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Tiger Investment Partners

“To Stream or Not to Stream”

Case Study

Roger R. Schnorbus

This case study was prepared by Roger R. Schnorbus, Adjunct Professor, at the Robins School of Business and intended for classroom discussion. Tiger Investment Partners is a fictitious company as well as the events portrayed. The author wishes to acknowledge the participation and guidance of Kelley Powell, Nasser Chanda, and Jim Brady in creating the case study.

Tiger Investment Partners (TIP)

TIP is a boutique technology investment firm in Richmond, VA. It was founded in 2012 by its three principal partners and is managing over \$300 million in investment funds. Its stated mission is to someday be as successful as Berkshire Hathaway with a focus on firms that were or would be major disruptors in their given industries.

Kelley Powell

Kelley, the CIO of TIP was preparing for the monthly partner's meeting, the outcome of which was pivotal to the future strategic direction of the firm. The main item on the agenda was a decision on whether to begin divesting its substantial position in Netflix, a company which the firm had in its investment portfolio..

Netflix had been one of the star performers of TIP with yearly growth since its initial investment in 2012 annualized at over 35%; however, subscriber growth was slowing at a rapid rate in 2022 and competition from Disney, Amazon, and others was intensifying.

Kelley would be joined at the meeting by the firm's other senior partners, CEO Jim Brady and COO Nasser Chanda. Her recommendation would be to divest a major stake in Netflix and consider movement of the funds outside the streaming industry.

The Meeting

Kelley began the meeting with a brief review of the firm's portfolio which was heavily skewed toward technology. In recent times, the firm had invested

heavily with Airbnb, Uber, Salesforce.com, and Tesla, all of which had caused major disruptions in their given industries and provided handsome returns for the firm and its investors.

She then began a discussion on Netflix and made her recommendation regarding divestment of a portion or all of its holdings. Nasser was quick to point out that Netflix had always been a “safe bet” for the firm and cautioned moving too quickly on this decision.

He recognized that the Covid pandemic had been a major source of growth for Netflix in that folks stayed home to watch movies and that growth would subside with the pandemic ending. However, he felt that Netflix’s leading market share position should not be overlooked.

Jim was even more concerned about such a move. He recognized that Kelley’s past recommendations were a major factor in the success of TIP and that she had done considerable due diligence/research on her recommendation. Over the next 60 minutes, the partners had a spirited discussion on the pros/cons of the Netflix decision. Key options included:

1. Divestment of all or a portion of Netflix
2. Retaining a presence in the streaming industry
3. If so, possible investment in another streaming firm

At this point, Kelley recommended the following- One of our board members, Roger Schnorbus , teaches a Disruptive Innovation course at the University of Richmond. We’ve used him in the past to help us with the firm’s strategic direction. Therefore, it might be a good idea to see if he can help with this decision.

Meeting With Roger

Kelley, a former student of Roger in the UR MBA program, met with him to discuss the above. Roger mentioned that he planned on doing a class in his

Disruptive Innovation course on the streaming industry, titled “Which Firm Will Win the Streaming War?”. His initial thoughts were that the eventual winner would be either Netflix, Disney, or Amazon, each offering a series of pros/cons. He also thought that Netflix might be a prime acquisition candidate for a company like Apple. He concluded by stating that more study was needed to make an informed decision.

Next Steps

Roger suggested that during his upcoming class, he would challenge his students to decide which firm would win the streaming war. He thought Kelley, Nasser, and Jim should attend the class and critique and be part of the student presentations. Kelley agreed that this would be a good outcome.

Case Study Participants

Nasser Chanda – In real life, Nasser is the CEO of Paymerang, a Richmond firm, specializing in supplier payments. Paymerang partnered with a private equity firm, Aldrich Capital in 2019 to grow its business. Formerly, he was a senior executive at the Brinks company.

Kelley Powell – In real life, Kelley is the CEO of the MacLaurin Group, which provides expertise in all facets of Private Equity collaboration. She is also the author of a best selling book (Courage To Lose Sight of Shore), which details her adventures in the Private Equity arena.

Jim Brady –In real life, Jim is the Operating Partner of Frazier Healthcare Partners, a P.E. firm specializing in healthcare acquisitions. He also held a senior position in another Private Equity firm, founded and sold a business and is a UR undergraduate.

Student Teams- Three student teams in the MBA program at UR will make presentations on the future of the streaming industry and provide recommendations as to which firm will win the “Streaming War”. Their recommendations will be shared with and critiqued by the guest speakers