RENTRAK CORP
Form 10-Q
November 04, 2015

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

FORM 10-Q

(Mark One)
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2015
OR
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission file number: 000-15159

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

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

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

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 x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

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

Large accelerated filer x		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 x

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

Common stock $0.001 par value	15,374,140
(Class)	(Outstanding at October 30, 2015)

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PART I
ITEM 1. FINANCIAL STATEMENTS
Rentrak Corporation and Subsidiaries
Condensed Consolidated Balance Sheets
(Unaudited)
(In thousands, except per share amounts)

	September 30, 2015	March 31, 2015
Assets		
Current Assets:		
Cash and cash equivalents	$5,404	$3,691
Marketable securities	72,462	80,318
Accounts receivable, net of allowances for doubtful accounts of $91 and $179	21,674	16,884
Deferred tax assets, net	95	60
Other current assets	2,764	3,928
Total Current Assets	102,399	104,881
Property and equipment, net of accumulated depreciation of $31,008 and $29,121	29,651	23,035
Goodwill	135,940	135,890
Other intangible assets, net of accumulated amortization of $5,005 and $4,203	16,291	16,384
Other assets	4,346	4,333
Total Assets	$288,627	$284,523
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$3,565	$3,967
Accrued liabilities	702	592
Accrued data provider liabilities	9,174	6,690
Accrued compensation	6,510	11,724
Deferred revenue and other credits	4,453	3,812
Total Current Liabilities	24,404	26,785
Deferred rent, long-term	2,212	2,358
Accrued compensation, long-term	93	90
Taxes payable, long-term	470	465
Deferred tax liability, net, long-term	3,335	2,228
Total Liabilities	30,514	31,926
Commitments and Contingencies	—	—
Stockholders' Equity:		
Preferred stock, $0.001 par value; 10,000 shares authorized; none issued	—	—
Common stock, $0.001 par value; shares authorized: 75,000; shares issued and outstanding: 15,357 and 15,251	15	15
Capital in excess of par value	288,210	285,280
Accumulated other comprehensive income	307	464
Accumulated deficit	(30,939)	(33,811)
Stockholders' Equity attributable to Rentrak Corporation	257,593	251,948
Noncontrolling interest	520	649
Total Stockholders' Equity	258,113	252,597
Total Liabilities and Stockholders' Equity	$288,627	$284,523

See accompanying Notes to Condensed Consolidated Financial Statements.

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Rentrak Corporation and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)
(In thousands, except per share amounts)

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2015	2014	2015	2014
Revenue	$32,802	$25,241	$60,331	$47,585
Cost of revenue	10,034	8,040	19,927	15,644
Gross margin	22,768	17,201	40,404	31,941
Operating expenses:				
Selling, general and administrative	16,415	14,544	28,075	27,378
Research, technology and innovation	4,666	3,073	8,645	6,337
Total operating expenses	21,081	17,617	36,720	33,715
Income (loss) from continuing operations	1,687	(416)	3,684	(1,774)
Other income, net	197	20	348	40
Income (loss) from continuing operations before income taxes	1,884	(396)	4,032	(1,734)
Provision for income taxes	636	337	1,289	365
Income (loss) from continuing operations, net of income taxes	1,248	(733)	2,743	(2,099)
Income from discontinued operations, net of income taxes	—	308	—	655
Net income (loss)	1,248	(425)	2,743	(1,444)
Net loss attributable to noncontrolling interest	(56)	(51)	(129)	(104)
Net income (loss) attributable to Rentrak Corporation	$1,304	$(374)	$2,872	$(1,340)
Income (loss) per share from continuing operations attributable to Rentrak Corporation common stockholders:				
Basic	$0.08	$(0.06)	$0.19	$(0.16)
Diluted	$0.08	$(0.06)	$0.18	$(0.16)
Income per share from discontinued operations attributable to Rentrak Corporation common stockholders:				
Basic	$—	$0.03	$—	$0.05
Diluted	$—	$0.03	$—	$0.05
Net income (loss) per share attributable to Rentrak Corporation common stockholders:				
Basic	$0.08	$(0.03)	$0.19	$(0.11)
Diluted	$0.08	$(0.03)	$0.18	$(0.11)
Shares used in per share calculations:				
Basic	15,541	12,514	15,501	12,529
Diluted	16,354	12,514	16,379	12,529

See accompanying Notes to Condensed Consolidated Financial Statements.

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Rentrak Corporation and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)
(In thousands, except footnote references)

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2015	2014	2015	2014
Net income (loss)	$1,248	$(425)	$2,743	$(1,444)
Other comprehensive income (loss):				
Foreign currency translation adjustments	(60)	(411)	112	(385)
Unrealized holding losses which arose during the period on available-for-sale securities[1]	(253)	(35)	(330)	(35)
Recognition of previously unrealized losses on available-for-sale securities included in net income (loss)[2]	8	—	62	—
Other comprehensive loss	(305)	(446)	(156)	(420)
Comprehensive income (loss)	943	(871)	2,587	(1,864)
Less: Comprehensive loss attributable to noncontrolling interest	(56)	(51)	(129)	(104)
Comprehensive income (loss) attributable to Rentrak Corporation	$999	$(820)	$2,716	$(1,760)

(1) For the three and six month periods ended both September 30, 2015 and 2014, the amounts are net of zero deferred taxes.

(2) For the three and six month periods ended both September 30, 2015 and 2014, the amounts are net of zero deferred tax benefits.

See accompanying Notes to Condensed Consolidated Financial Statements.

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Rentrak Corporation and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(In thousands)

	For the Six Months Ended September 30,	
	2015	2014
Cash flows from operating activities:		
Net income (loss)	$2,743	$(1,444)
Income from discontinued operations, net of income taxes	—	(655)
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities of continuing operations:		
Depreciation and amortization	4,766	3,400
Stock-based compensation	3,913	3,762
iTVX stock-based compensation	(3,659)	100
Deferred income taxes	1,072	207
Loss on disposition of assets	4	98
Realized loss on marketable securities	62	—
Adjustment to allowance for doubtful accounts	(88)	(77)
(Increase) decrease in:		
Accounts receivable	(5,028)	(2,747)
Taxes receivable and prepaid taxes	—	122
Other assets	1,150	967
Increase (decrease), net of effect of acquisition in:		
Accounts payable	(1,160)	(112)
Taxes payable	88	737
Accrued liabilities and compensation	(1,586)	(179)
Deferred revenue	641	781
Deferred rent	(147)	(85)
Net cash provided by operating activities of discontinued operations	—	1,175
Net cash provided by operating activities	2,771	6,050
Cash flows from investing activities:		
Purchase of marketable securities	(2,750)	(8,000)
Sale of marketable securities	10,275	6,000
Payments made to develop intangible assets	(83)	(53)
Purchase of property and equipment, including capitalized IT labor costs	(9,527)	(5,265)
Cash paid for acquisition	(300)	—
Net cash used in investing activities	(2,385)	(7,318)
Cash flows from financing activities:		
Proceeds from issuance of common stock	1,309	757
Net cash provided by financing activities	1,309	757
Effect of foreign exchange translation on cash	18	(115)
Increase (decrease) in cash and cash equivalents	1,713	(626)
Cash and cash equivalents:		
Beginning of period	3,691	5,102
End of period	$5,404	$4,476
Supplemental non-cash information:		
Capitalized stock-based compensation	$579	$329
Common stock used to pay for option exercises	907	1,485
Common stock used to pay for taxes associated with option exercises	1,075	990

Common stock used to pay for taxes associated with vested restricted stock units	1,764	2,121

See accompanying Notes to Condensed Consolidated Financial Statements.

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RENTRAK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements of Rentrak Corporation have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with the accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted pursuant to such rules and regulations. The results of operations for the three and six month periods ended September 30, 2015 are not necessarily indicative of the results to be expected for the entire fiscal year ending March 31, 2016 ("Fiscal 2016"). The Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and footnotes thereto included in our 2015 Annual Report on Form 10-K (the "Form 10-K").

The Condensed Consolidated Financial Statements reflect, in the opinion of management, all material adjustments (which include only normal recurring adjustments) necessary to present fairly our financial position, results of operations and cash flows.

Principles of Consolidation

The Condensed Consolidated Financial Statements include the accounts of Rentrak Corporation and its wholly owned subsidiaries, and those entities in which we have a controlling interest. All intercompany accounts and transactions have been eliminated in consolidation.

In Fiscal 2012, we established a Chinese joint venture, Sinotrak, and hold a 49% ownership interest in this variable interest entity (the "VIE"). Sinotrak has been included in our Condensed Consolidated Financial Statements, as we have determined that we are the primary beneficiary of the VIE, given our significant influence over day to day operations, among other factors. To date, the activities of Sinotrak have been limited primarily to initial cash contributions from both joint venture parties and costs associated with Sinotrak's formation. The equity interests of the noncontrolling party, totaling $0.5 million and $0.6 million as of September 30, 2015 and March 31, 2015, respectively, are reported as a noncontrolling interest in our Condensed Consolidated Balance Sheets. The noncontrolling party's share of the expenses for the three and six months ended September 30, 2015 and 2014, are included in "Net loss attributable to noncontrolling interest" in our Condensed Consolidated Statements of Operations.

Note 2. Net Income (Loss) Per Share

Following is a reconciliation of the shares used for the basic income (loss) per share ("EPS") and diluted EPS calculations (in thousands, except footnote reference):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2015	2014	2015	2014
Basic EPS:				
Weighted average number of shares of common stock outstanding and vested deferred stock units ("DSUs")[(1)]	15,541	12,514	15,501	12,529
Diluted EPS:				
Effect of dilutive stock options and unvested DSUs	813	—	878	—
	16,354	12,514	16,379	12,529
Total outstanding options not included in diluted EPS as they would be antidilutive	—	3,239	—	3,239
	21	—	21	—

Performance based grants not included in diluted EPS

(1) Includes 192,118 and 177,569 vested cumulative DSUs, respectively, for the three months ended September 30, 2015 and 2014 and 190,325 and 174,496 vested cumulative DSUs, respectively, for the six months ended September 30, 2015 and 2014 that will not be issued until the directors holding the DSUs retire from our Board of Directors.

Note 3.Discontinued Operations

During the fourth quarter of Fiscal 2015, we completed the sale of our Pay Per Transaction® (“PPT®”) business. Accordingly, the PPT® business is reported as discontinued operations for the three and six months ended September 30, 2014. See additional information in Note 18 of the Form 10-K Notes to Consolidated Financial Statements.

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Operating results from discontinued operations are included in the Condensed Consolidated Statements of Operations as follows (dollars in thousands):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2015	2014	2015	2014
Revenue	$—	$7,323	$—	$15,905
Income from operations	$—	$538	$—	$1,126
Other expense	—	37	—	37
Income before income taxes	—	501	—	1,089
Income tax provision	—	193	—	434
Income from discontinued operations, net of income taxes	$—	$308	$—	$655

Note 4.Stock-Based Compensation

The following table summarizes our stock based grants (dollars in thousands):

	Three Months Ended	Six Months Ended
	September 30, 2015	September 30, 2015
Restricted Stock Unit ("RSU") grants:		
Units granted from 2011 Incentive Plan	14,167	32,120
Vesting period, in years - high	5	10
Vesting period, in months - low	3	3
Compensation information related to RSUs granted in period:		
Total fair market value, recognized over vesting period	$868	$2,091
Total expected expense to be recognized in Fiscal 2016	$530	$633
Expense recognized as a component of operating expenses	$326	$354
Expense capitalized in property and equipment, net (1)	$27	$31
RSUs vesting in period:		
RSU shares vesting in period	16,547	62,259
Shares withheld in payment for taxes associated with vested RSUs	6,306	27,511
Net Option Exercises (shares withheld in payment of exercise price and related withholding taxes):		
Number of shares withheld	—	28,916
Value of shares withheld	$—	$1,982
DSU grants:		
Units granted from 2011 Incentive Plan to non-executive directors	19,546	19,546
Vesting period, in years	1	1
Compensation information related to DSUs granted in period (in thousands):		
Total fair market value, recognized over vesting period	$975	$975
Total expected expense to be recognized in Fiscal 2016	$621	$621
Expense recognized as a component of operating expenses	$89	$89

(1) Amounts capitalized in accordance with our policies related to Capitalized software as described in Note 2 of Notes to Consolidated Financial Statements in the Form 10-K.

Note 5. Fair Value Disclosures

Fair value is an exit price representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. We use a three-tier fair value hierarchy, which prioritizes the inputs used in measuring the fair value of our financial assets and liabilities as follows:

- Level 1 – quoted prices in active markets for identical securities;

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- Level 2 – quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations whose significant inputs are observable; and
- Level 3 – significant unobservable inputs, including our own assumptions in determining fair value.

Assets and liabilities recognized or disclosed at fair value in our condensed consolidated financial statements on a non-recurring basis include items such as property and equipment, cost method investments and other assets. These assets are measured at fair value if determined to be impaired. The fair values of these investments are determined based on valuation techniques using the best information available and may include quoted market prices, other comparables, and discounted cash flow projections. An impairment charge is recorded when the cost of the investment exceeds its fair value and this condition is determined to be other than temporary. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Following are the disclosures related to our financial assets and liabilities that are measured at fair value on a recurring basis (dollars in thousands):

	September 30, 2015		March 31, 2015	
	Fair Value	Input Level	Fair Value	Input Level
Available-for-sale marketable securities				
Fixed-income securities	$72,462	Level 1	$80,318	Level 1
Contingent consideration liability				
Contingent consideration liability associated with purchase of iTVX	$—	Level 3	$4,500	Level 3

The fair value of our “available-for-sale” marketable securities is determined based on quoted market prices for identical securities on a quarterly basis. There were no changes to our valuation methodologies during the first six months of Fiscal 2016.

Our acquisition of iTVX in August 2013 included contingent consideration which was based on future revenue achieved after the completion of approximately 2 years. The fair value of the contingent consideration as of the acquisition date was $2.0 million. The contingent consideration payment was to be paid in the form of cash (25% of the total contingent consideration) and shares of our common stock (75% of the total contingent consideration). This award was revalued at the end of each reporting period and, based on our stock price as of March 31, 2015, the fair value of the award increased to $4.5 million. See Note 4 of Notes to Consolidated Financial Statements in the Form 10-K for additional disclosures relating to the fair value determination for this contingent consideration liability.

During the quarter ended June 30, 2015, we evaluated our accrual related to the contingent consideration and determined that the earn out provisions would not be fully met. Based on this determination, we reduced our accrual by $4.0 million in the first fiscal quarter of 2016, and offset receivables of $0.3 million which related to the acquisition. The net amount of $3.7 million was recorded as a reduction to selling, general and administrative expenses in our Condensed Consolidated Statements of Operations. In July 2015, an agreement was reached to pay the contingent consideration earlier than expected in the amount of approximately $0.5 million in cash.

Marketable securities, all of which were classified as “available-for-sale” at September 30, 2015 and March 31, 2015, consisted of the following (dollars in thousands):

	September 30, 2015	March 31, 2015
Available-for-sale marketable securities		
Amortized cost	$72,934	$80,522
Gross unrecognized holding losses	(472)	(204)
Fair value	$72,462	$80,318

Note 6.Acquisition of Kantar Media’s U.S. Based Television Measurement Assets
On December 1, 2014, we acquired the U.S. television measurement business related to tuning analytics utilizing return path data (the “RPD Business”) of WPP’s Kantar business unit (a unit of Competitive Media Reporting, LLC, an affiliate of WPP plc (“WPP”)).

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Unaudited pro forma results of operations as if the RPD Business had been acquired as of April 1, 2014, were as follows (dollars in thousands, except for per share amounts):

	Three Months Ended September 30, 2014	Six Months Ended September 30, 2014
Total revenue	$27,413	$51,931
Net loss attributable to Rentrak Corporation	(2,433)	$(5,458)
Basic earnings per share	(0.16)	(0.36)
Diluted earnings per share	(0.16)	(0.36)

Note 7. Goodwill and Other Intangible Assets

Goodwill

The roll-forward of our goodwill was as follows (dollars in thousands):

	Six Months Ended September 30, 2015
Beginning balance	$135,890
Currency translation	50
Ending balance	$135,940

	Year Ended March 31, 2015
Beginning balance	$7,034
Acquisition of RPD Business	129,406
Currency translation	(550)
Ending balance	$135,890

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Other Intangible Assets

Other intangible assets and the related accumulated amortization were as follows (dollars in thousands):

	Amortization Period	September 30, 2015	March 31, 2015
Customer relationships	6 to 10 years	$12,329	$12,220
Accumulated amortization		(4,650)	(3,899)
		7,679	8,321
Trade names	2 to 3 years	75	75
Accumulated amortization		(75)	(75)
		—	—
Existing technology	4 to 5 years	851	334
Accumulated amortization		(211)	(175)
		640	159
Patents	20 years	639	556
Accumulated amortization		(67)	(52)
		572	504
Order backlog	1 year	2	2
Accumulated amortization		(2)	(2)
		—	—
Global customer relationships	Indefinite	7,400	7,400
Total		$16,291	$16,384

Amortization expense and currency translation were as follows (dollars in thousands):

	Six Months Ended September 30,	
	2015	2014
Customer relationships	$682	$469
Trade names	—	6
Existing technology	36	34
Patents	15	11
Order backlog	—	1
Currency translation	70	(131)

Expected amortization expense is as follows over the next five years and thereafter (dollars in thousands):

Fiscal	Customer Relationships	Existing Technology	Patents
Remainder of Fiscal 2016	$723	$85	$16
2017	1,446	170	32
2018	1,334	128	32
2019	869	103	32
2020	799	103	32
Thereafter	2,508	51	428
	$7,679	$640	$572

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Note 8. Income Taxes
Our effective tax rates are determined by excluding certain jurisdictions with net losses. Our tax provision for the first six months of Fiscal 2016 was 32.0% and this increase was primarily driven by tax expense related to the increased amortization of indefinite-lived intangible assets.
Our effective tax rate for the first six months of Fiscal 2015 was 21.0%, due to the effect of intraperiod allocations to discontinued operations.
Note 9. New Accounting Guidance
ASU 2014-09

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"). ASU 2014-09 supersedes nearly all existing revenue recognition guidance under GAAP. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. We are evaluating our existing revenue recognition policies to determine whether any contracts in the scope of the guidance will be affected by the new requirements. In August 2015, ASU 2014-14 was issued deferring the effective date of this guidance to be effective for annual reporting periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018.

Note 10. Merger Agreement with comScore, Inc.
On September 29, 2015, we entered into an Agreement and Plan of Merger and Reorganization (the "Merger Agreement") with comScore, Inc., a Delaware corporation ("comScore"), and Rum Acquisition Corporation, an Oregon corporation and a wholly owned subsidiary of comScore ("Merger Sub"). Pursuant to the terms of the Merger Agreement, Merger Sub will merge with and into Rentrak (the "Merger"), with Rentrak surviving the Merger as a wholly owned subsidiary of comScore.

Pursuant to the terms of the Merger Agreement, at the effective time of the Merger (the "Effective Time"), each share of the common stock of Rentrak held as of the Effective Time of the Merger will be converted into the right to receive 1.15 shares of the common stock of comScore. Rentrak and comScore intend, for U.S. federal income tax purposes, that the Merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, and the Merger Agreement was adopted as a plan of reorganization within the meaning of Treasury Regulations Section 1.368-2(g).

Consummation of the Merger is subject to customary closing conditions, including the absence of certain legal impediments, the expiration or termination of the required waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, the effectiveness of certain filings with the SEC, approvals by Rentrak and comScore stockholders and receipt of opinions from legal counsel regarding the intended tax treatment of the Merger. The parties have made customary representations, warranties and covenants in the Merger Agreement, including covenants regarding the conduct of their respective businesses and the use of reasonable best efforts to cause the conditions to the Merger to be satisfied.

Rentrak and comScore currently anticipate that the closing of the transactions contemplated by the Merger Agreement will occur in early 2016.

We have recorded $1.1 million in acquisition costs related to the Merger in the three and six months ended September 30, 2015. These costs are included in selling, general and administrative costs in our Condensed Consolidated Statement of Operations.

Note 11. Subsequent Events

We have considered all events that have occurred subsequent to September 30, 2015 and determined that no additional disclosure is required.

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ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

Certain information included in this Quarterly Report on Form 10-Q (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 “should,” “plan,” “predict,” “believe,” “may,” “will,” “expects,” “anticipate” or “continues” or the negative thereof or variations thereon or comparable terminology. Forward-looking statements in this Quarterly Report on Form 10-Q include, in particular, statements regarding:

- the future growth prospects for our business as a whole and individual product 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;
- our plans to complete a business combination with comScore, Inc., including the timing of such business combination;
- 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 and our ability to leverage these investments to generate revenue and earning streams;
- expected amortization of our deferred rent;
- 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 September 30, 2016; and
- our long-term strategic plan to develop, grow and expand our Essentials® services, both domestically and internationally.

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:

-