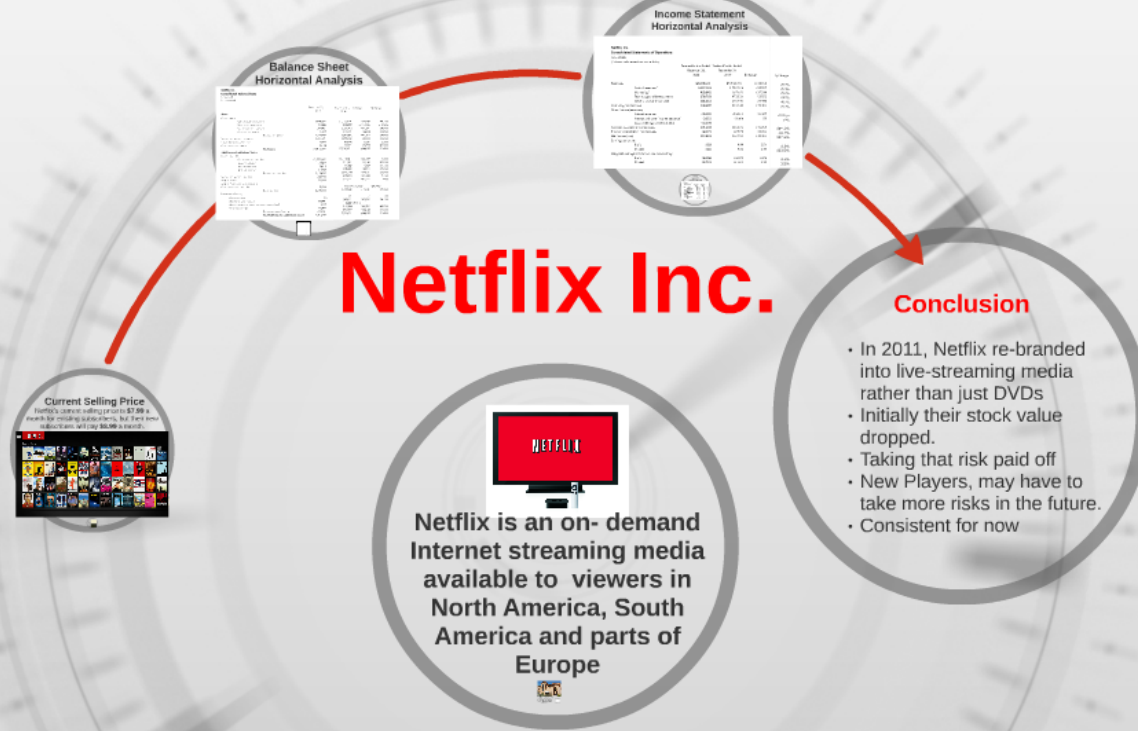


Netflix Inc. Harvard Case Solution & Analysis



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**Netflix is an on- demand
Internet streaming media
available to viewers in
North America, South
America and parts of
Europe**

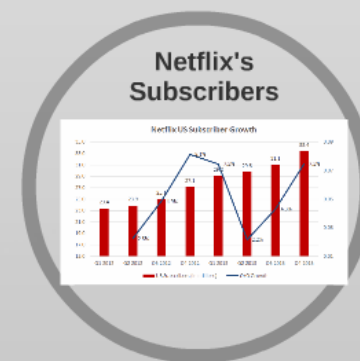


- Founded back in 1997 by Marc Randolph and Reed Hastings

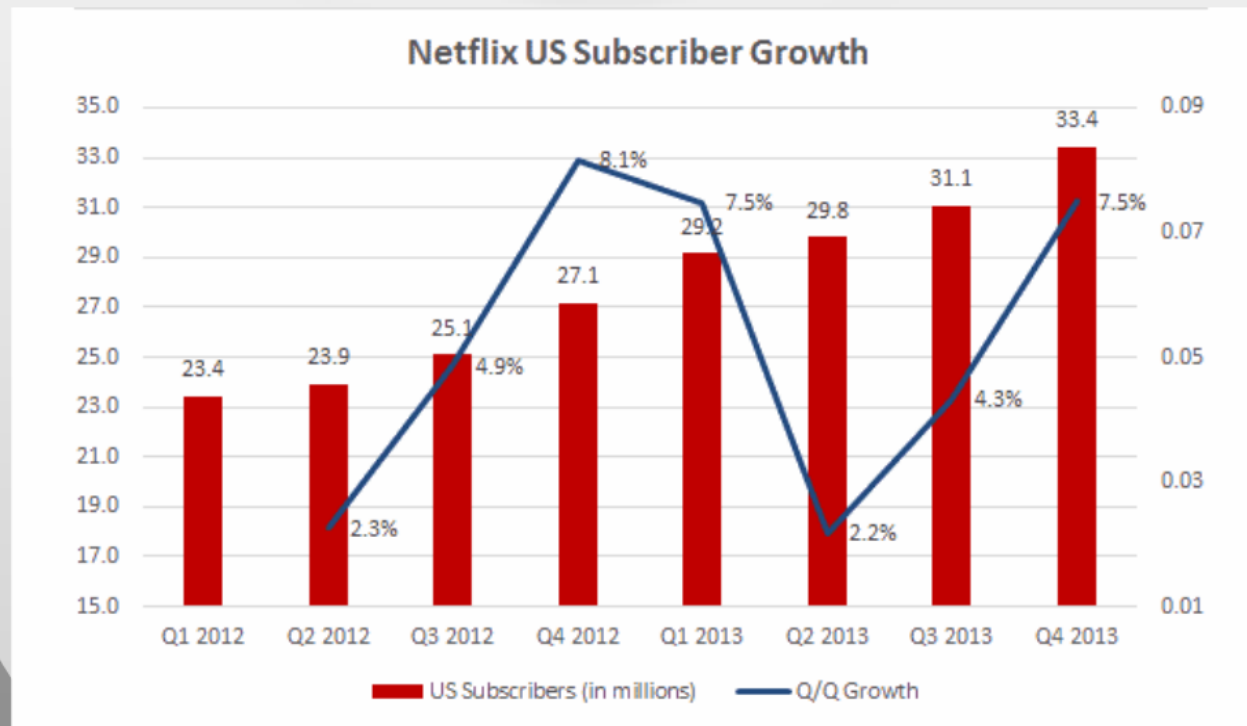




Netflix is headquartered at Los Gatos, less than 10 minutes away from De Anza.

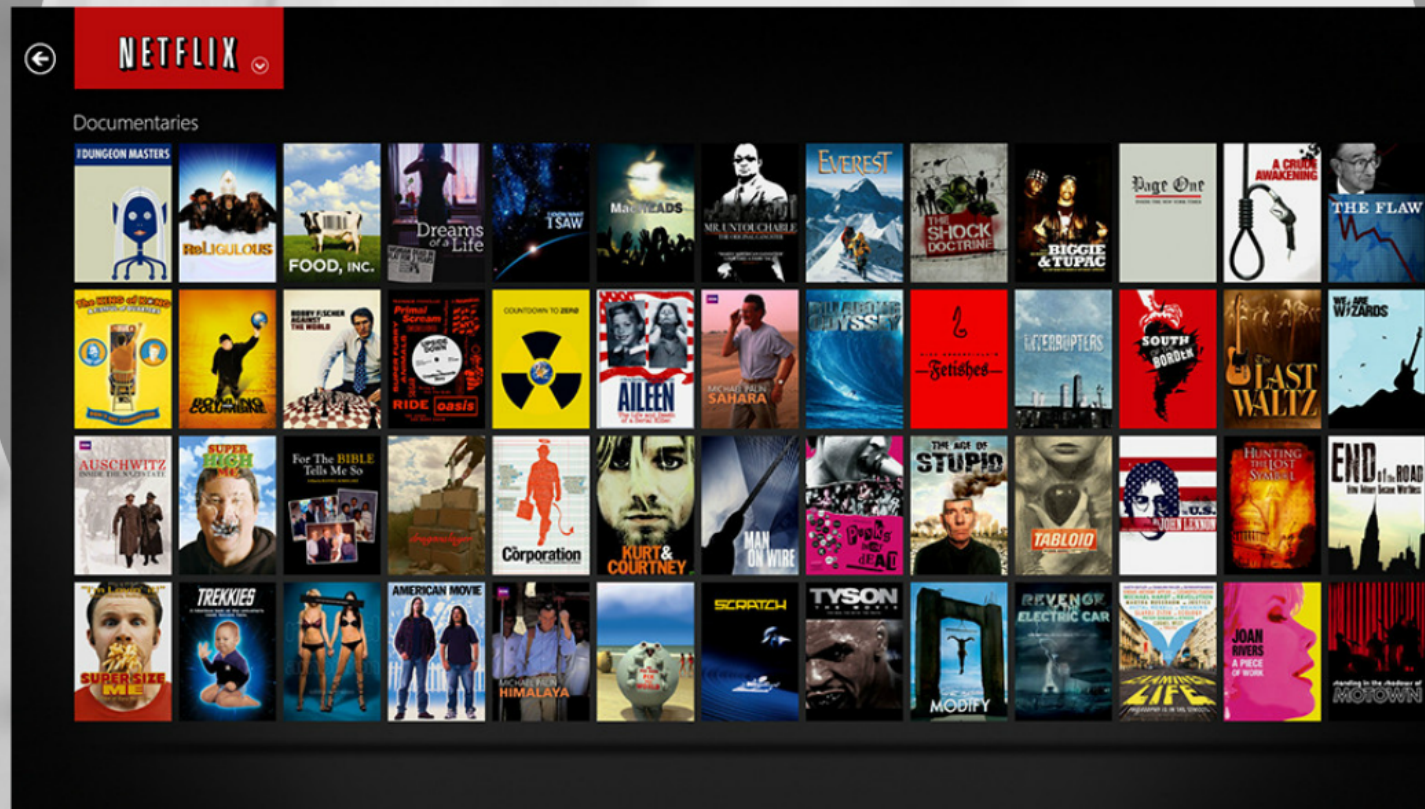


Netflix's Subscribers



Current Selling Price

Netflix's current selling price is **\$7.99** a month for existing subscribers, but their new subscribers will pay **\$8.99** a month.



Balance Sheet Horizontal Analysis

Netflix, Inc.
Consolidated Balance Sheets
(unaudited)
(in thousands)

	December 31, 2013	December 31, 2014	\$ Change	% Change
Assets				
Current assets:				
Cash and cash equivalents	\$604,965	\$1,113,608	508,643	84.10%
Short-term investments	595,440	494,888	<100,552>	<16.9%>
Current content library, net	1,706,421	2,125,702	419,281	24.60%
Other current assets	151,937	206,271	54,334	35.80%
Total current assets	3,058,763	3,940,469	881,706	28.80%
Non-current content library, net	2,091,071	2,773,326	68,255	32.60%
Property and equipment, net	133,605	149,875	16,270	12.20%
Other non-current assets	129,124	192,981	63,857	49.50%
Total assets	\$5,412,563	\$7,056,651	1,644,088	30.40%
Liabilities and Stockholders' Equity				
Current liabilities:				
Current content liabilities	\$1,775,983	\$2,117,241	341,258	19.20%
Accounts payable	108,435	201,581	93,146	85.90%
Accrued expenses	54,018	69,746	15,728	29.10%
Deferred revenue	215,767	274,586	58,819	27.30%
Total current liabilities	2,154,203	2,663,154	508,951	23.60%
Non-current content liabilities	1,345,590	1,575,832	230,242	17.10%
Long-term debt	500,000	900,000	400,000	80%
Long-term debt due to related party		59,957	<19,252>	<24.3%>
Other non-current liabilities	79,209			
Total liabilities	4,079,002	5,198,943	1,119,941	27.50%
Stockholders' equity:				
Common stock	60	60	0	0%
Additional paid-in capital	777,441	1,043,810	265,369	34.10%
Accumulated other comprehensive income (loss)	3,575	-4,446	<8021>	
Retained earnings	552,485	819,284	266,799	48.30%
Total stockholders' equity	1,333,561	1,857,708	524,147	39.30%
Total liabilities and stockholders' equity	5,412,563	7,056,651	1,644,088	30.40%