

Qumu Corp
Form 10-K
March 14, 2014

FORM 10-K
U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
 ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED December 31, 2013
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934
COMMISSION FILE NO. 000-20728

QUMU CORPORATION

(Exact name of registrant as specified in its charter)

Minnesota

41-1577970

State or other jurisdiction of incorporation or
organization

(I.R.S. Employer Identification No.)

7725 Washington Avenue South, Minneapolis,
Minnesota

55439

(Address of principal executive offices)

(Zip Code)

Rimage Corporation

(952) 683 - 7900

Former name, former address and formal fiscal year,
if changed since last report:

Registrant's telephone number:

Securities registered pursuant to Section 12(b) of the
Act:

Common Stock, \$.01 par value

Preferred Stock Purchase Rights

Securities registered pursuant to Section 12(g) of the
Act:

None

Indicate by checkmark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by checkmark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the
Act.

Yes No

Indicate by checkmark 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 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 during
the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes
 No

Indicate by checkmark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained
herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements
incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or
a smaller reporting company.

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Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller Reporting Company

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):

Yes No

The aggregate market value of common stock held by non-affiliates of the registrant, computed by reference to the last quoted price at which such stock was sold on such date as reported by the Nasdaq Stock Market as of the last business day of the registrant's most recently completed second fiscal quarter was approximately \$70,490,000.

As of February 28, 2014, 8,675,472 shares of the registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2014 Annual Meeting of Shareholders, to be filed within 120 days after the end of the fiscal year covered by this report, are incorporated by reference into Part III hereof.

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General Information

PART I

ITEM 1. BUSINESS

General

In September 2013, the Board of Directors of Rimage Corporation approved a change in the Company's name from Rimage Corporation to Qumu Corporation (Nasdaq: QUMU). The name change became effective on September 16, 2013.

Qumu Corporation (“Qumu” or the “Company”) conducts its operations through two businesses consisting of 1) its enterprise video content management software business and 2) its Rimage disc publishing business. Qumu’s growing enterprise video content management software business provides the tools businesses need to create, manage, secure, distribute and measure the success of their videos. Qumu helps thousands of organizations around the world realize the greatest possible value from video and other rich content they create and publish. Qumu’s Rimage disc publishing business provides customers with industry-leading solutions that label, archive, distribute and protect content on CDs, DVDs and Blu-ray Discs. The Company markets its products to customers in North America, Europe and Asia. Qumu is investing in the global expansion of its software business to maximize the Company’s opportunity in this growing market. The Company's global corporate infrastructure and the positive cash flows generated by the disc publishing business are being leveraged to support this expansion. The Company expects that over time, the enterprise video content management software business will become an increasingly larger part of the overall Qumu business.

(In thousands)	Years Ended December 31,								
	2013			2012			2011		
Enterprise video content management software									
Software licenses and appliances	\$7,269	9	%	\$4,320	5	%	\$693	1	%
Service	10,467	13	%	5,516	7	%	1,067	1	%
Total enterprise video content management software	17,736	22	%	9,836	12	%	1,760	2	%
Disc publishing									
Disc publishing equipment:									
Producer	9,119	11	%	12,285	15	%	15,788	19	%
Professional	6,609	8	%	9,517	12	%	11,939	14	%
Desktop	1,575	2	%	1,977	2	%	2,697	3	%
Total disc publishing equipment	17,303	21	%	23,779	30	%	30,424	36	%
Recurring:									
Consumables and parts	34,962	42	%	33,819	43	%	40,038	48	%
Service	12,471	15	%	12,009	15	%	11,412	14	%
Total recurring	47,433	58	%	45,828	58	%	51,450	62	%
Total disc publishing	64,736	78	%	69,607	88	%	81,874	98	%
Total revenue	\$82,472	100	%	\$79,443	100	%	\$83,634	100	%

History

The Company was founded in 1978 and incorporated as IXI, Inc. in Minnesota in February 1987. Starting in 1995, the Company focused its business on development and sale of its CD recordable (“CD-R”) publishing systems, and added DVD recordable (“DVD-R”) publishing systems in 2000. Blu-ray capabilities were integrated into key products in late 2006 to address the needs of customers desiring the substantial increase in storage capacity provided by this technology. The disc publishing business is mature and has been declining in revenue since 2007 due to technology substitutions. Changes in the information technology landscape have resulted in an evolution of customer needs from physical distribution of content on CDs, DVDs and Blu-ray Discs to online distribution. In addition, video has grown dramatically as a content type used within enterprises. Effectively implementing video as a communication and collaboration tool has become a major challenge for enterprises. In response to these market changes, in October 2011, the Company acquired Qumu, Inc., a leader in the fast-growing enterprise video content management software market.