discussed in a conference call to be held on Friday, August 1, 2008 at 10:00 AM Eastern time. The dial-in telephone number is (866) 814-8476 and the pass code is "WSTG".

This conference call will be available via live webcast - in listen-mode only - at www.earnings.com. A replay will be available on our website at www.waysidetechnology.com.

Total net sales for the second quarter of 2008 increased 9% or \$4.1 million to \$48.1 million compared to \$44.0 million for the same period in 2007. Sales for the second quarter of 2008 for our Lifeboat segment were \$35.0 million compared to \$33.7 million in the second quarter of 2007, representing a 4% increase. Sales for the second quarter of 2008 for our Programmer's Paradise segment were \$13.1 million compared to \$10.4 million in the second quarter of 2007, representing a 26% increase. Gross profit margin, as a percentage of net sales, for the quarter ending June 30, 2008 was 8.9% compared to 9.8% in the second quarter of 2007.

"The second quarter of 2008 was a great quarter for us. We are pleased to report that our strategy to add new publishers as well as expand our current relationships with software publishers is working well. Our Programmer's Paradise segment continued to attract more and more customers with our service-centric approach," said Simon F. Nynens, Chairman and Chief Executive Officer. "Our Lifeboat segment also performed very well. Excluding VMware, Lifeboat's sales increased by \$4.0 million or 21% compared to the second quarter of 2007. We signed new distribution contracts with 14 software publishers in the second quarter of 2008."

The company also announced a change in its agreement with VMware. As a result, Lifeboat Distribution will cease distributing VMware-labeled products as of October 1, 2008, while VMware will expand its relationship with Programmer's Paradise and TechXtend. Commenting on the change, Simon F. Nynens said, "As VMware's partner ecosystem has evolved, both companies believe that focusing on Programmer's Paradise and TechXtend is mutually beneficial. This should result in additional product and service opportunities for these subsidiaries."

Nynens continued, "Lifeboat will continue to focus on software that is complementary to VMware as well as other virtualization platforms. Distribution sales for complementary virtualization software have shown significant growth. We will continue to focus on adding value for our distribution partners. We are a value added distributor and we will remain a value added distributor."

While VMware-labeled distribution sales amounted to \$11.7 million, or 24% of our overall Q2 2008 revenue, product gross margin amounted to \$320,000, or 7% of our overall Q2 2008 gross margin. VMware-labeled distribution sales amounted to \$14.3 million, or 33% of our overall Q2 2007 revenue; product gross margin amounted to \$696,000, or 16% of our overall Q2 2007 gross margin.

Total gross profit for the quarter ended June 30, 2008 was \$4.3 million compared to \$4.3 million in the second quarter of 2007.

Gross profit for our Programmer's Paradise segment for the quarter ended June 30, 2008 was \$1.5 million compared to \$1.3 million in the second quarter of 2007. Gross margin, as a percentage of net sales, was 11.2% versus 12.9% in Q2 2007. Gross margin as a percentage was impacted by several large orders in Q2 2008. These large orders typically carry lower gross margins.

Gross profit for our Lifeboat segment for the quarter ended June 30, 2008 was \$2.8 million compared to \$3.0 million in the second quarter of 2007. Gross margin, as a percentage of net sales, was 8.1% versus 8.9% in Q2 2007. These results reflect the continued pricing pressure in distribution.

Total selling, general, and administrative ("SG&A") expenses for the second quarter of 2008 were \$3.1 million compared to \$3.0 million in the second quarter of 2007.

Net income for the second quarter of 2008 amounted to \$823,000 or 1.7% of net sales as compared to \$959,000 or 2.2% for the same period in 2007.

The company today also announced the appointment of Shawn J. Giordano as Vice President of Sales for Programmer's Paradise and TechXtend. Shawn Giordano joined Wayside Technology Group in November 2007 as Senior Director of Sales for Programmer's Paradise and TechXtend. From 2000 to 2007, Mr. Giordano worked for CA, Inc. where he held several sales and management positions. His most recent position was Director of Channel Sales. "Shawn is an energetic and focused sales leader," said Nynens. "We're excited to have him on our team and we look forward to his contribution to the continued success of our organization."

The company today also announced that the Board of Directors approved the increase of its common stock repurchase program by 500,000 shares. Including these 500,000 shares, the total amount of shares available for repurchase now amounts to 627,646 shares. The company expects to purchase shares from time to time in the market or otherwise subject to market conditions.

On July 30, 2008, the Board of Directors declared a quarterly dividend of \$.15 per share of its common stock payable August 20, 2008 to shareholders of record on August 7, 2008.

About Wayside Technology Group, Inc.

Wayside Technology Group, Inc. (NASDAQ: WSTG) was founded in 1982 and is a unified and integrated technology company providing products and solutions for corporate resellers, VARs, and developers, as well as business, government and educational entities. The company offers technology products from software publishers and manufacturers such as Microsoft, CA, IBM, VMware, Borland, Quest Software, Compuware, Infragistics, ComponentOne, Acresto, and Adobe.

Additional information can be found by visiting www.waysidetechnology.com.

The statements in this release concerning the Company's future prospects are forward-looking statements that involve certain risks and uncertainties. Such risks and uncertainties include the continued acceptance of the Company's distribution channel by vendors and customers, the timely availability and acceptance of new products, and contribution of key vendor relationships and support programs. The forward-looking statements contained herein are also subject generally to other risks and uncertainties that are described from time to time in our filings with the Securities and Exchange Commission.

WAYSIDE TECHNOLOGY GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	June 30, <u>2008</u> (Unaudited)	December 31, <u>2007</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 12,764	\$ 14,241
Marketable securities	9,767	9,641
Accounts receivable, net of allowances of \$832 and \$908, respectively	26,086	24,824
Inventory - finished goods	1,368	1,116
Prepaid expenses and other current assets	988	927
Deferred income taxes	772	830
Total current assets	<u>51,745</u>	<u>51,579</u>
Equipment and leasehold improvements, net	720	619
Other assets	4,647	3,469
Deferred income taxes	948	1,086
Total assets	<u>\$58,060</u>	<u>\$56,753</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	<u>34,049</u>	<u>32,100</u>
Total current liabilities	34,049	32,100
Other liabilities	<u>148</u>	<u>161</u>
Total liabilities	34,197	32,261
Commitments and contingencies		
Stockholders' equity		
Common stock, \$.01 par value; 10,000,000 shares authorized, 5,284,500 shares issued; 4,675,651 and 4,708,498 shares outstanding, respectively	53	53
Additional paid-in capital	27,610	28,860
Treasury stock, at cost, 608,849 and 576,002 shares, respectively	(3,029)	(2,283)
Accumulated deficit	(1,147)	(2,599)
Accumulated other comprehensive income	376	461
Total stockholders' equity	<u>23,863</u>	<u>24,492</u>
Total liabilities and stockholders' equity	<u>\$ 58,060</u>	<u>\$ 56,753</u>

WAYSIDE TECHNOLOGY GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE
INCOME
(Unaudited)
(In thousands, except per share data)

	Six months ended June 30,		Three months ended June 30,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Net Sales	\$ 88,602	\$ 90,962	\$ 48,096	\$ 44,040
Cost of sales	<u>80,559</u>	<u>82,170</u>	<u>43,798</u>	<u>39,703</u>
Gross profit	8,043	8,792	4,298	4,337
Selling, general and administrative expenses	<u>6,016</u>	<u>6,036</u>	<u>3,074</u>	<u>2,993</u>
Income from operations	2,027	2,756	1,224	1,344
Interest income, net	376	491	142	251
Realized foreign exchange gain (loss)	<u>7</u>	<u>-</u>	<u>4</u>	<u>1</u>
Income before income tax provision	2,410	3,247	1,370	1,596
Provision for income taxes	<u>958</u>	<u>1,298</u>	<u>547</u>	<u>637</u>
Net income	<u>\$ 1,452</u>	<u>\$ 1,949</u>	<u>\$823</u>	<u>\$959</u>
Net income per common share - Basic	<u>\$ 0.33</u>	<u>\$ 0.44</u>	<u>\$ 0.19</u>	<u>\$ 0.22</u>
Net income per common share - Diluted	<u>\$ 0.32</u>	<u>\$ 0.42</u>	<u>\$ 0.18</u>	<u>\$ 0.20</u>
Weighted average common shares outstanding - Basic	<u>4,429</u>	<u>4,380</u>	<u>4,417</u>	<u>4,407</u>
Weighted average common shares outstanding - Diluted	<u>4,519</u>	<u>4,687</u>	<u>4,505</u>	<u>4,706</u>
<u>Reconciliation to comprehensive income:</u>				
Net income	\$ 1,452	\$ 1,949	\$823	\$959
Other comprehensive income (loss), net of tax:				
Unrealized gain on marketable securities	(14)	-	(6)	-
Foreign currency translation adjustments	<u>(71)</u>	<u>162</u>	<u>16</u>	<u>143</u>
Total comprehensive income	<u>\$ 1,367</u>	<u>\$ 2,111</u>	<u>\$833</u>	<u>\$ 1,102</u>