RENTRAK CORP
Form 10-K
May 29, 2015

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

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended: March 31, 2015

OR

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

Commission File Number: 000 15159

RENTRAK CORPORATION
(Exact name of registrant as specified in its charter)

Oregon	93-0780536
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
7700 NE Ambassador Place, Portland, Oregon	97220
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 503 284-7581

Securities Registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $0.001 par value per share	The NASDAQ Stock Market LLC (NASDAQ Global Market)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act: Yes ¨ No ý

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act: Yes ¨ No ý

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K, or any amendment to this Form 10-K. ¨

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

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates, computed by reference to the last sales price ($60.94) as reported by the NASDAQ Global Market, as of the last business day of the Registrant’s most recently completed second fiscal quarter (September 30, 2014), was $732,097,022.

The number of shares outstanding of the Registrant’s Common Stock as of May 22, 2015 was 15,253,468 shares.

Documents Incorporated by Reference

The Registrant has incorporated into Part III of Form 10 K, by reference, portions of its Proxy Statement for its 2015 Annual Meeting of Shareholders.

RENTRAK CORPORATION
2015 FORM 10-K ANNUAL REPORT
TABLE OF CONTENTS

Table of Contents

Forward-Looking Statements

Certain information included in this Annual Report on Form 10-K (including Management's Discussion and Analysis of Financial Condition and Results of Operations regarding revenue growth, gross profit margin and liquidity) constitute forward-looking statements that involve a number of risks and uncertainties. Forward-looking statements may be identified by the use of forward-looking words such as "could," "should," "plan," "depends on," "predict," "believe," "potential," "may," "will," "expects," "intends," "anticipate," "estimates" or "continues" or the negative thereof or variations th comparable terminology. Forward-looking statements in this Annual Report on Form 10-K include, in particular, statements regarding:

- the future growth prospects for our business as a whole and individual business lines in particular, including adding new clients, adjusting rates and increasing business activity, and using funds in our foreign bank accounts to fund our international expansion and growth;
- increases in our costs over the next twelve months;
- future acquisitions or investments;
- our plans or requirements to hold or sell our marketable securities;
- our relationships with our customers and suppliers;
- our ability to attract new customers;
- market response to our products and services;
- increased spending on property and equipment in Fiscal 2016 for the capitalization of internally developed software, computer equipment, and other purposes;
- expected amortization of our deferred rent;
- the integration of the U.S. television measurement business related to television tuning analytics utilizing return path data of WPP's Kantar business unit; and
- the sufficiency of our available sources of liquidity to fund our current operations, the continued current development of our business information services and other cash requirements through at least March 31, 2016.

These forward-looking statements involve known and unknown risks and uncertainties that may cause our results to be materially different from results implied by such forward-looking statements. These risks and uncertainties include, in no particular order, whether we will be able to:

- successfully develop, expand and/or market new services to new and existing customers, including our media measurement and advanced consumer targeting services, in order to increase revenue and/or create new revenue streams;
- timely acquire and integrate into our systems various third party databases;
- compete with companies that may have financial, marketing, sales, technical or other advantages over us;
- successfully deal with our data providers, who are much larger than us and have significant financial leverage over us;
- successfully manage the impact on our business of the economic environment generally, both domestic and international, and in the markets in which we operate, including the financial condition of any of our suppliers or customers or the impact of the economic environment on our suppliers' or customers' ability to continue their services with us and/or fulfill their payment obligations to us;
- effectively respond to rapidly changing technology and consumer demand for entertainment content in various media formats;
- manage and/or offset any cost increases;
- add new clients or adjust rates for our services;
- adapt to government restrictions;
- leverage our investments in our systems and generate revenue and earnings streams that contribute to our overall success;
- enhance and expand the services we provide in our foreign locations and enter into additional foreign locations; and
- successfully integrate business acquisitions or other investments in other companies, products or technologies into our operations and use those acquisitions or investments to enhance our technical capabilities, expand our operations into new markets or otherwise grow our business.

Please refer to Item 1A. Risk Factors in this Annual Report on Form 10-K for a discussion of reasons why our actual results may differ materially from our forward-looking statements. Although we may elect to update forward-looking statements in the future, we specifically disclaim any obligation to do so, even if our expectations change.

PART I
ITEM 1. BUSINESS

Overview

We are a global media measurement and advanced consumer targeting company serving the entertainment, television, video and advertising industries. Our Software as a Service ("SaaS") technology merges television viewership information from over 117 million TVs and devices with consumer behavior and purchase information ("Advanced Demographics") across multiple platforms, devices and distribution channels. We also measure box office results from more than 125,000 movie screens in 47 countries throughout the world. We process and aggregate hundreds of billions of data transactions from multiple screens wherever entertainment content is viewed, whether at the box office, on a television screen, over the Internet, on a smart phone or other portable device. Rentrak measures live TV, recorded TV ("DVR"), and Video on Demand ("VOD"), whether the content is free, purchased, rented, recorded, downloaded or streamed from multiple channels. These massive content databases provide stable and granular viewership information across every screen ("multiscreen") and are anonymously matched with information from third-party consumer segmentation and purchase databases using privacy compliant methodologies. By linking multiscreen viewership information with information about the products viewers consume and prefer, we provide our clients, such as content producers, distributors, advertisers and advertising agencies, with the knowledge necessary to more effectively manage their businesses, program and market their networks and more precisely target and sell their advertising inventory. Some examples of the benefits to the advertising community are improved profitability by effectively targeting viewers of specific TV shows through the products they buy, the cars they drive and how they are likely to vote in elections. Some examples of the benefits to the movie industry and video (TV) content owners are that they can manage their businesses in real time or near real time and also improve their profitability. Additionally, certain clients use our advanced analytics to populate automated buying systems. These systems automate the buying process for TV commercials and introduce efficiencies for both advertising agencies and their clients.

Rentrak Corporation is an Oregon corporation and was incorporated in 1977. It is headquartered in Portland, Oregon, with additional offices in the United States and around the world.

Prior to the fiscal year ended March 31, 2014 ("Fiscal 2014"), we had two operating divisions within our company, and we reported certain financial information by individual segment under this structure. Those two operating divisions were our Advanced Media and Information ("AMI") operating division, which included our media measurement services, and our Home Entertainment operating division, which primarily included our distribution services as well as services that measure, aggregate and report consumer rental activity on packaged media products from traditional "brick-and-mortar," online and kiosk retailers.

During the fourth quarter of Fiscal 2014, we initiated our plan to sell our Pay Per Transaction® ("PPT®") business, which had been a longstanding legacy business of Rentrak, and a significant component of the Home Entertainment operating division. Our PPT® business had been in a state of decline due to the decline of physical DVD rentals from retail stores. The sale of PPT® was completed as of January 31, 2015. The strategic decision to sell PPT® enables us to focus more fully on the growth of our media measurement and advanced consumer targeting business. Accordingly, we have restated our financial results and the PPT® business is reported as discontinued operations for all periods presented. See additional information in Note 18 of Notes to Consolidated Financial Statements.

As a result of our sale of the PPT® business, we operate in a single business segment encompassing our media measurement and advanced consumer targeting services which are primarily delivered through scalable, SaaS tools within our Essentials® product lines. These syndicated big data services, offered primarily on a recurring subscription basis, provide consumer viewership information integrated with information from consumer segmentation and purchase behavior databases. We provide movie studios, television networks and local stations, cable, satellite and telecommunications company (“telco”) operators, advertisers and advertising agencies unique insights into consumer viewing and purchasing patterns through our comprehensive and expansive information on local, national, VOD and “Over the Top” (“OTT”) television performance and worldwide box office results. Our movie measurement products measure more than 95% of the ticket sales globally in real or near real time, allowing our customers to make decisions to market, promote and manage the industry for maximum profitability.

Our Products and Services

Our media measurement services are distributed to clients through patent pending software systems and business processes into two broad areas within the entertainment industry, which we refer to as TV Everywhere™ and Movies Everywhere.™ The content viewership and Advanced Demographics (the products we buy and the “lifestyles” we lead) included in our TV Everywhere™ products are from nearly every ZIP code in America, projected to all 210 local TV markets and to a national level across multiple distribution platforms. This method results in granular levels of processing from billions of transactions and establishes us as a premier source of television ratings with consumer targeting using Advanced Demographics.

We are also the only source of worldwide movie box office results, trends and insights. Our business growth within the Movies Everywhere™ product lines is due to our continued expansion of our global footprint, as well as the introduction of new products to help studios and content creators better monetize their content for maximum profitability. We have also seen significant growth within our TV Everywhere™ service offerings and believe there is opportunity for continued growth. As the TV, video and advertising sectors continue to evolve, they are becoming increasingly more fragmented, and consumers can view a wide variety of entertainment content wherever and whenever they choose via an expanding array of devices and technologies. We have invested heavily in our systems, processes and databases in order to address the evolving needs of the industry and help our clients maximize the efficiency and effectiveness of their advertising programs. Our systems capture total television audience information by providing the largest coverage from multiple screens and providers and merge that information with Advanced Demographics and information relating to actual consumer purchase behavior.

Our services are designed to help our clients understand consumer viewing, reaction and purchase behavior everywhere content and advertising are consumed to allow both sellers and buyers to more precisely target the most relevant viewing audience. This precise targeting enables our clients to optimize their marketing, sales and advertising strategies. The majority of our service offerings are related to four major types of content: 1) ad-supported content, specifically linear television which can be viewed as a scheduled program, in a time-shifted manner, on VOD, or streamed or downloaded from the Internet or via a mobile device, 2) subscription- or transactional-based programming content, 3) advanced media and analytics, which provides audience targets, measurement and marketing mix optimization for television and digital viewing content combined and 4) theatrical box office content. Typical customers utilizing our services include content producers, studios, distributors, national networks, local stations, satellite and cable operators, agencies, and a wide spectrum of advertisers, ranging from traditional consumer brands to various political groups. We also provide many of our clients tailored research and analytical solutions unique to their needs and specifications.

Our most significant product offerings, which we refer to as Essentials®, are:

- TV Everywhere,™ which includes TV Essentials® and StationView Essentials;™
- Movies Everywhere,™ which includes Box Office Essentials®, International Box Office Essentials,™ PostTrak® and PreAct;™
- OnDemand Everywhere®, which includes OnDemand Essentials®, Digital Download Essentials®, Multiscreen Essentials® and other Over the Top measurement tools and related products; and
- Other services, which includes Studio Revenue Share Essentials™ (“SRSE”) and other products relating to measurement of physical content in the home video rental industry.

In December 2014, we acquired the U.S. television measurement business related to television tuning analytics utilizing return path data (the “RPD Business”) of WPP’s Kantar business unit. We also entered into agreements with GroupM and The Kantar Group, which are related WPP entities. Under the agreements, Rentrak will integrate its national and local TV measurement with a number of Kantar’s U.S.-based services that focus on digital media, advertising expenditure and purchase data. The integration will provide advertisers, agencies, TV networks, multichannel video program distributors (“MVPDs”) and local television stations throughout the U.S. with even more powerful tools to understand consumers’ purchasing habits and the ability to link TV viewing habits with purchase and other behavior in the United States. We believe these transactions give us better scale to rapidly innovate our products and services in the U.S., and we expect the agreements to produce multiple long-term revenue streams as a result of the company’s expanded relationship with GroupM and WPP. The financial results of the RPD Business from the date of acquisition are included within our TV Everywhere™ product line. See Note 4 of Notes to Consolidated Financial Statements.

In August 2013, we acquired iTVX, a provider of branded entertainment analytics, insight and research. Going beyond traditional product placement, branded entertainment is the creation and integration of original branded content into television, movie and other digital entertainment content types. Successful branded entertainment spurs consumers to engage and interact with a brand through the strategic placement of marketing messages across every screen. Our branded entertainment services provide our clients with the impact brand integration has on consumers across movie and television content on all screens, which enables users to assess the total media value of their campaigns. The financial results of iTVX, now called Rentrak Branded Entertainment™, from the date of acquisition are included within our TV Everywhere™ product line. See Note 4 of Notes to Consolidated Financial Statements.

Our revenue increased $27.3 million, or 36.1%, in the fiscal year ended March 31, 2015 (“Fiscal 2015”) compared to Fiscal 2014. Our current spending, investments and long-term strategic planning are heavily focused on the innovation, development, growth and expansion of our services and product lines, both domestically and internationally. As such, we continue to allocate significant resources towards innovation and the expansion of our data assets and technology as well as our research, analytics and sales groups. These strategic investments, many of which are expensed as incurred, have lowered our overall operating performance. As a result, we had operating losses from continuing operations of $6.1 million, $9.5 million and $26.5 million for Fiscal 2015, 2014 and 2013 respectively.

TV Everywhere™

We provide our customers with second-by-second performance metrics that deliver consumer viewing behavior for scheduled, interactive, and DVR television content. We aggregate transaction-level data across all 210 designated local television markets in the United States, which are projected to the complete footprint of television households resulting in massive amounts of information regarding viewing behavior from every market. We currently have multi-year contracts with a number of data providers including DISH Network L.L.C. (“DISH”), AT&T Services, Inc. (“AT&T), Charter Communications, Inc., DIRECTV LLC, FourthWall Media, Inc. and Cox Communications, Inc. (“Cox”). Our viewership information, which integrates satellite, telco, cable and projects Over the Air viewing, provides our customers with a deep level of granularity and stability, and thus the competitive advantage of a more informed understanding of the viewing audience. We provide our customers with access to information from hundreds of networks, which is significantly more than the information available elsewhere. Our technology includes web-based reporting systems, which provide clients with instant access to the measurement metrics and detailed analytics key to tracking content and consumer behavior across multiple platforms and devices. We also provide Advanced Demographics, which allow our customers to more accurately pinpoint audiences they want to reach, by combining our massive viewership information with third party consumer behavior information from a variety of industry-leading sources, enabling our customers to develop more targeted approaches to ad selling and buying. As an example of our status as a valued currency, our roster of political advertisers continues to expand because we help candidates target the audiences they want to reach and more efficiently and effectively utilize their campaign funds. Our most significant products for measurement of national and local television audiences within our TV Everywhere™ services include TV Essentials® and StationView Essentials™.

TV Essentials® is a comprehensive suite of research and analytical tools that reports network television audience viewership patterns across all facets of television programming and advertising, including linear and DVR television viewing. By providing transaction-level performance metrics from tens of millions of televisions across the United States, TV Essentials® helps our national network, agency and advertiser clients make better decisions by giving them a greater and more relevant and reliable understanding of the true value of their viewing audiences. We provide insight into programming effectiveness, enabling networks and network operators to optimize their TV advertising inventory. Developed with the potential capacity to handle data from all of the nation’s television households, the system can isolate individual market, network, series or telecast performances, administer national and local estimates and provide an evaluation of influencing factors such as purchase behaviors and Advanced Demographics for competitive, in-depth intelligence. One of the biggest advantages of TV Essentials® is that it combines the stability and granularity of TV viewing information with marketing segmentation and advertiser databases, resulting in robust targeted TV viewership intelligence. Our advanced television targeting enables our customers to spend their advertising dollars more efficiently and effectively since they are able to target consumers who they believe will purchase their products. In addition, with TV Essentials® Exact Commercial Ratings®, we are able to provide our national clients with the ability to determine the performance of a specific commercial on their network campaigns so they can plan, buy and sell advertising more strategically.

StationView Essentials™ is a local market television measurement and analytical service specifically designed to meet the unique needs of local television station and cable sales, news and management teams, as well as local agency media directors, planners and buyers. StationView Essentials™ allows clients to better understand consumer viewing patterns across local TV stations and cable channels in their market(s), monitor and maximize daily program performance by evaluating viewing trends down to the minute, and identify how similar audiences view programming across multiple stations and local cable channels to (a) more efficiently and effectively promote viewership to a particular station ("ratings") and (b) negotiate inventory pricing. Additionally, with our stable and reliable ratings information and our highly targeted Advanced Demographics, our clients identify those programs that have higher densities of consumers most likely to purchase a given product, and thereby sell or buy their advertising far more effectively and profitably. Our local market services services allows local television stations, cable channels, agencies and advertisers to sell and buy television inventory not only based on the size of the audience, but more importantly on its value and relevance of the audience to the specific client. We empower our local clients to utilize television as a highly effective advertising targeting channel in much the same way that the Internet and direct marketing are used.

Technology has evolved in terms of how television advertising is bought and sold. Systems have been developed to automate the TV ad buying and selling processes, which is referred to as programmatic or automated buying/selling for television advertising ("automated TV"). Automated TV is different from current sales methods because it enables sellers and buyers to use computer software to automatically sell/buy inventory based on the relevance of the audience and efficiency of the pricing. With our Advanced Demographics and granular currency, used by several companies utilizing automated TV systems, we can help our clients target their desired audiences far more effectively. For example, local cable and satellite providers are embracing automated TV because the technology allows them to use audience viewing information to more effectively understand the type of people who are watching their ads. Our services would show our clients that viewers of a particular network at a particular time are more likely to be in the market for a particular product. This knowledge enables them to increase the value of their advertising inventory and increase the likelihood that specific targeted audiences are exposed to specific ads, thereby adding to our client's profitability.

We have recently launched a new product offering, which we refer to as "Rubik", which is an extension of our existing services. Rubik is a national television analytical platform that includes Advanced Demographics, enabling our clients to optimize planning and buying at the national level by creating unique target groups based on program viewing patterns or advertising exposure. Clients can also define and calculate analytic reports, such as reach and frequency or subsequent program viewership (also known as promo effectiveness). Rubik utilizes a subset of our data, including data from hundreds of national networks and, as such, is able to more quickly provide our customers with flexible analytics.

See below for a discussion within the "Innovation, Research, Development and Technology" section for more information on new products which are currently being developed.

OnDemand Everywhere®

The VOD market continues to evolve and the amount of time consumers spent with On Demand broadcast primetime content increased by 22% in calendar 2014. Innovation and technological advances continue to provide improved viewer experiences across a growing number of distribution platforms. Consumers are demonstrating increased control over what entertainment content they watch, when they watch it and on what device, whether a live broadcast, on a DVR, on VOD, or from a wide variety of OTT platforms, such as Netflix, Hulu, VUDU and iTunes, and TV Everywhere™ platforms such as Xfinity, FiOS, and AT&T U-Verse, which continues to increase the breadth of entertainment content available to the consumer. Another significant shift continues to occur as consumers move away from paid VOD content to what is known as "Free on Demand," or ad-supported, content. Currently, more than 77% of all VOD content viewed is Free on Demand and more than 60% of its viewing happens after the seventh day that it is aired. These trends are also changing the way TV operators perceive the advertising opportunity, how advertisers look at viewership information and how content providers monetize their content. We are uniquely positioned as the only company with full census measurement of VOD. We currently collect 100% of all VOD television viewing data in the United States. We measure VOD viewing from more than 117 million television sets in the U.S. and Canada and report information relating to how consumers interact with this content.

Our information includes VOD, broadband, video and mobile device content transactions. Our OnDemand Everywhere® products include OnDemand Essentials®, Multiscreen Essentials®, AdEssentials®, Internet TV Essentials®, Digital Download Essentials®, Digital Download Essentials Industry™, Dynamic Studio Share™, VOD Monitor™ and Mobile OnDemand Essentials™. The most significant service is OnDemand Essentials®.

OnDemand Essentials® ("ODE") provides multichannel video programming distributors ("MVPDs") and content providers (including broadcast/cable networks and studios) with a transactional tracking and reporting system to view and analyze the performance of VOD content. This web-based system provides clients throughout the United States with access to the tools needed to track On Demand content, trends and consumer behavior and represents information from over 117 million televisions from every U.S. operator offering VOD programming. In addition, we measure VOD programming from operators in Canada, Spain and China. Our system includes daily, census-level data of current and historical market- and title-level content performance from 56 MVPDs.

We are the planning currency for VOD advertising today. Our other services within OnDemand Everywhere® currently include the measurement of VOD advertising across our national footprint of operators as well as tracking and reporting on the availability of VOD content. We also provide an auditing service which contains performance intelligence on purchased and rented movie and television content downloaded or streamed via the Internet, including royalty report tracking. Additionally, our systems process online usage data to help clients manage their ad-supported and subscription-based television programming content streamed online.

There are also some significant advances in the industry relating to television advertising technology which will allow our clients to better monetize their content and capture more of the growing number of people who watch television on a time-shifted basis, often days or weeks after a show airs. This newer technology, Dynamic Ad Insertion (“DAI”), enables TV networks to switch out and replace ads on programs that air on VOD in as little as 24 hours, instead of having to wait weeks which has been the case previously. DAI will make it much easier for networks to remove ads that can become stale or irrelevant after a few days, thus making VOD a more attractive medium for advertisers. VOD content providers will be able to use our OnDemand Essentials® system to better understand viewership, make more informed advertising decisions using our Advanced Demographics and more precisely target the right consumers at the right time. Dynamic advertising represents a great opportunity for growth for Rentrak as we expand our services to include ad measurement in addition to content measurement.

Our arrangements with our clients and the information we provide them are also changing and expanding. Historically, our content providers could only access information relating to how their own content performed across all MVPDs. They were not able to see the performance of the content of other providers. Now, we are able to show how a title performs compared to all other titles. We believe our title-level transparency capabilities, which extend across many networks, including all our major networks, will create value for our clients and will enable us to expand our product offerings relating to VOD advertising and content performance. We are also working on initiatives to apply the same Advanced Demographics to VOD as we have in our TV Essentials® service, which will help our clients understand the quality of the VOD audience and not just the size.

Our Multiscreen Essentials® service expands the capability of our ODE service to provide cross-platform reporting for VOD content viewed beyond the television set (e.g., Internet streaming, portable and mobile devices). We currently have all the data from major MVPDs for multiple platforms, totaling approximately eight million households. We intend to sign more data providers to expand our household coverage and create a large amount of cross-platform information, similar to how we use our large amount of information in linear TV.

See “Innovation, Research, Development and Technology” for more information on a comprehensive product solution which combines both our TV and OnDemand Everywhere® data assets. We continue to work to obtain and/or incorporate data from new and existing providers relating to online, mobile and OTT content. We are well positioned to continue to grow this business by adding new clients and adjusting rates as business activity increases and as advanced advertising technology is rolled out by the industry.

Movies Everywhere™

As the global movie currency, precisely measuring movie viewership from more than 95% of the worldwide box offices, Rentrak goes beyond simply reporting what movies people saw to answer three key questions: Will they go? How much did they spend? And, what did they think? Our most significant products for measurement of box office results, as well as audience sentiment, within our Movies Everywhere™ services include Box Office Essentials®, International Box Office Essentials™, PostTrak® and PreAct.™

Box Office Essentials® and International Box Office Essentials™ provide a detailed measurement of domestic and international theatrical gross receipts and attendance information combined with detailed analytics to motion picture studios and movie theater owners from more than 125,000 movie screens in 47 countries throughout the world. Rentrak is the only provider of this key information to the motion picture industry. We provide studios with access to box office performance information pertaining to specific motion pictures and movie theater circuits, including real-time, geographic-specific and historical information. Data is obtained via Internet or phone connectivity to theater box offices and is collected for an aggregate of more than 95% of all movie theaters in Argentina, Armenia, Australia, Austria, Azerbaijan, Belarus, Bolivia, Brazil, Canada, Chile, China (including Hong Kong), Colombia, Costa Rica, El Salvador, France, Georgia, Germany, Guatemala, Honduras, India, Italy, Japan, Kazakhstan, Kyrgyzstan, Malaysia, Mexico, Moldova, the Netherlands, New Zealand, Nicaragua, Panama, Paraguay, Peru, Portugal, Russia, Singapore, South Africa, South Korea, Spain, Taiwan, Turkey, the United Kingdom & Ireland, United Arab Emirates, the United States, Uruguay and Venezuela.

PostTrak® is our exit polling service, which delivers additional real-time insights relating to a movie's performance, such as audience reaction about the movie, as well as specific demographic information relating to attendance, such as gender, ethnicity and age.

PreAct™ is a long-lead measurement tool that helps clients gauge the performance of a theatrical marketing campaign. PreAct™ allows users to effectively monitor the strength of a movie's marketing campaign up to a year in advance of its release by monitoring audience sentiment from social media. PreAct™ quantifies these insights, allowing users the opportunity to modify their campaigns accordingly during the critical marketing stage of a movie.

We are also planning to release our new product, eBOR,™ which stands for Electronic Box Office Reports. This system will be rolled out to the U.S. market in Fiscal 2016 and provides audited, movie-level performance data electronically to studios for reconciliation and invoicing purposes.

Box Office Essentials® information is used around the world by major news channels, such as CNBC, as well as major sites, such as Yahoo and in major news publications around the world, like Bloomberg News, The Wall Street Journal, The Hollywood Reporter, USA Today, and The New York Times, to name a few. We are the source for box office reporting globally.

We have long-term relationships with each of the major Hollywood studios ("Global Clients") in the United States and abroad. Currently, there are no competitors who provide a service comparable to Box Office Essentials® and International Box Office Essentials,™ and we believe that the barriers to entry are quite high because the Global Clients prefer a single system with worldwide reporting capabilities. In particular, our service provides these Global Clients with access to information relating to all other market participants.

Other Services

Our Other Services include products relating to physical content in the home video rental industry, the most significant of which is Studio Revenue Share Essentials.™
Studio Revenue Share Essentials™ (SRSE) is a service that grants content providers timely and consistent insights, plus valuable checks and balances, regarding how both their video products and their retail customers are performing. Data relating to rented entertainment content is received on physical product under established agreements on a fee-for-service basis.

These services include entertainment content relating to units rented and/or sold by large online retailers, kiosk operators, and "brick-and-mortar" retailers, such as Netflix, Redbox and Hastings Entertainment ("SRSE Retailers"). Our services are tailored to meet the needs of content providers, which include major studios and independent program suppliers, such as Twentieth Century Fox Home Entertainment, Inc., Warner Home Video, and Sony Pictures Home Entertainment, Inc. For each SRSE client, we collect, process, audit, summarize and report the number of transactions and corresponding revenue generated on each title distributed to SRSE Retailers on a revenue sharing basis. We also provide in-depth inventory tracking by title, retailer and location. Additionally, we conduct numerous periodic physical and electronic audits of SRSE Retailers, combined with actual testing of transactions processed through their POS systems, to ensure all SRSE inventory is utilized in a manner consistent with the terms of the SRSE Retailer's revenue sharing arrangement with our SRSE clients.

Innovation, Research, Development and Technology

We are making significant investments in our systems, which support our existing product lines. We continue to integrate various third-party databases with our products, which we believe will help advertisers deliver the right message at the right time to the right consumer group. We continue to build our analytic capabilities, which enable us to move our products from data-based to more comprehensive and applicable knowledge-based products and services. We are also continuing to integrate our ratings and Advanced Demographics into various ad buying and selling systems. These expenditures will likely increase our costs over the next twelve months. We believe we will be able to leverage these investments and generate revenue and earnings streams that contribute to our overall success.

We are also investing significant resources in, and continue to develop and expand, our comprehensive services that provide business analytics and research across multiple media platforms to provide our clients with insights into movies and television content from every viewing device. Our comprehensive services currently include live TV, DVR, Internet TV, mobile, and VOD and are being expanded to include digital content. This system compiles viewing data, using common metrics, to illustrate each platform’s individual contribution and compares it against other media platforms. With the ability to track viewing across various media, this expanded multiscreen product helps our clients better understand how content is being consumed by end users in order to interpret the effect such consumption has on other media platforms. Our clients are able to understand consumer adoption of new platforms, visualize cross-platform consumption and support more complex advertising models by targeting audiences on every platform.

We are also working on developing products which will enable us to offer a consumer targeting engine to our customers through cross media data management platforms that can be used to build unique consumer targets across both TV and digital information assets.

Competition

Our primary competitors in the market for global media measurement and advance consumer targeting in the entertainment, television, video and advertising industries are Nielsen and TiVo, which are companies with significantly greater resources than Rentrak. Nielsen’s service is largely based on a sampling methodology with a small sample in each market which is used to measure television viewing behaviors, and is currently the television industry’s standard measurement of television ratings behavior for advertising purposes, referred to as the “sample currency”. TiVo offers audience research and measurement products to advertisers based on the data obtained from their proprietary technology.

We compete in these markets primarily on the basis of product performance. Our services and systems differ from the competing services described above in that we offer a measurement system based on a massive amount of passively-collected viewing activity, from a number of sources, which results in far more granular, reliable and predictable solutions as compared to the small, compensated sample approach used by most of our competitors. Our approach projects the results to local and national levels across multiple platforms. This method results in granular levels of processing from billions of transactions and establishes us as the only company that provides television ratings with such a massive and passive TV measurement footprint. We believe this positions us to offer a more comprehensive, representative, targeted, and relevant system that networks, stations, agencies and advertisers are demanding and, consequently, that the market will continue to purchase our measurement products.

Trademarks, Copyrights, Proprietary Rights and Patents

In the United States, we have registered our RENTRAK®, Essentials®, Box Office Essentials®, PostTrak®, Home Video Essentials®, OnDemand Everywhere®, OnDemand Essentials®, AdEssentials®, TV Essentials®, Digital Download Essentials®, Exact Commercial Ratings®, Internet TV Essentials®, Multiscreen Essentials® trademarks, among others, and applied to register other marks under federal trademark laws. We have applied to register and obtained registered status in several foreign countries for many of our trademarks. We believe our Essentials® software is entitled to copyright protection. We believe that our intellectual property is important to our marketing efforts and the competitive value of our services, and we intend to take appropriate action to halt infringement and protect against improper usage.

We own two patents directed to techniques for extracting revenue information from point-of-sale terminals, as well as nine patents for linear data collection, projections, and analysis. Among the linear TV patents are two for our sophisticated "TV-off" methodology, which accurately accounts for cases when the TV is turned off but the set-top box (“STB”) is left on. We also own patents for a new way to combine transactional data (such as TV STB data) with traditional survey- or census-based datasets, a system and method for measuring TV audience engagements, and a number of patents for proprietary methods to clean and adjust return-path data. We believe our proprietary technologies, in combination with our ability to innovate and our dedicated, skilled personnel, provide us with advantages over our competitors’ technologies. There is no assurance, however, that we will be able to obtain patents covering such proprietary technologies.

Employees

As of March 31, 2015, we employed 419 full-time associates and 113 part-time associates. We consider our relations with our associates to be good.

Financial Information About Industry Segments, Enterprise-Wide Data and Geographic Information

See Note 16 of Notes to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Available Information

We file annual, quarterly and other reports, proxy statements and other information with the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as amended ("Exchange Act"). We also make available, free of charge on our website at www.rentrak.com, our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after they are filed electronically with the SEC. Information on our website does not constitute part of this report or of any other report we file or furnish with the SEC. You can inspect and copy our reports, proxy statements and other information filed with the SEC at the offices of the SEC's Public Reference Room located at 100 F Street, NE, Washington D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of Public Reference Rooms. The SEC also maintains an Internet website at http://www.sec.gov/ where you can obtain most of our SEC filings. You can also obtain paper copies of these reports, without charge, by contacting Investor Relations at (503) 284-7581.

ITEM 1A. RISK FACTORS

Certain Essentials® services face various obstacles to widespread market adoption, including competition from companies with significantly greater resources than ours.

Our Essentials® services are dependent on several factors for long-term success, including our ability to compete with larger and more seasoned competitors in this market. Our primary competitors currently are Nielsen and TiVo. Each of these competitors has significantly greater resources than we do, which could allow them to become more formidable competitors with enhanced technology service solutions. Additionally, we face other obstacles. For instance, we may be unable to reasonably obtain data and/or data providers may be reluctant or ultimately decide not to grant us adequate access to their digital transaction data, which is a key component of our systems. The owners of data may also impose greater restrictions on the use and reporting of such data, which may make it difficult to fully realize the opportunities we anticipate for our products and related services. Further, the marketplace (such as advertisers, advertising agencies and television networks) may be reluctant to adopt a new standard of viewership measurement. These factors could have an adverse effect on our ability to grow these services, which could lead to a material adverse effect on our results of operations, financial condition and cash flows.

We may lose a significant number of clients if we are unable to obtain requisite data and other content to source our systems which provide our Essentials® services.

Our Essentials® services rely on data collected from a wide variety of sources. Once received, the data must be reviewed, processed, integrated and, at times, converted to our required file format. If we are unable to obtain quality data feeds and process that data in a timely manner, we may not be able to meet the needs of our clients, and we could lose clients. The loss of a significant number of Essentials® clients would have an adverse impact on our ability to grow our Essentials® product lines and related revenue, which could result in a material adverse effect on our results of operations, financial condition and cash flows.

We have operations outside of the United States that subject us to legal, business, political, cultural and other risks of international operations.

We operate globally, which subjects us to a number of risks and burdens, including:

- staffing and managing international operations across different geographic areas;
- multiple, conflicting and changing governmental laws and regulations;
- the possibility of protectionist laws and business practices that favor local companies;
- price and currency exchange rates and controls;

- taxes and tariffs;
- different business practices and legal standards, particularly with respect to intellectual property;
- difficulties in collecting accounts receivable, including longer payment cycles;
- political, social, and economic instability;
- designing and maintaining effective operating and financial controls;
- the possibility of failure of internal controls, including any failure to detect unauthorized transactions; and
- increased costs relating to personnel management as a result of government and other regulations.

In addition, economic conditions in our overseas markets may negatively impact the demand for our products abroad and benefits we receive from those operations.

We may acquire or invest in other companies, products or technologies, which may be costly, dilutive to stockholders and, in the event we experience difficulties in assimilating and integrating the personnel, technologies, operating systems and products and services of acquired businesses, less beneficial than we anticipate.

As part of our business strategy, we may acquire or invest in other companies, products or technologies that complement our current product offerings, enhance our technical capabilities, expand our operations into new markets or offer other growth opportunities. Such acquisitions may be costly and potentially dilutive to existing shareholders in the event we offer capital stock as consideration in an acquisition. For example, we issued shares of our capital stock in the acquisition of the U.S. television measurement business related to television tuning analytics utilizing return path data of WPP's Kantar business unit. Acquisitions could also pose risks to our operations and operating results, including the possibilities of:

- increased costs relating to the integration of acquired businesses or technologies;
- difficulties assimilating the acquired operations, personnel, technologies or products into our company;
- loss of key personnel at an acquired business who decide not to work for us;
- diversion of management's attention from our existing operations;
- adverse effects on relationships with our existing suppliers, customers or partners;
- a need for additional capital or debt financing to complete acquisitions; and
- the impairment of intangible assets acquired.

The described risks would be magnified as the size of an acquisition increases or if the acquisitions are in geographic or business markets in which we have little or no prior experience. As a result of these and other challenges, we may not realize any anticipated benefits from acquisitions even if we can find suitable acquisition opportunities at what we believe to be attractive valuations, which we do not assure.

Economic conditions could negatively impact our business.

We primarily operate within the media, advertising and entertainment industry. Our overall success depends on the success of national networks and local stations, studios, cable operators, data providers, advertisers, and advertising agencies. The success of these businesses is dependent on consumer economic activity. For example, our Box Office Essentials® clients depend on consumers being interested in, and financially able to attend, movies in theaters. Changes in the economic climate and consumer spending could impact the financial condition of our clients. Such changes that affect our clients could, in turn, decrease the demand for our products, which could have a material adverse effect on our results of operations, financial condition and cash flows.

Additionally, if our clients experience financial difficulties, they may be unable to continue to purchase our services or pay for services in a timely manner, if at all. This could have a material adverse effect on our results of operations, financial condition and cash flows.

We face intense competition in the markets in which we operate and those in which we are currently developing new service offerings.

Some of our competitors have extensive distribution networks, long-standing relationships with our suppliers and customers, stronger brand name recognition and significantly greater financial resources than we do. These factors may enable our competition to have increased bargaining and purchasing power relating to resources that could enable them to operate in a more cost effective manner and/or to surpass our technological advancements. This could have a material adverse effect on our ability to grow our lines of business, including growing new lines of business and expanding existing lines of business related to our expanded relationship with GroupM and WPP.

Our SRSE business is dependent on studios maintaining direct revenue sharing relationships with “brick-and-mortar,” kiosks and online retailers.

We currently collect, process, audit, summarize and report transactional data relating to rental and sales activity of home entertainment content at traditional and online retailers and kiosk locations that have revenue sharing agreements directly with major studios. There are a number of risks that may adversely affect the size and profitability of this SRSE business. First and foremost, our business is dependent on the SRSE clients maintaining SRSE relationships with the SRSE Retailers. Should these clients end those relationships, they would have no need for our services. Second, our SRSE clients could decide to invest the resources necessary to provide these services internally. Lastly, if the overall size of the home entertainment rental market contracts significantly, or the large “brick-and-mortar” and online retailers’ share of the overall rental market declines substantially, the amount of data we process and audit on behalf of our clients would also be reduced, resulting in a decrease in our revenue. These and other factors could potentially reduce the demand for our SRSE services and the quantity of data we process, which would negatively affect our results of operations, financial condition and cash flows.

The future success of our company is highly dependent on our ability to maintain and grow our base of clients who subscribe to our Essentials® product offerings.

Our success depends on effective software solutions, marketing, sales and customer relations for our Essentials® services, as well as acceptance of future enhancements and new services by our existing and prospective clients. If we are unable to both retain existing clients and secure new clients for our Essentials® services, our results of operations, financial condition and cash flows will be adversely affected.

We have voluntarily applied for accreditation from the Media Rating Council (the “MRC”) for certain TV Essentials® products and services within our Essentials® product lines and we cannot predict when we will receive such accreditation, if at all.
We have voluntarily applied for accreditation from the MRC for our TV Essentials® products and services. The MRC is a third party nonprofit industry association whose members consist of companies within our industry, including television broadcasters, cable casters, advertisers, Internet organizations, advertising agencies and industry trade associations. The MRC’s goal is to ensure measurement services are valid, reliable and effective. While we believe we will be successful in achieving this accreditation, and we have made significant investments and progress towards this initiative, there is no assurance we will receive this accreditation in the near future, if at all, and we cannot predict the impact this accreditation would have on our business.

Our Essentials® services are highly dependent on employees who are skilled and experienced in information technologies.

If we are unable to attract, hire and retain high quality information technology personnel at a reasonable cost, we may not be able to meet the needs of existing clients, enhance existing services, or develop new lines of business. This inability could have a material adverse effect on our results of operations, financial condition and cash flows.

Measurement services are receiving a high level of consumer group and government scrutiny relating to the privacy issues around the methodologies used in targeted advertising.

Although we are confident that our anonymous data aggregation methodologies are compliant with all current privacy laws, it is possible that privacy trends and market perceptions of the transparency of data could result in additional government restrictions or limitations on the use of that data, which would adversely affect many of our products. If additional government restrictions are imposed, such restrictions could slow our ability to realize a return on our investments in new data-driven products or result in additional costs not currently anticipated.

Our services are highly dependent on the effective and efficient use of technology and our overall information management infrastructure.

If we are unable to acquire, establish and maintain our information management systems to ensure accurate, reliable and timely data processed in an efficient and cost effective manner, we may not be able to meet the needs of existing clients, enhance existing services or develop new lines of business. This inability could have an adverse effect on our business and long-term growth prospects.

Interruption or failure of our information technology and communications systems could hurt our ability to effectively provide our products and services, which could damage our reputation and harm our operating results.

The availability of our products and services depends on the continuing operation of our information technology and communications systems. Our systems are vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures, computer viruses, computer denial of service attacks, terrorist attacks, or other attempts to harm our systems. Our data centers are located in areas with potential risk of earthquakes. Our data centers are also exposed to risks of break-ins, sabotage, intentional acts of vandalism, and to potential disruptions if the operators of these facilities have financial difficulties. Some of our systems are not fully redundant, and our disaster recovery planning cannot account for all eventualities. The occurrence of a natural disaster, a decision to close a facility we are using without adequate notice for financial reasons, or other unanticipated problems at our data centers could result in lengthy interruptions in our service. In addition, our products and services are highly technical and complex and may contain errors or vulnerabilities. Any errors or vulnerabilities in our products and services, or damage to or failure of our systems, could result in interruptions in our services, which could reduce our revenue and results of operations.

The loss of our executive officers and key employees could have an adverse impact on our business and development initiatives.

We believe that the development of our business has been, and will continue to be, dependent on certain key executives and employees of Rentrak. The loss of any of these individuals could have a material adverse effect upon our business and development, and there is no assurance that adequate replacements could be found in the event of their unavailability.

Our stock is subject to price and volume fluctuations due to a number of factors, many of which are beyond our control and may prevent our shareholders from reselling our common stock at a profit.

The trading price of our common stock has, at times, experienced substantial price volatility and may continue to be volatile. For example, our common stock price has fluctuated from a high of $85.69 to a low of $45.57 for the 52 weeks ended March 31, 2015. This market volatility, as well as general economic, market or political conditions, could reduce the market price of our common stock. The trading price of our common stock may fluctuate widely in response to various factors, some of which are beyond our control. These factors include:

- quarterly variations in our results of operations or those of our competitors;
- announcements by us or our competitors of acquisitions, new products, significant contracts, commercial relationships, or capital commitments;
- recommendations by securities analysts or changes in earnings estimates;
- announcements about our earnings that are not in line with analyst expectations;
- announcements by our competitors of their earnings that are not in line with analyst expectations;
- the volume of shares of our common stock available for public sale;
- sales of stock by us or by our shareholders (including sales by our directors, executive officers and other employees); and
- short sales, hedging and other derivative transactions on shares of our common stock.

Oregon law may have anti-takeover effects.

The Oregon Control Share Act and the Business Combination Act limit the ability of parties who acquire a significant amount of voting stock to exercise control over us. These provisions may have the effect of lengthening the time required to acquire control of us through a proxy contest or the election of a majority of the Board of Directors. The provisions of the Oregon Control Share Act and the Business Combination Act could have the effect of delaying, deferring or preventing a change of control of us, could discourage bids for our common stock at a premium over the market price of our common stock and could materially adversely impact the market price of, and the voting and other rights of the holders of, our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our most significant locations, all of which are leased under operating leases, include the following:

Location	Use
Portland, Oregon	Corporate headquarters
Los Angeles, California	Sales and Operations
New York, New York	Sales and Operations
Munich, Germany	Sales and Operations
Madrid, Spain	Sales and Operations
London, England	Sales and Operations
Paris, France	Sales and Operations
Sydney, Australia	Sales and Operations
Mexico City, Mexico	Sales and Operations
Buenos Aires, Argentina	Sales and Operations
Rio de Janeiro, Brazil	Sales and Operations

See Note 13 of Notes to Consolidated Financial Statements for additional information.

ITEM 3. LEGAL PROCEEDINGS

We currently have no material outstanding litigation.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Stock Price and Dividends

Our common stock, $0.001 par value, is traded on the NASDAQ Global Market, where its prices are quoted under the symbol "RENT." The closing price of our common stock on the NASDAQ Global Market on May 22, 2015 was $67.16. As of May 22, 2015 there were 166 holders of record of our common stock.

The following table sets forth the reported high and low closing sales prices of our common stock for each of the quarters in the last two fiscal years as regularly quoted on the NASDAQ Global Market:

Fiscal 2015	High	Low
Quarter 1	$61.10	$45.57
Quarter 2	61.84	46.92
Quarter 3	85.69	59.08
Quarter 4	82.08	52.82
Fiscal 2014	High	Low
Quarter 1	$24.68	$19.92
Quarter 2	34.29	19.96
Quarter 3	40.50	32.73
Quarter 4	66.95	36.44

Holders of our common stock are entitled to receive dividends if, as, and when declared by the Board of Directors out of funds legally available therefor, subject to the dividend and liquidation rights of any preferred stock that may be issued.

No cash dividends have been paid or declared during the last 16 fiscal years. The present policy of the Board of Directors is to retain earnings to provide funds for operation and expansion of our business. We do not intend to pay cash dividends in the foreseeable future.

Securities Authorized for Issuance

Information regarding securities authorized for issuance under equity compensation plans is included in Item 12 of this Annual Report on Form 10-K.

Stock Performance Graph

This chart compares the five-year cumulative total return on our common stock with that of the NASDAQ Composite index, a new peer group and our previous peer group, both of which were selected by us. The chart assumes $100 was invested on March 31, 2010, in our common stock, the NASDAQ Composite index and the peer groups, and that any dividends were reinvested. For Fiscal 2015, we updated our peer group ("New Peer Group") to make it more reflective of our peers going forward. The New Peer Group is composed of Acxiom Corp., comScore, Inc., Forrester Research Inc., Nielsen Holdings N.V., and Rocket Fuel Inc. Our previous peer group was composed of: Acxiom Corp., comScore, Inc., Hastings Entertainment, Inc. and Nielsen Holdings N.V. The peer group indices utilize the same methods of presentation and assumptions for the total return calculation as does Rentrak and the NASDAQ Composite index. All companies in the peer group index are weighted in accordance with their market capitalizations.

	Base Period	Indexed Returns Year Ended				
Company/Index	3/31/2010	3/31/2011	3/31/2012	3/31/2013	3/31/2014	3/31/2015
Rentrak Corporation	$100.00	$124.92	$105.34	$102.00	$279.72	$257.82
NASDAQ Composite	100.00	116.88	132.91	143.55	188.17	219.78
New Peer Group	100.00	114.39	120.25	141.09	186.96	174.97
Previous Peer Group	100.00	105.83	112.63	133.26	177.62	174.90

ITEM 6. SELECTED FINANCIAL DATA

(In thousands, except per share amounts)	Year Ended March 31,				
Statement of Operations Data(1)	2015(5)	2014	2013	2012	2011
Revenue	$102,922	$75,600	$57,033	$47,044	$40,383
Cost of revenue(2)	35,848	27,247	21,347	14,775	11,276
Gross margin	67,074	48,353	35,686	32,269	29,107
Operating expenses:					
Selling, general and administrative(2)(3)	59,861	48,799	55,998	38,245	33,545
Research, technology and innovation(2)(3)	13,292	9,014	6,215	4,662	4,498
Total operating expenses	73,153	57,813	62,213	42,907	38,043
Loss from continuing operations	(6,079)	(9,460)	(26,527)	(10,638)	(8,936)
Other income:					
Other income, net	291	125	378	477	483
Loss from continuing operations before income taxes	(5,788)	(9,335)	(26,149)	(10,161)	(8,453)
Income tax benefit	(424)	(2,183)	(980)	(982)	(3,956)
Loss from continuing operations, net of income taxes	(5,364)	(7,152)	(25,169)	(9,179)	(4,497)
Income from discontinued operations, net of income taxes(1)(2)(3)	3,151	2,783	2,491	2,753	3,730
Net loss	(2,213)	(4,369)	(22,678)	(6,426)	(767)
Net loss attributable to noncontrolling interest	(225)	(115)	(61)	—	—
Net loss attributable to Rentrak Corporation	$(1,988)	$(4,254)	$(22,617)	$(6,426)	$(767)
Loss per share from continuing operations attributable to Rentrak Corporation common stockholders:					
Basic	$(0.38)	$(0.59)	$(2.14)	$(0.82)	$(0.41)
Diluted	$(0.38)	$(0.59)	$(2.14)	$(0.82)	$(0.41)
Income per share from discontinued operations attributable to Rentrak Corporation common stockholders:					
Basic	$0.23	$0.24	$0.21	$0.25	$0.34
Diluted	$0.23	$0.24	$0.21	$0.25	$0.34
Net loss per share attributable to Rentrak Corporation common stockholders:					
Basic	$(0.15)	$(0.35)	$(1.93)	$(0.57)	$(0.07)
Diluted	$(0.15)	$(0.35)	$(1.93)	$(0.57)	$(0.07)
Shares used in per share calculations:					
Basic	13,508	12,177	11,733	11,197	10,962
Diluted	13,508	12,177	11,733	11,197	10,962

(1) All prior periods presented have been restated as a result of reporting our PPT® business as discontinued operations. See Note 18 of Notes to Consolidated Financial Statements.

(2) Depreciation and amortization expense is included in the line items above as follows:

Cost of revenue	$4,008	$3,175	$2,638	$2,168	$1,753
Selling, general and administrative	2,418	2,037	1,841	1,842	1,413
Research, technology and innovation	1,094	717	311	170	110
Net income from discontinued operations	104	162	161	171	155
	$7,624	$6,091	$4,951	$4,351	$3,431

(3) Stock-based compensation expense is included in the line items above as follows:

Selling, general and administrative(4)	$6,640	$7,361	$20,864	$4,593	$5,397
Research, technology and innovation	985	697	544	359	1,278
Net income from discontinued operations	283	397	384	166	39

	$7,908	$8,455	$21,792	$5,118	$6,714
DISH & iTVX[4]	$(200)	$2,700	$15,864	$527	$2,430

(4) Stock-based compensation in the years ended March 31, 2015 and 2014 includes expense related to contingent consideration associated with our acquisition of iTVX. Stock-based compensation in the years ended March 31, 2013, 2012, and 2011includes expense related to our agreement with DISH.
(5) Fiscal 2015 includes the acquisition of the RPD Business as of December 1, 2014, the date of acquisition. See additional information in Note 4 of Notes to Consolidated Financial Statements.

	March 31, 2015	2014	2013	2012	2011
Balance Sheet Data[(1)(5)]					
Cash and marketable securities	$84,009	$21,970	$20,423	$27,753	$26,377
Working capital	78,096	23,081	20,919	24,231	28,947
Net current assets of discontinued operations	—	1,585	4,019	3,227	4,302
Total assets	284,523	81,267	71,781	72,881	76,175
Long-term liabilities	5,141	8,392	4,075	3,154	2,203
Stockholders' Equity attributable to Rentrak Corporation	251,948	52,160	47,982	50,525	56,373

Footnotes on previous page.

Table of Contents

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Business Overview

We are a global media measurement and advanced consumer targeting company serving the entertainment, television, video and advertising industries. Our Software as a Service ("SaaS") technology merges television viewership information from over 117 million TVs and devices with consumer behavior and purchase information ("Advanced Demographics") across multiple platforms, devices and distribution channels. We also measure box office results from more than 125,000 movie screens in 47 countries throughout the world. We process and aggregate hundreds of billions of data transactions from multiple screens wherever entertainment content is viewed, whether at the box office, on a television screen, over the Internet, on a smart phone or other portable device. Rentrak measures live TV, recorded TV ("DVR"), and Video on Demand ("VOD"), whether the content is free, purchased, rented, recorded, downloaded or streamed from multiple channels. These massive content databases provide stable and granular viewership information across every screen ("multiscreen") and are anonymously matched with third-party consumer segmentation and purchase databases using privacy compliant methodologies. By linking multiscreen viewership information with information about the products viewers consume and prefer, we provide our clients, such as content producers, distributors, advertisers and advertising agencies, with the knowledge necessary to more effectively manage their businesses, program and market their networks and more precisely target and sell their advertising inventory. Some examples of the benefits to the advertising community are improved profitability by effectively targeting viewers of specific TV shows based on the demographics of the show's viewership, including, for example, the products they buy, the cars they drive and how they are likely to vote in elections. Some examples of the benefits to the movie industry and video (TV) content owners are they can manage their businesses in real time or near real time and also improve their profitability. Additionally, certain clients use our advanced analytics to populate automated buying systems. These systems automate the buying process and introduce efficiencies for both advertising agencies and their clients.

Previously, we had two operating divisions within our corporate structure and we reported certain financial information by individual segment under this structure. Those two operating divisions were our Advanced Media and Information ("AMI") operating division, which included our media measurement services, and our Home Entertainment operating division, which included our distribution services as well as services that measure, aggregate and report consumer rental activity on packaged media products from traditional "brick-and-mortar," online and kiosk retailers.

During the fourth quarter of the fiscal year ended March 31, 2014 ("Fiscal 2014"), we initiated our plan to sell our Pay Per Transaction® ("PPT®") business, which had been a longstanding legacy business of Rentrak, and a significant component of the Home Entertainment operating division. Our PPT® business had been in a state of decline due to the decline of physical DVD rentals from retail stores. The strategic decision to sell PPT® enables us to focus more fully on the growth of our media measurement and advanced consumer targeting business. Accordingly, we have restated our financial results and the PPT® business is reported as discontinued operations for all periods presented. The sale of PPT® was completed as of January 31, 2015. See additional information in Note 18 of Notes to Consolidated Financial Statements.

As a result of our sale of the PPT® business, we operate in a single business segment encompassing our media measurement and advanced consumer targeting services which are primarily delivered through scalable, SaaS tools within our Essentials® product lines. These syndicated big data services, offered primarily on a recurring subscription basis, provide consumer viewership information integrated with information from consumer segmentation and purchase behavior databases. We provide movie studios, television networks and local stations, cable, satellite and telecommunications company ("telco") operators, advertisers and advertising agencies unique insights into consumer viewing and purchasing patterns through our comprehensive and expansive information on local, national, VOD and "Over the Top" television performance and worldwide box office results. Our movie measurement products measure more than 95% of the ticket sales globally in real or near real time allowing for decisions to be made to market, promote and manage the industry for maximum profitability.

Our Products and Services

We provide media measurement and consumer targeting services across multiple screens and platforms delivered as SaaS. These services, offered primarily on a recurring subscription basis, are distributed to clients through patent pending software systems and business processes into two broad areas within the entertainment industry, which we refer to as TV Everywhere™ and Movies Everywhere.™ Our systems capture total television audience information by providing the largest coverage from multiple screens and providers and merge that information with Advanced Demographics and information relating to actual consumer purchase behavior.

Table of Contents

Typical customers utilizing our services include content producers, studios, distributors, national networks, local stations, satellite and cable operators, agencies, and a wide spectrum of advertisers, ranging from traditional consumer brands to various political groups. We also provide many of our clients tailored research and analytical solutions unique to their needs and specifications.

Our most significant product offerings, which we refer to as Essentials®, are:

- TV Everywhere,™ which includes TV Essentials® and StationView Essentials;™
- Movies Everywhere,™ which includes Box Office Essentials®, International Box Office Essentials,™ PostTrak® and PreAct;™
- OnDemand Everywhere®, which includes OnDemand Essentials®, Digital Download Essentials®, Multiscreen Essentials® and other Over the Top measurement tools and related products; and
- Other Services, which includes Studio Revenue Share Essentials™ (“SRSE”) and other products relating to measurement of physical content in the home video rental industry.

In December 2014, we acquired the U.S. television measurement business related to television tuning analytics utilizing return path data (the “RPD Business”) of WPP’s Kantar business unit. We also entered into agreements with GroupM and The Kantar Group, which are related WPP entities. We believe these transactions give us better scale to rapidly innovate our products and services in the U.S., and we expect the agreements to produce multiple long-term revenue streams as a result of our expanded relationship with GroupM and WPP. The financial results of the RPD Business from the date of acquisition are included within our TV Everywhere™ product line. See Note 4 of Notes to Consolidated Financial Statements.

In August 2013, we acquired iTVX, a provider of branded entertainment analytics, insight and research. The financial results of iTVX, from the date of acquisition, are included within our TV Everywhere™ product line.

Our revenue increased $27.3 million, or 36.1%, in Fiscal 2015 compared to Fiscal 2014. Our current spending, investments and long-term strategic planning are heavily focused on the innovation, development, growth and expansion of our services and product lines, both domestically and internationally. As such, we continue to allocate significant resources toward innovation and the expansion of our data assets and technology as well as our research, analytics and sales groups. These strategic investments, many of which are expensed as incurred, have lowered our overall operating performance and, as a result, we had operating losses from continuing operations of $6.1 million, $9.5 million and $26.5 million for Fiscal 2015, 2014 and 2013, respectively.

Table of Contents

Results of Operations

Our results are as follows (dollars in thousands):

	Year Ended March 31, (1)					
	2015(5)		2014		2013	
(Dollars in thousands)	Dollars	% of revenue	Dollars	% of revenue	Dollars	% of revenue
Revenue	$102,922	100.0 %	$75,600	100.0 %	$57,033	100.0 %
Cost of revenue(2)	35,848	34.8	27,247	36.0	21,347	37.4
Gross margin	67,074	65.2	48,353	64.0	35,686	62.6
Operating expenses:						
Selling, general and administrative(2)(3)	59,861	58.2	48,799	64.5	55,998	98.2
Research, technology and innovation(2)(3)	13,292	12.9	9,014	11.9	6,215	10.9
Total operating expenses	73,153	71.1	57,813	76.5	62,213	109.1
Loss from continuing operations	(6,079)	(5.9)	(9,460)	(12.5)	(26,527)	(46.5)
Other income:						
Other income, net	291	0.3	125	0.2	378	0.7
Loss from continuing operations before income taxes	(5,788)	(5.6)	(9,335)	(12.3)	(26,149)	(45.8)
Income tax benefit	(424)	(0.4)	(2,183)	(2.9)	(980)	(1.7)
Loss from continuing operations, net of income taxes	(5,364)	(5.2)	(7,152)	(9.5)	(25,169)	(44.1)
Income from discontinued operations, net of income taxes(2)(3)	3,151	3.1	2,783	3.7	2,491	4.4
Net loss	(2,213)	(2.2)	(4,369)	(5.8)	(22,678)	(39.8)
Net loss attributable to noncontrolling interest	(225)	(0.2)	(115)	(0.2)	(61)	(0.1)
Net loss attributable to Rentrak Corporation	$(1,988)	(1.9)%	$(4,254)	(5.6)%	$(22,617)	(39.7)%

(1) Percentages may not add due to rounding. All prior periods presented have been restated as a result of reporting our PPT® business as discontinued operations. See Note 18 of Notes to Consolidated Financial Statements.

(2) Depreciation and amortization expense is included in the line items above as follows:

Cost of revenue	$4,008	$3,175	$2,638
Selling, general and administrative	2,418	2,037	1,841
Research, technology and innovation	1,094	717	311
Net income from discontinued operations	104	162	161
	$7,624	$6,091	$4,951

(3) Stock-based compensation expense is included in the line items above as follows:

Selling, general and administrative(4)	$6,640	$7,361	$20,864
Research, technology and innovation	985	697	544
Net income from discontinued operation	283	397	384
	$7,908	$8,455	$21,792
DISH & iTVX(4)	$(200)	$2,700	$15,864

(4) Stock-based compensation in the year ended March 31, 2015 and 2014 includes expense related to contingent consideration associated with our acquisition of iTVX. Stock-based compensation in the year ended March 31, 2013 includes expense related to our agreement with DISH.

(5) Fiscal 2015 includes the acquisition of the RPD Business as of December 1, 2014, the date of acquisition. See additional information in Note 4 of Notes to Consolidated Financial Statements.

Net Loss to Adjusted EBITDA Reconciliation

We define Adjusted EBITDA as earnings before interest, taxes, depreciation, amortization and stock-based compensation expense and other non-operating items from our Consolidated Statements of Operations as well as certain other items specifically described below.

We believe that Adjusted EBITDA is helpful as an indicator of the current financial performance of our company and our capacity to operationally fund capital expenditures and working capital requirements. Due to the nature of our internally developed software which supports our Essentials® services and use of stock-based compensation, we incur significant non-cash charges for depreciation, amortization and stock-based compensation expense that may not be indicative of our operating performance from

Table of Contents

a cash perspective. From Adjusted EBITDA, we also adjust for non-cash items, such as stock-based compensation for DISH and iTVX, as well as cash-settled items, such as acquisition and non-recurring costs, as we believe these are not representative of our ongoing operating performance and we believe excluding these costs provide a useful metric by which to compare performance from period to period.

Adjusted EBITDA before DISH and iTVX stock-based compensation, acquisition and reorganization costs is a non-GAAP measure and should not be considered as an alternative to net loss (the most comparable GAAP financial measure to Adjusted EBITDA before DISH and iTVX stock-based compensation, acquisition and reorganization costs).

The table below presents a reconciliation from net loss to Adjusted EBITDA before DISH and iTVX stock-based compensation, acquisition and reorganization costs for the years ended March 31, 2015, 2014 and 2013 (dollars in thousands):

	Year Ended March 31,					
	2015		2014		2013	
Net loss attributable to Rentrak Corporation	$(1,988	)	$(4,254	)	$(22,617	)
Adjustments:						
Income from discontinued operations, net of income taxes	(3,151	)	(2,783	)	(2,491	)
Income tax benefit	(424	)	(1,859	)	(980	)
Reduction in valuation allowance on deferred tax assets	—		(324	)	—	
Investment income, net	(418	)	(196	)	(209	)
Depreciation and amortization from continuing operations	7,520		5,929		4,790	
Stock-based compensation from continuing operations[1]	7,825		5,358		5,544	
Adjusted EBITDA	9,364		1,871		(15,963	)
DISH & iTVX stock-based compensation	(200	)	2,700		15,864	
Acquisition and reorganization costs	4,803		325		405	
Adjusted EBITDA, before DISH and iTVX stock-based compensation, reorganization and acquisition costs	13,967		4,896		306	

(1) Excludes DISH and iTVX stock-based compensation.

Adjusted EBITDA before DISH and iTVX stock-based compensation, acquisition and reorganization costs increased $9.1 million from Fiscal 2014 due primarily to the growth in revenue.

Revenue

Our revenue mix by product line as well as increases (decreases) in revenue are as follows (dollars in thousands):

	Year Ended March 31,								
	2015	% of revenue		2014	% of revenue		Dollar Change		% Change
TV Everywhere™	$55,046	53.5	%	$31,316	41.4	%	$23,730		75.8%
Movies Everywhere™	29,542	28.7		26,493	35.0		3,049		11.5
OnDemand Everywhere®	14,265	13.9		12,841	17.0		1,424		11.1
Other services	4,069	3.9		4,950	6.6		(881	)	(17.8)
Total revenue	$102,922	100.0	%	$75,600	100.0	%	$27,322		36.1%

	Year Ended March 31,		Dollar Change	% Change
	2014	2013		

		% of revenue			% of revenue			
TV Everywhere™	$31,316	41.4	%	$17,599	30.9	%	$13,717	77.9%
Movies Everywhere™	26,493	35.0		23,949	42.0		2,544	10.6
OnDemand Everywhere®	12,841	17.0		11,498	20.2		1,343	11.7
Other services	4,950	6.6		3,987	6.9		963	24.2
Total revenue	$75,600	100.0	%	$57,033	100.0	%	$18,567	32.6%

Revenue increased $27.3 million, or 36.1%, to $102.9 million in Fiscal 2015, compared to $75.6 million in Fiscal 2014. Revenue increased $18.6 million, or 32.6%, to $75.6 million in Fiscal 2014, compared to $57.0 million in Fiscal 2013. For Fiscal 2015,

Table of Contents

2014 and 2013, recurring subscription revenue comprised 88.9%, 93.1% and 97.5% of our consolidated revenues, respectively. As previously described, our revenue is primarily recurring, subscription based fees.

TV Everywhere™ product lines

Revenue from our TV Everywhere™ product lines was as follows (dollars in thousands):

TV Everywhere™	Year Ended March 31, 2015		2014		2013	
Revenue	$55,046		$31,316		$17,599	
% of Total Revenue	53.5	%	41.4	%	30.9	%
$ Growth	$23,730		$13,717		$8,373	
% Growth over Prior Year	75.8	%	77.9	%	90.8	%

Our TV Everywhere revenue grew by $23.7 million, or 75.8%, in Fiscal 2015 over Fiscal 2014. Revenue from new and acquired clients and new services represented $19.9 million, or 83.7% of this increase. Additionally, more than half of our revenue in Fiscal 2015 and Fiscal 2014 was generated from agreements with national broadcast networks, local broadcast stations and local agencies. The increase in revenue from local stations in Fiscal 2015 was due primarily to an increase in the number of local station clients as well as expansions within station groups. The increase in revenue from national networks in Fiscal 2015 was due to an increase in subscription agreements including more of the largest national broadcast networks.

We also generate revenue from advertising agencies and numerous brand advertisers, and this category has grown significantly since Fiscal 2013. The increase in revenue from advertisers was due to an increase in our political category in Fiscal 2015 compared to Fiscal 2014, which we expect will fluctuate based on the timing of political races, as well as the full year impact of iTVX, which was acquired in August 2013.

Revenue has also increased due to the addition of new advertising agencies, rate increases from existing agency clients and analytical services. When advertising agencies increase their utilization of our products and services and base their ad buying decisions on our ratings information, their adoption drives new subscribers, such as national networks and brand advertisers. We now have the top five agency holding companies as clients along with several of the top media agencies, which continues to solidify our position as the premier source of television ratings and advanced consumer targeting.

Many of our data providers also subscribe to our services and revenue from this group increased in Fiscal 2015 due to the addition of new data providers. Also, we acquired Kantar’s RPD business in December 2014. Revenue from acquired contracts added $2.9 million in Fiscal 2015 revenue.

Our TV Everywhere™ revenue grew by $13.7 million, or 77.9%, in Fiscal 2014 over Fiscal 2013. Revenue from new and acquired clients and new services represented $11.7 million, or 85.1% of this increase. Revenue from national broadcast networks, local broadcast stations and local agencies contributed the largest portion of this growth due to the addition of new clients as well as rate increases from existing clients. Revenue from advertisers also increased in Fiscal 2014 and was primarily due to an increase in revenue from political advertisers, the addition of new clients and sales of new services. Revenue from advertising agencies and media analytics also increased due to the addition of new agency clients. The remaining increase was due to an increase in revenue from data providers.

23

Table of Contents

Movies Everywhere™ product lines

Revenue from our Movies Everywhere™ product lines was as follows (dollars in thousands):

	Year Ended March 31,		
Movies Everywhere™	2015	2014	2013
Revenue	$29,542	$26,493	$23,949
% of Total Revenue	28.7%	35.0%	42.0%
$ Growth	$3,049	$2,544	$2,903
% Growth over Prior Year	11.5%	10.6%	13.8%

The increase in Movies Everywhere™ revenue in Fiscal 2015 compared to Fiscal 2014 was primarily due to sales of our newer services, PreAct™ and PostTrak®, and the addition of new clients, the total of which represented 57.1% of the overall increase, as well as rate adjustments for our existing clients. Our Fiscal 2015 results were also impacted by declines in foreign currency, which lowered revenue by $0.4 million. On a constant currency basis, assuming foreign exchange rates were held constant with exchange rates for fiscal 2014, Movies Everywhere™ revenue would have increased by $3.4 million, or 12.9% over Fiscal 2014.

The increase in Movies Everywhere™ revenue in Fiscal 2014 compared to Fiscal 2013 was primarily due to rate increases for existing clients, as well as the sales of our newer services, PostTrak® and PreAct™ and the addition of new clients, the total of which represented 24.0% of the increase. On a constant currency basis, assuming foreign exchange rates were held constant with exchange rates for fiscal 2013, Movies Everywhere™ revenue would have increased by $1.8 million, or 7.7%, over Fiscal 2013.

OnDemand Everywhere® product lines

Revenue from our OnDemand Everywhere® product lines was as follows (dollars in thousands):

	Year Ended March 31,		
OnDemand Everywhere®	2015	2014	2013
Revenue	$14,265	$12,841	$11,498
% of Total Revenue	13.9%	17.0%	20.2%
$ Growth	$1,424	$1,343	$1,519
% Growth over Prior Year	11.1%	11.7%	15.2%

The increase in OnDemand Everywhere® revenue in Fiscal 2015 resulted primarily from the addition of new clients and increased usage of our ratings information by ad agency holding companies, the total of which represented 44.9% of the overall increase, price increases and analytical services.

The increase in OnDemand Everywhere® revenue in Fiscal 2014 was due to the addition of new clients, which represented 46.8% of the overall increase, as well as rate increases for existing clients.

Other Services

Revenue from our Other Services was as follows (dollars in thousands):

	Year Ended March 31,		
Other Services	2015	2014	2013
Revenue	$4,069	$4,950	$3,987

% of Total Revenue	3.9 %	6.6 %	6.9 %
$ Growth	$(881)	$963	$(2,806)
% Growth (decline) over Prior Year	(17.8)%	24.2 %	(41.3)%

24

Table of Contents

Other services primarily includes SRSE revenue. As our other product lines have grown and expanded, this product line as a percentage of total revenue has declined. The decrease in SRSE revenue in Fiscal 2015 compared to Fiscal 2014 was primarily due to an overall decrease in home video rental transactions of physical product. The increase in SRSE revenue in Fiscal 2014 compared to Fiscal 2013 was due to an increase in transactions which we process.

Cost of Revenue and Gross Margin

Cost of revenue includes direct costs relating to our Essentials® product lines and consists of costs associated with the operation of a call center for our Movies Everywhere™ products, as well as costs associated with amortizing capitalized, internally developed software used to provide the corresponding services and direct costs incurred to obtain and process data and maintain our systems.

Cost of revenue increased $8.6 million, or 31.6%, in Fiscal 2015 compared to Fiscal 2014, and increased $5.9 million, or 27.6%, in Fiscal 2014 compared to Fiscal 2013.

Cost of revenue information is as follows (dollars in thousands):

	Year Ended March 31,		Dollar	% Change
	2015	2014	Change	
Costs related to:				
Amortization of internally developed software	$4,008	$3,175	$833	26.2%
Call center operation	5,613	5,487	126	2.3
Obtaining and processing data	26,227	18,585	7,642	41.1
	$35,848	$27,247	$8,601	31.6%

	Year Ended March 31,		Dollar	% Change
	2014	2013	Change	
Costs related to:				
Amortization of internally developed software	$3,175	$2,639	$536	20.3%
Call center operation	5,487	5,253		