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Macrovision Solutions Corp. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Our first question comes from the line of Ralph Schackart with William Blair.

Ralph Schackart - William Blair

Couple of questions, as it relates to the '09 guidance, either for Fred or James. When you set the original guidance, obviously you narrowed or increased the bottom. How much of that original guidance included some of the new deals that recently came across such as Muze, NDS, VIZIO etcetera?

James Budge

On the service provider side, it certainly anticipated some of the service providers under the NDS umbrella. Between that and UPC, I'd say that the guidance, as Fred pointed out, we're pretty comfortable with that service provider guidance, which now makes up about 50% of our revenue.

On the CE side, which is probably 40% of our overall revenue, certainly anticipated a deal like the VIZIO announcement, and some other deals that we're working on throughout the year. So there's still more work to do. We do have the sales force out aggressively selling, and we still have to go and get some wins. We're feeling pretty comfortable with, certainly, the service provider piece, which is the majority of our revenue.

Fred Amoroso

Let me just underscore what James said, Ralph. The NDS agreement, as I said in my comments, was a core cornerstone of international expansion. So it had to happen, and as a result, some of that baseline was built into our estimates. As I think James said just now, the opportunity of extending that to more of NDS' customers, and the opportunity of seeing hopefully rapid conversion of analog to digital amongst this customer base represent very strong growth opportunities beyond that.

Ralph Schackart - William Blair

As long as you brought it up Fred, NDS, I have a lot of questions from investors trying to frame the opportunity, and obviously there's certain limitations on what you can say. On the call today you said there were 15 million IPG subs that were not currently covered under Macrovision patents. Is it logical to assume that those would now start flowing through sort of the sub per month model of sort of \$0.10 to \$0.15 on a go forward basis?

James Budge

Yes that's fair. Certainly a big chunk of those. I think most people know that BSKyB and SkyItalia were already customers of ours. So those were the ones we were referring to that were already customers, and then the others, as you can look on NDS' website, would be incremental to the BSKyB and SkyItalia revenues.

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