

## RLJ Entertainment Eyeing YouTube/Google Play Channel

18 Apr, 2012

By: [Erik Gruenwedel](#)

Upstart RLJ Entertainment is keen on bowing content on Google Play as part of a larger goal of becoming a leading distributor of independent movies on disc, digital and television, company executives said.



RLJ Entertainment represents the combined assets (about 5,000 titles) of Image Entertainment, Acorn Media Group and RLJ Acquisitions — the latter owned by Robert Johnson, founder of Black Entertainment Television (BET), and initiator of the April 2 merger.

Image brings classic TV to the new company, including urban content, concerts, features films and horror. Brands include One Village (urban), HandMade Films, Slingshot Pictures and The Criterion Collection. Acorn features Athena (fitness and well-being), in addition to a wealth of British TV programming, including “Touching Evil,” “Trial & Retribution,” “Blue Murder,” “Midsomer Murders” and “New Tricks,” among others.

In an April 17 conference call, Ted Green, newly appointed CEO of RLJ Entertainment, said the company would pursue distribution options with new content channels on YouTube and Google Play (formerly Android Market). Google is spending about \$100 million launching ad-supported third-party content channels.

“That is something we may be able to take advantage of given our enormous amount of content,” Green said.

Johnson said rapidly expanding distribution channels for home entertainment, including subscription video-on-demand and transactional VOD, place increasingly higher premiums on content ownership. As chairman and namesake of RLJ Entertainment, Johnson said his primary goal would be opening lines of communication with major content holders, which he said may not fully realize the distribution prowess of a combined Image/Acorn operation targeting niche audiences.

“I saw it when I built BET 30 years ago, and I believe I see it again today,” Johnson said. “Today, the world is a dramatically different place. The ownership of content rights where there is an expanding ray of ways to distribute that content makes content licensing and ownership paramount.”

With physical distribution centers in the United States, Canada, Australia and the United Kingdom, RLJ believes that nearly 70% of its \$220 million projected revenue (and \$36.9 million in pre-tax earnings) this year (\$264 million in 2013) will come from retail channels, which include Amazon, Barnes & Noble, Walmart, Best Buy, Target, and HMV, among others. Another 18% of revenue is direct-to-consumer and represents the Acorn catalog business. Digital/mobile and broadcast is 12%, which includes licensing to Netflix, Amazon, Hulu, Samsung, syfy channel, Showtime and BET.

Image and Acorn sold more than 20 million discs in 2011, according to Green.

Miguel Pinella, former CEO of Acorn Media, will be RJL's president and COO. Image CFO John Avagliano is assuming the same duty with the new company. Image chairman John Hyde will serve as president of global and strategic development. Johnson said each executive has additional incentives in form of equity stakes in the new company.

After merger is completed in June, Image shareholders will own 11% of RLJ Entertainment, Acorn shareholders 5.2% and rest will be owned by RLJ Acquisitions. The company plans to be listed on NASDAQ.

Green said the average license deal is for 10 years, with some as long as 20 years. The company typically renews about 95% of content distribution deals, which are revenue-sharing based.

“We target a 30% [internal rate of return] for content over terms of the rights ownership,” he said. “We succeed as long as our content is consumed. Margins will improve with greater digital distribution.”

[http://www.homemediamagazine.com/image/rjl-entertainment-eyeing-youtubegoogle-play-channel-27006?utm\\_source=hm\\_daily&utm\\_medium=email&utm\\_campaign=hm\\_daily\\_04\\_19\\_2012&utm\\_content=rjl-entertainment-eyeing-youtubegoogle-play-channel-27006](http://www.homemediamagazine.com/image/rjl-entertainment-eyeing-youtubegoogle-play-channel-27006?utm_source=hm_daily&utm_medium=email&utm_campaign=hm_daily_04_19_2012&utm_content=rjl-entertainment-eyeing-youtubegoogle-play-channel-27006)