

Case Study in IR Corporate Identity as an Enhancer of Shareholder Value: TiVo Inc.



Company Summary

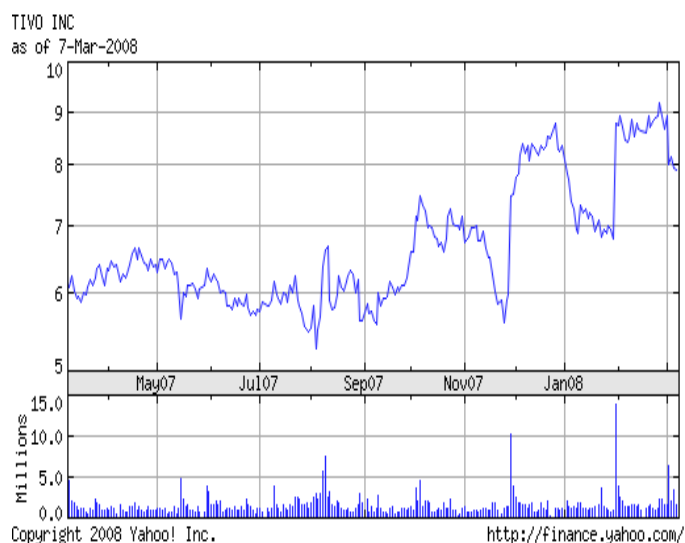
TiVo Inc

- TiVo is a brand of digital video recorder (DVR) in the United States and Canada. It is a consumer video device that captures television programming to hard disk storage for later viewing ("time shifting"). The device also provides an electronic television programming schedule, and provides recording options based on that schedule.
 - The corporate headquarters for TiVo Inc. is in Alviso, California.
 - TiVo, Inc. (NASDAQ: TiVo) was incorporated on August 4, 1997 as "Teleworld, Inc." by Jim Barton and Mike Ramsay, veterans of Silicon Graphics and Time Warner's Full Service Network digital video system. Originally intending to create a home network device, they later developed the idea to record digitized video on a hard disk.
 - Teleworld, Inc. renamed themselves to TiVo, Inc. on July 21, 1999. TiVo, Inc. made its IPO on September 30, 1999.[3] Its first profitable quarter was the second quarter of 2005.
 - TiVo has a 30-40% market share in the USA of a total DVR market of roughly 10-12 million systems.
- The TiVo service is only available to the United States, United Kingdom, Canada, Mexico, and Taiwan at present. On November 26th 2007, TiVo announced that TiVo would be available at Canadian retail outlets in early December. TiVo DVRs have also been modified by end users to work in Australia, New Zealand, the Netherlands, and South Africa.
- TiVo distributes its products in the United States through major national retailers including Best Buy and Circuit City, as well as online at Amazon.com and www.tivo.com. TiVo products can also be purchased direct from TiVo. TiVo distributes its products in Canada through major Canadian retailers including Best Buy, The Brick, London Drug and Future Shop. Throughout Mexico City and surrounding areas, the TiVo® DVRs and the TiVo® Service are available for the first time to CABLEVISION's digital cable subscribers. And starting mid 2008, TiVo® and The Seven Media Group will distribute TiVo Products and Services in Australia and New Zealand.

Key Dates

- Aug 4, 1997
TiVo, Inc. (NASDAQ: TiVo) was incorporated as "Teleworld, Inc." by Jim Barton and Mike Ramsay
- Late 1998
Teleworld began the first public trials of the TiVo device and service in the San Francisco Bay area
- Jul 21, 1999
Teleworld, Inc. renamed themselves to TiVo, Inc.
- Sep 30, 1999
TiVo Inc. made its IPO
- Nov. 2007
TiVo announced that TiVo would be available in Canadian retail outlets in early December

TiVo Inc Stock Price Chart



Financial Highlights

In thousands US dollars				
PERIOD ENDING	31-Jan-08	31-Jan-07	31-Jan-06	31-Jan-05
Total Revenue	272,676	258,921	195,925	172,055
Cost of Revenue	152,261	172,389	119,177	156,258
Gross Profit	120,415	86,532	76,748	15,797
Operating Income or Loss	(36,356)	(52,296)	(37,404)	(75,797)
Net Income Applicable To Common Shares	(31,457)	(47,754)	(34,398)	(79,842)
Total Current Assets	140,665	182,457	146,332	148,803
Total Assets	167,049	211,950	161,609	160,052
Total Current Liabilities	110,006	138,541	119,401	98,426
Total Liabilities	148,443	194,954	188,380	162,744
Total Stockholder Equity	18,606	16,996	(26,771)	(2,692)

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TiVo is a leading provider of technology and services for digital video recorders which refine home entertainment by giving our 4 million subscribers an easy way to record, control and watch television without advertising interruption and receive videos, pictures and movies to their TVs. Our intellectual property is our most valuable asset because our patents on features like digital fast forward and web integration mean our products are technologically more advanced than our competitors'. This gives us leverage in negotiations with key industry players. We continuously extend our advantage through our search for newer and better features and offerings, and fiercely protect our over 100 patents. Our technology is very portable and our strategic partners help us distribute our services and technology to mass markets.

Part A

TiVo Inc Fourth Quarter 2007 (March 5th 2008) Conference Call (introduction)



Thomas S. Rogers, President and Chief Executive Officer

Good afternoon, everybody. A year ago, we shared with you a list of the key business areas on which we would focus our energy and resources to drive TiVo's growth in fiscal 2008 and beyond. We told you that we were innovating in the area of bringing the vast array of web-based content directly to the television. We told you that we were building our mass distribution strategy both domestically and internationally and that a TiVo rollout by cable would become a reality.

We told you that we would launch an attractively priced HD box that would enable us to better address a major consumer electronics trend. We told you that we would more significantly weave TiVo into the fabric of the media industry, where we would partner with the critical players in the industry to come up with a solution for advertisers, ad agencies, and networks for dealing with the increasing numbers of people time-shifting programming through DVRs.

We told you that we would be aggressive in protecting our intellectual property and importantly, we told you that we would make progress in all of these areas while making sure to improve the financial profile of the company.

I am very pleased to say that fiscal 2008 was a very successful year for TiVo in each of these areas.

In broadband, we now provide access to tens of thousands of movies, television shows, and videos and millions of songs. For instance, we have made available to TiVo users more than 20,000 movies and television shows from Amazon, content from over 40 TiVo-cast content providers and soon, thousands of independent films. Over 4 million songs and thousands of music videos, photos directly to your TiVo, the ability to send home movies directly to your TiVo, and we also enhanced the user experience for the many subscribers who have broadband connected TiVos by launching a new form of search, which includes television programming, as well as what's available to the user via the Internet.

And beyond search, we will continue to make it really easy to get content to the television by integrating broadband content via season pass functionality.

On the mass distribution front, Comcast launched in Boston and Comcast has begun to market the product. We are announcing today that Cox is in tech trials and market launch in New England will be the first market that Cox launches in.

Internationally, we launched in Mexico and through retail in Canada, and we will soon be in Australia through a partnership there. We also developed our distribution and co-marketing relationships with companies such as Windstream, as well as Nero, who we are working with to launch a PC version of TiVo.

And we announced an agreement with DIRECTV to provide some additional features to the more than 2 million plus subs that get TiVo through DIRECTV.

In terms of the HD trend in consumer electronics, we launched a high definition DVR set at an attractive \$299 price point designed for mass appeal. Importantly, we reduced our hardware subsidy on this box, making it a break-even offering through our direct channel.

In advertising and audience research, we launched the TiVo stop-watch rating service and we are now working on launching additional research products, such as the demographic rating panel. And due to the collapse of Project Apollo you probably saw a week ago, we now have the only single source panel to provide combined viewership and purchase decision data through our relationship with IRI.

We introduced additional types of unique advertising inventory that helps advertisers better connect with the fast-forwarding television view, and as a result of our efforts here, we now have research partnerships with two of the largest broadcast networks, NBC and CBS, and six of the world's largest advertising companies, including WPP, IPG, Publicis, Havas, Carat, an element of The Aegis Group, and the Omnicom Media Group, which was just announced this morning.

We have also been successful in protecting our valuable intellectual property. As you all know by now, just a few weeks ago we had an important day here at TiVo when the United States Court of Appeals for the Federal Circuit unanimously upheld the district court's ruling that EchoStar had infringed on our multimedia time warp patent. The court upheld the full monetary award, as well as the injunction issued by the trial court. EchoStar's latest attempt to further appeal the case lacks merit and we believe the court will reject it. We are also very skeptical about EchoStar's claim that it has a workaround. We are confident that the courts will enforce the judgment and the injunction and the full impact of these will become clear.

In terms of financials, fiscal 2008 was a banner year, as we moved closer to adjusted EBITDA break-even, getting within approximately \$3 million of it. This is TiVo's best annual performance in its history. Without a fourth quarter accounting change, adjusted EBITDA would have been \$2.5 million higher, nearly break-even. This is even more striking when you take into account that we were negative \$30 million in adjusted EBITDA in the prior year.

In addition to the financial success we had over the course of the year, we also had a strong fourth quarter. We significantly increased our adjusted EBITDA net income guidance, posting an adjusted EBITDA profit of about \$1 million and a net loss of about \$6.4 million.

Service and technology revenues were \$58.1 million compared with \$57 million for the same period last year and within our guidance range. Note that during the quarter, an accounting change was implemented that took the estimate for the life of a product lifetime subscription from 48 months to 54 months, as these subs are keeping the TiVo service longer than we originally anticipated. The change to a longer amortization period impacted service and tech revenues, as well as adjusted EBITDA and the net loss by approximately \$2.5 million in the fourth quarter.

I'll let Cal speak to the other financial details for the quarter and year in just a few minutes, but it's important to note that our accomplishments in delivering solid financial results is a reflection of our ability to effectively manage our TiVo owned business without clouding enthusiasm for the many long-term growth drivers we currently have in place.

I should also make the point that it is difficult to compare this year's holiday results with those from fiscal 2007. Compared to last year, we have pulled back our marketing spend substantially. We have significantly reduced our hardware subsidy and our main offering is now our \$299 TiVo HD box versus the free offer that it was our focus during last year's holiday season.

We plan to maintain our more limited spend on marketing while we assess the speed with which consumers recognize the value and importance of broadband distribution of digital video.

Looking ahead, we believe that our feature set of delivering digital content directly to the television is becoming rich and deep, and enough so to create significant opportunities to support new growth in standalone sales.

Subscription acquisition costs in the fourth quarter were the lowest they have been in almost two years, and a significant improvement over the year-ago quarter, where again we gave away boxes for free.

We are also in the process of re-launching tivo.com so that we can more effectively market TiVo in the most efficient way possible. We will continue to focus on managing acquisition costs and driving more efficient marketing spend.

Now let me provide you with some additional detail on the areas of our business that will define our growth in the quarters and years to come. In terms of mass distribution, as I mentioned, TiVo on Comcast is operational in Boston and Comcast is marketing the TiVo service to its subscriber. We expect marketing of the product to increase as Comcast gains greater experience with the offering. Additionally, what's exciting about this relationship is that TiVo fits seamlessly into Comcast's plans for making vast amounts of on-demand content available to their subscribers and making both linear and VOD television content easy to find through one interface with a comprehensive search tool.

In addition, our relationship with Cox is progressing nicely. As we announced today, we are in trials and we are working toward a market launch in New England, which is the first Cox market for TiVo. With both Comcast a reality and Cox moving toward launch, our mass distribution strategy is making significant stride, effectively unleashing the power of TiVo beyond the confines of a dedicated hardware consumer electronic business.

We are also looking to expand our distribution internationally. We believe this is a tremendous opportunity to drive sub growth through a model that,

like domestic cable distribution, is very attractive. Through our existing international work in Australia, Mexico, and Taiwan, and our domestic work with Comcast and Cox, we have learned how to provide TiVo to a variety of platforms and can drive our distribution growth via multiple paths.

Beyond our mass distribution strategy, cable operators are beginning to realize the benefits of providing their customers with a feature set that goes beyond the applications that they have been offering to this point. In this regard, we are working in conjunction with cable labs toward creating a standalone box that would be capable of providing the two-way services provided by cable operators. In addition, we continue to stay ahead of the curve in this area and have progressed on our work with the National Cable Television Association to make certain that not only will TiVo HD users be able to access programming channels delivered using switch digital technology by the cable operator, but also that the cable industry is involved in making the TiVo installation process easier for consumers.

Moving to our broadband strategy, we continue to focus on driving a better understanding of our broadband feature offering and the enormous world of television choice TiVo makes available to users. We are certainly building toward the dream of getting anything you want to watch on your television whenever you want to watch it.

TiVo continues to distinguish itself as the one box, one remote, one user interface, one stop shop for delivering all forms of broadband content to the television set, along with traditional TV.

We have numerous content partners which, when combined with the hundreds of digital cable channels offering movies, TV shows, and high quality video, TiVo subscribers have literally tens of thousands of immediate choices at any given time.

For many industry players out there, pulling together this content into one platform is only a dream at this point. For TiVo, it's a reality now and most of our new HD subscriptions are connecting their television sets via broadband.

In terms of our advertising and research business, during the quarter we announced deals with CBS, NBC, and this trend continues today, as we announced a deal with Omnicom Media Group, the major media buying arm of the very large Omnicom Advertising Holding Company.

These three companies, along with many others, have realized DVR viewing is becoming a more significant part of the advertising buying equation every day and many industry experts expect DVR penetration to grow from 20% today to 35% in the next 18 months. Further, just last month over 50% of the advertisers polled in the Association of National Advertisers and Forrester Research's fourth bi-annual TV and technology survey, stated that when half of all TV households use DVRs, they will cut spending on TV advertising by at least 12% and further cuts will surely follow. That's more

than \$7 billion of traditional TV ad spend that will be up for grabs. As such, it will be critical for advertisers to become experts in consumption patterns in DVR homes and we are the only player out there providing them with both new forms of inventory, as well as measurement and accountability tools that enable them to better assess how to reach the television audience increasingly looking to avoid commercials.

In conclusion, fiscal 2008 was a meaningful year in terms of the significant progress we made to grow and build our business. We continue to innovate, to come up with new ways in which television is viewed and consumed in the home. We will further expand our distribution, both domestically and internationally. We will drive greater adoption of TiVo in the advertising and programming network world. We will continue to make certain that the industry has a full appreciation for the value of our patents and we will continue to improve on adjusted EBITDA. The strong momentum we generated in fiscal '08 will serve us well in fiscal '09 and beyond. With that, I will turn it over to Cal.

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Review of Part A

TiVo Inc Fourth Quarter 2008 Conference Call (introduction)

Statements on Strategy and Sub Strategies

"...distribution and co-marketing relationships with companies such as Windstream..."

"...our mass distribution strategy is making significant stride, effectively unleashing the power of TiVo beyond the confines of a dedicated hardware consumer electronic business."

"We are also looking to expand our distribution internationally..."

"... continue to focus on driving a better understanding of our broadband feature offering and the enormous world of television choice TiVo makes available ..."

"...we are working in conjunction with cable labs toward creating a standalone box that would be capable of providing the two-way services ..."

"...we will soon be in Australia through a partnership there."

"...maintain our more limited spend on marketing while we assess the speed with which consumers recognize the value and importance of broadband distribution of digital video."

"... in the process of re-launching tivo.com so that we can more effectively market TiVo in the most efficient way possible."

Statements on Strengths

"... successful in protecting our valuable intellectual property..."

"... research partnerships with two of the largest broadcast networks... and six of the world's largest advertising companies..."

"... our feature set of delivering digital content directly to the television is becoming rich and deep, and enough so to create significant opportunities to support new growth in standalone sales"

"... we have learned how to provide TiVo to a variety of platforms and can drive our distribution growth via multiple paths."

"We have numerous content partners"

Statements on Position

"...we continue to stay ahead of the curve"

"For many industry players out there, pulling together this content into one platform is only a dream at this point. For TiVo, it's a reality now."

"TiVo continues to distinguish itself as the one box, one remote, one user interface, one stop shop for delivering all forms of broadband content to the television set..."

Case Study Questions

1. Rate TiVo Inc's conference call.

In the 4th Quarter 2008 earnings conference call, do you think Thomas S. Rogers communicated all the important elements of TiVo's B2I Brand effectively?

Very Ineffectively

Very Effectively

1	2	3	4	5	6	7	8	9	10
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Do you think that Thomas S. Rogers communicated TiVo's Strategy effectively?

Very Ineffectively

Very Effectively

1	2	3	4	5	6	7	8	9	10
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Do you think that Thomas S. Rogers communicated TiVo's Strengths effectively?

Very Ineffectively

Very Effectively

1	2	3	4	5	6	7	8	9	10
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Do you think that Thomas S. Rogers communicated TiVo's Position effectively?

Very Ineffectively

Very Effectively

1	2	3	4	5	6	7	8	9	10
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2. If you were Thomas S. Rogers would you do anything differently in your conference call introduction?