



# Company Review

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# PRODUCTS



## ❖ Internet Radio Service

## ❖ Others

1. Pandora Mobile for BlackBerry
2. Pandora Applications for multiple platforms
  - Facebook
  - Sidebar Gadget for Windows Vista, 7
  - Mobile Apps for iPhone, iPad, iPod, Android, Blackberry & Windows Mobile
  - Livio Radio sells a Radio just for Pandora!



# HISTORY

## ❖ Founders →

- **Tim Westergren** (Recording Technologist)
- **Will Glaser** (Computer Scientist & Mathematician)
- **Jon Kraft** (Entrepreneur in S/W & new Media)

*These guys brainstormed Pandora Media in the Fall of 1999 in an L.A. bar..*

## ❖ Their First Mega project →

their patented MUSIC Genome Project

*“a recommendation algorithm to organize music”*

# TARGET MARKET

- ❖ Music Lovers everywhere who wish to listen to their favorite singers/genres only
- ❖ Limited within the US due to compulsory license issues for Internet Radio
- ❖ Currently more than 80 million listeners(2011) compared to 20 million in 2009!
- ❖ Adds a new registered user every second on average
- ❖ Free as well as paid services

# SECRET SAUCE

- ❖ Their competitive recommendation system
- ❖ Personalized Internet Radio
- ❖ Unlike Apple's iTunes, Pandora took advantage of a compulsory 'US license for Internet Radio' that allowed one to pay for streaming recorded music
- ❖ Other competitors at that time negotiated with individual labels to stream music and were unsuccessful in making money
- ❖ Pandora paid for '*performance royalties*' rather than broadcast royalties

# WHY PANDORA IS NOT RADIO

- ❖ Unlimited Channels
- ❖ Not Live, hence 24/7 availability
- ❖ Uncluttered
- ❖ All kinds of Music
- ❖ Fresh
- ❖ WiFi /3G /4G
- ❖ All registered Users

# COMPETITION

Slacker Radio

Yahoo! Music Radio

Last.fm

Sirius XM Radio

***And the entire Internet Radio!!***

# FINANCES

- ❖ Though the company started making a profit post-2000, it has till date, accumulated a deficit of \$83.9million !!
- ❖ In 2010, revenues of \$90 million & a net loss of \$328,000
- ❖ Biggest Investors.  
Crosslink Capital (23%), Walden Venture Capital (19%), Greylock Partners (14%)
- ❖ Founder Tim Westergren owns less than 3% of the company's revenues



# THE FUTURE

- ❖ In Feb 2011, Pandora announced that they are going public offering over a \$100 million in Common stock
- ❖ Recent partnerships with automakers BMW, Ford and Toyota to integrate Pandora into their dashboard 😊
- ❖ However, royalties are its biggest expense!! 😞
- ❖ And it's only least safe till 2015 ! Because...

# THE FUTURE

- ❖ The Copyright Royalty Board (CRB) has released a revised fee schedule in 2007 for internet radio and in 2015 *Pandora has to re-negotiate a new royalty agreement with the music industry*
- ❖ May switch over to Pay-only Music services ☹
- ❖ Ever-increasing massive iPhone User base 😊
- ❖ The present PANDORA may very well prove to be Radio's Future...