
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): March 13, 2007

SEACHANGE INTERNATIONAL, INC.

(Exact Name of Registrant as Specified in its Charter)

DELAWARE
(State or Other Jurisdiction of
Incorporation or Organization)

0-21393
(Commission File Number)

04-3197974
(I.R.S. Employer
Identification No.)

50 Nagog Park, Acton, MA
(Address of Principal Executive Offices)

01720
(Zip Code)

Registrant's telephone number including area code: (978) 897-0100

No change since last report
(Former Name or Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions *fee* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

Attached as Exhibit 99.1 and incorporated herein by reference is a copy of the press release of SeaChange International, Inc. (the "Company"), dated March 13, 2007, reporting the Company's financial results for the fiscal quarter ended December 31, 2006.

The information contained herein, including the exhibit attached and incorporated herein by reference, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended. The information contained herein and in the accompanying exhibit shall not be incorporated by reference into any filing with the U.S. Securities and Exchange Commission made by the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filings.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

The following Exhibit is furnished as part of this report:

| Exhibit No. | Description |
|--------------------|--|
| 99.1 | Press release issued by SeaChange International, Inc., dated March 13, 2007. |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SEACHANGE INTERNATIONAL, INC.

By: /s/ Kevin M. Bisson
Kevin M. Bisson
Chief Financial Officer, Treasurer, Secretary
and Senior Vice President, Finance and
Administration

Dated: March 13, 2007

EXHIBIT INDEX

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|------------------------|--|
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NEWS RELEASE

For more information:

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SeaChange International Announces Fourth Quarter and Fiscal Year 2007 Results

- **Record fiscal 2007 revenue; 28% increase year over year to \$161 million**
- **Software subscription program adds five new customers**
- **Continued VOD market drivers support FY'08 first half revenue growth and second half profitability**

ACTON, Mass. (March 13, 2007)— SeaChange International, Inc. (NASDAQ: SEAC), a leading provider of software and hardware solutions for the world's growing video-on-demand and IPTV industry, today announced financial results for its fiscal fourth quarter ended January 31, 2007 and for the fiscal year. Total revenues for the quarter were \$40.1 million, a 21% increase compared to total revenues of \$33.2 million for the fourth quarter of fiscal 2006. Approximately \$2 million of VOD-related revenue was deferred as of January 31, 2007, to reflect the bundling of 12 month software subscription services with five system orders. Net loss for the fourth quarter was \$3.7 million, or \$0.13 per share, compared with a net loss of \$3.1 million, or \$0.11 per share for the same period last year. Adjusted EBITDA (Earnings before Interest, Taxes, Depreciation, Amortization and stock-based compensation expense) in the fourth quarter of fiscal 2007 was a loss of \$0.5 million compared to a loss of \$1.0 million in the fourth quarter of fiscal 2006. (See note 1 below)

For the fiscal year 2007 ended January 31, 2007, revenues were a record \$161.3 million, a 28% increase from total revenues of \$126.3 million in the prior fiscal year. The net loss for fiscal 2007 was \$8.2 million, or \$0.28 per share, compared with a net loss of \$12.3 million, or \$0.44 per share, for fiscal 2006. Adjusted EDITDA for fiscal 2007 was \$5.4 million as compared to a loss of \$8.2 million for fiscal 2006.

The Company ended the fourth quarter of fiscal 2007 with cash, cash equivalents and marketable securities of \$55.3 million and no debt, compared to \$55.0 million and no debt at the end of the third quarter.

Broadband Revenues impacted by VOD software subscription

Revenues in the fourth quarter of fiscal 2007 from the Company's Broadband segment, which includes Video on Demand (VOD) and Advertising Insertion hardware and software, were \$20.1 million, an increase of \$5.8 million or 41% over comparable revenue in the fourth quarter of fiscal 2006. It should be noted that within the VOD product line the Company deferred approximately \$2.0 million of VOD-related revenue on January 31, 2007 for five orders with three separate customers who purchased the Company's VOD software subscription service as part of its systems order. The Company deferred the revenue associated with these orders and will recognize the revenue ratably over the 12 month subscription period.

VOD Systems Revenue Increases 82% year over year

Year over year revenue growth in the Broadband segment for the fourth quarter was driven by an 82% increase in VOD systems revenue, from \$6.3 million in the fourth quarter of last year to \$11.5 million in the fourth quarter of this year. Consistent with the last several quarters, the Company continued to benefit from strong demand from North American cable customers as well as strength from several European accounts. Remaining VOD revenues for the fourth quarter, comprised principally of software subscription and middleware development revenues, were \$4.8 million, an increase of \$1.4 million compared to last year's fourth quarter. Higher year over year software subscription revenue was partially offset by lower middleware development revenue as the Company recorded approximately \$1.0 million of fiscal 2007 sales discounts in the fourth quarter in connection with the 18 month extension of a middleware development contract.

Advertising Insertion revenue in the fourth quarter of \$3.8 million was \$0.8 million lower than the fourth quarter of fiscal 2006 due to a significant amount of revenue recognized in last year's fourth quarter that had been shipped in prior quarters.

Total Services segment revenue for the fourth quarter of fiscal 2007 was \$18.4 million, which was \$2.2 million or 13% higher than related revenue from last year's fourth quarter due primarily to higher revenues from the Company's On Demand Group (ODG) subsidiary for VOD-related services for customers in Germany and South America as well as higher VOD-related services revenue tied to the Company's year over year increase in its installed base of VOD systems.

Software Subscription Traction and Fiscal '08 Outlook

“We are very pleased with our top-line performance in fiscal 2007 with annual growth of 28% to record revenue of \$161 million,” commented Bill Stysliger, president, CEO and founder of SeaChange International. “We not only saw substantial growth in our core VOD server and Axiom software business, but we successfully launched a VOD software subscription program with Comcast as our initial customer in July of 2006. I am happy to report that in addition to the three new customers that purchased software subscription services in the fourth quarter, two additional customers have subsequently purchased these services providing traction to this important initiative. In addition, fiscal 2007 saw an expansion of SeaChange’s presence outside of North America with key customer wins for several of its product lines in high growth markets such as Germany, India, Brazil and Russia.”

Stysliger continued, “Fiscal 2007 also saw an expansion of our investment in engineering and customer service to focus on new product development in VOD server, Axiom software and middleware as well as servicing a wider array of customers. This certainly impacted bottom line results for fiscal 2007 but we believe it provides us the opportunity to fully leverage our projected revenue growth in fiscal 2008. To that end, we reiterate that first half revenue growth in fiscal 2008 should exceed second half revenue growth in fiscal 2007. Furthermore, our initial review of fiscal 2008 second half revenue should allow SeaChange to achieve profitability for the second half of fiscal 2008.”

The Company will discuss its financial results and business outlook in more detail today during its webcast conference call at 5:00 p.m. EDT, which will be available live and archived at www.schange.com/IR/.

About SeaChange International

SeaChange International, Inc. is a world leader in digital video systems, spanning broadcast and broadband. Its powerful server and software systems enable television operators to provide new On Demand services and to gain greater efficiencies in advertising and content delivery. With its Emmy-winning MediaCluster® technology, thousands of SeaChange systems are helping broadband, broadcast and satellite television companies to streamline operations, expand services and increase revenues. SeaChange is headquartered in Acton, Massachusetts and has product development, support and sales offices throughout the world. Visit www.schange.com.

- (1) Adjusted EBITDA is a non-GAAP number that the Company defines as net income excluding interest, taxes, depreciation, amortization and stock-based compensation expenses. A reconciliation of Adjusted EBITDA to net income for these periods is contained in the financial schedules that accompany this release. Adjusted EBITDA is an important measurement used by management to measure the cash generated from or used for operations, excluding the operating cash requirements of interest and income taxes. The Company believes that inclusion of this non-GAAP measure enhances investors' overall understanding of the Company's current financial performance. Adjusted EBITDA should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with accounting principles generally accepted in the United States of America.

Safe Harbor Provision

Any statements contained in this press release that do not describe historical facts, including without limitation statements concerning expected future performance, product introductions and general market conditions, may constitute forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Any such forward-looking statements contained herein are based on current expectations, but are subject to a number of risks and uncertainties that may cause actual results to differ materially from expectations. The factors that could cause actual future results to differ materially from current expectations include the following: the continued growth, development and acceptance of the video-on-demand market; the loss of one of the Company's large customers; the cancellation or deferral of purchases of the Company's products; a decline in demand or average selling price for the Company's broadband products; the Company's ability to manage its growth; the ability of the Company to integrate businesses acquired by the Company, including The On Demand Group Limited; the Company's ability to protect its intellectual property rights and the expenses that may be incurred by the Company to protect its intellectual property rights; an unfavorable result of current or future litigation; content providers limiting the scope of content licensed for use in the video-on-demand market; the Company's ability to introduce new products or enhancements to existing products; the Company's dependence on certain sole source suppliers and third-party manufacturers; the Company's ability to compete in its marketplace; the Company's ability to respond to changing technologies; the risks associated with international sales; changes in the regulatory environment; the performance of companies in which the Company has made equity investments, including Casa Systems; the Company's ability to hire and retain highly skilled employees; and increasing social and political turmoil.

Further information on factors that could cause actual results to differ from those anticipated is detailed in various publicly available documents made by the Company from time to time with the Securities and Exchange Commission, including but not limited to, those appearing at Item 1A under the caption "Risk Factors" in the Company's Annual Report on Form 10-K filed with the Commission on April 17, 2006. Any forward-looking statements should be considered in light of those factors. The Company cautions readers not to place undue reliance on any such forward-looking statements, which speak as of the date they are made. The Company disclaims any obligation to publicly update or revise any such statements to reflect any change in Company expectations or events, conditions or circumstances on which any such statements may be based, or that may affect the likelihood that actual results may differ from those set forth in the forward-looking statements.

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* SeaChange and MediaCluster are registered trademarks of SeaChange International, Inc. SeaChange Axiom is a trademark of SeaChange International, Inc.

Condensed Consolidated Statements of Operations
(In thousands, except per share data)

| | Three months ended | | Twelve months ended | |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | January 31, 2007 unaudited | January 31, 2006 unaudited | January 31, 2007 unaudited | January 31, 2006 unaudited |
| Revenues | \$ 40,073 | \$ 33,236 | \$ 161,334 | \$ 126,264 |
| Cost of revenues | <u>22,995</u> | <u>18,403</u> | <u>85,485</u> | <u>74,133</u> |
| Gross profit | 17,078 | 14,833 | 75,849 | 52,131 |
| Operating expenses: | | | | |
| Research and development | 10,248 | 9,241 | 40,914 | 34,378 |
| Selling and marketing | 5,579 | 4,116 | 22,412 | 18,646 |
| General and administrative | 4,880 | 4,425 | 19,141 | 14,241 |
| Amortization of intangibles | <u>1,434</u> | <u>1,040</u> | <u>5,664</u> | <u>2,201</u> |
| | <u>22,141</u> | <u>18,822</u> | <u>88,132</u> | <u>69,466</u> |
| Income (loss) from operations | (5,063) | (3,989) | (12,283) | (17,335) |
| Interest income, net | 416 | 494 | 1,355 | 2,038 |
| Impairment on investment in affiliate | <u>(150)</u> | <u>—</u> | <u>(150)</u> | <u>—</u> |
| Loss before income taxes and equity income (loss) in earnings of affiliates | (4,797) | (3,495) | (11,078) | (15,297) |
| Income tax benefit | (553) | (666) | (1,632) | (2,941) |
| Equity income (loss) in earnings of affiliates | <u>499</u> | <u>(244)</u> | <u>1,272</u> | <u>39</u> |
| Net loss | <u>\$ (3,745)</u> | <u>\$ (3,073)</u> | <u>\$ (8,174)</u> | <u>\$ (12,317)</u> |
| Basic loss per share | <u>\$ (0.13)</u> | <u>\$ (0.11)</u> | <u>\$ (0.28)</u> | <u>\$ (0.44)</u> |
| Diluted loss per share | <u>\$ (0.13)</u> | <u>\$ (0.11)</u> | <u>\$ (0.28)</u> | <u>\$ (0.44)</u> |
| Weighted average common shares outstanding – | | | | |
| Basic | <u>29,235</u> | <u>28,438</u> | <u>28,857</u> | <u>28,303</u> |
| Diluted | <u>29,235</u> | <u>28,438</u> | <u>28,857</u> | <u>28,303</u> |

SeaChange International, Inc.
Condensed Consolidated Balance Sheets
(in thousands)

| | <u>January 31,</u> <u>2007 (1)</u> | <u>January 31,</u> <u>2006</u> |
|---|---------------------------------------|-----------------------------------|
| | <u>unaudited</u> | |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 31,179 | \$ 21,594 |
| Marketable securities | 11,231 | 14,596 |
| Accounts receivable, net | 34,416 | 34,472 |
| Inventories | 19,350 | 19,299 |
| Prepaid expenses and other current assets | 3,399 | 7,875 |
| Total current assets | <u>99,575</u> | <u>97,836</u> |
| Property and equipment, net | 30,720 | 27,191 |
| Marketable securities | 12,885 | 24,689 |
| Investments in affiliates | 14,312 | 12,812 |
| Intangibles, net | 13,054 | 18,904 |
| Goodwill | 23,726 | 20,379 |
| Other assets | 5,024 | 5,363 |
| | <u>\$ 199,296</u> | <u>\$ 207,174</u> |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 15,887 | \$ 26,410 |
| Customer deposits | 2,016 | 2,170 |
| Deferred revenue | 21,806 | 20,045 |
| Income taxes payable | 941 | 2,843 |
| Deferred taxes liability – short term | 366 | 556 |
| Total current liabilities | <u>41,016</u> | <u>52,024</u> |
| Deferred tax liability – long-term | 1,121 | 1,353 |
| Common stock and other equity | 185,269 | 176,523 |
| Accumulated deficit | (29,685) | (22,264) |
| Accumulated other comprehensive income (loss) | 1,575 | (462) |
| Total stockholders' equity | <u>157,159</u> | <u>153,797</u> |
| | <u>\$ 199,296</u> | <u>\$ 207,174</u> |

- (1) The consolidated balance sheet at January 31, 2007 reflects the impact of the adoption in the fourth quarter by the Company of SEC Staff Accounting Bulletin No. 108 (“SAB 108”), “Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements.” In accordance with SAB 108, the Company recorded a cumulative effect adjustment as of February 1, 2006 to increase inventory by \$623,000, decrease other comprehensive income by \$130,000 and increase stockholders' equity by \$762,000.

SeaChange International, Inc.
Reconciliation between Condensed Consolidated Statements of Operations
and Earnings before Interest, Taxes, Depreciation, Amortization and Stock-Based Compensation
(Adjusted EBITDA)
(In thousands)
(Unaudited)

| | Three months ended | | Twelve months ended | |
|--|---------------------|---------------------|---------------------|---------------------|
| | January 31, 2007 | January 31, 2006 | January 31, 2007 | January 31, 2006 |
| Net loss | \$ (3,745) | \$ (3,074) | \$ (8,174) | \$ (12,317) |
| Income tax benefit | (553) | (666) | (1,632) | (2,941) |
| Interest (income), net | (416) | (494) | (1,355) | (2,038) |
| Equity (income) loss in the earnings of affiliates | (499) | 244 | (1,273) | (39) |
| Stock compensation expense | 863 | — | 3,507 | — |
| Depreciation and amortization | 3,894 | 3,040 | 14,353 | 9,140 |
| Adjusted EBITDA | <u>\$ (456)</u> | <u>\$ (950)</u> | <u>\$ 5,426</u> | <u>\$ (8,195)</u> |

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