

Synacor, Inc.
Form DEFA14A
April 16, 2015

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-12

SYNACOR, INC.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box)

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

Edgar Filing: Synacor, Inc. - Form DEFA14A

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

SYNC
SYNC
1
Contains
proprietary
and
confidential
information
owned
by
Synacor,
Inc.
©
/
2015
Synacor,
Inc.
SYNACOR

THE TRUSTED TECH, SERVICES AND REVENUE PARTNER
SYNACOR

THE TRUSTED TECH, SERVICES AND REVENUE PARTNER
NEW LEADERSHIP EXECUTING THE RIGHT STRATEGY TO CREATE
SUSTAINABLE STOCKHOLDER VALUE

APRIL 16 2015

NEW LEADERSHIP EXECUTING THE RIGHT STRATEGY TO CREATE
SUSTAINABLE STOCKHOLDER VALUE

APRIL 16 2015

SYNC

SYNC

SYNC

2

SAFE HARBOR AND IMPORTANT ADDITIONAL INFORMATION

Contains

proprietary

and

confidential

information

owned

by

Synacor,

Inc.

©

/

2015

Synacor,

Inc.

Important Additional Information

Synacor, Inc. (the "Company") has provided to its stockholders a definitive proxy statement, filed with the Securities and Exchange Commission and an accompanying proxy card in connection with the Company's 2015 annual meeting of stockholders (the "2015 Annual Meeting"). The Company and its executive officers may be deemed to be participants in the solicitation of proxies from stockholders in connection with the

concerning the interests of these directors and executive officers in connection with the matters to be voted on at the 2015 Annual Meeting of the Company, as set forth in the definitive proxy statement filed by the Company with the SEC in connection with such meeting. In addition, information concerning the Company's financial performance in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed with the SEC on March 12, 2015, and the Company's securities have changed since the amounts contained in the definitive proxy statement filed with the SEC in connection with the meeting have not been reflected on Initial Statements of Beneficial Ownership of Securities on Form 3 and Statements of Changes in Beneficial Ownership of Securities on Form 4 filed with the SEC. Such documents are, or will be, available free of charge at the SEC website at

STOCKHOLDERS ARE URGED TO READ CAREFULLY THE DEFINITIVE PROXY

<http://www.sec.gov>.

"Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995: This communication contains forward-looking information regarding the Company's financial performance for the first quarter of 2015. These results are preliminary, have not been reviewed or audited by Synacor's independent accounting firm, and are accordingly subject to adjustment prior to Synacor's reporting its complete financial results for the first fiscal quarter of 2015. The matters covered by such forward-looking statements involves risks, uncertainties and assumptions. If any such risks or uncertainties prove incorrect, the company's results could differ materially from the results expressed or implied by the forward-looking statements. The risks and uncertainties referred to above include - but are not limited to - risks associated with: adjustments to our preliminary financial results for the first quarter; issues encountered in the completion of the quarterly review; and general economic conditions.

Further information on these and other factors that could affect the company's financial results is included in filings it makes with the SEC from time to time, including the section entitled "Risk Factors" in the company's most recent Form 10-K, as amended, filed with the SEC on March 12, 2015, and the SEC Filings section of the Investor Information section of the company's website at <http://investor.synacor.com/>. All information contained in this communication and any attachments is available as of April 16, 2015, and Synacor undertakes no duty to update this information.

STATEMENT FILED BY THE COMPANY AND ANY OTHER RELEVANT DOCUMENTS FILED WHEN THEY BECOME AVAILABLE TO THE PUBLIC, INCLUDING INFORMATION WITH RESPECT TO THE PARTICIPANTS.

SYNC

SYNC

3

NEW LEADERSHIP AND EXPERIENCED BOARD EXECUTING THE RIGHT STRATEGY TO
CREATE SUSTAINABLE STOCKHOLDER VALUE

o

Highly-qualified

and

experienced

Board

in

place

,

committed

to

creating

sustainable

stockholder

value

o

Board

named

a

new
CEO
in
August
2014,
after
an
extensive
executive
search
process,
to
turnaround
and
grow
the
company
o
Company
restructured
on
September
30
2014
to
reduce
costs
and
return
to
profitability

o
Management team **executing on a clear strategic plan**, well received by analysts, that we believe will drive profitable growth in four areas of market opportunity:

Increasing value for existing customers by optimizing user experience and monetization

Innovating on Synacor-as-a-platform for advanced services

Winning new customers in current and related verticals

Extending our product portfolio into emerging growth areas

o
The
strategic
plan
is
already
yielding
financial
results

,
evidenced
in

Synacor's
Q4
2014
results,
and
continuing
in
Q1
2015:

Q4 2014 was the second highest revenue and highest adjusted EBITDA quarter in the history of the company
Q1 2015 will also be EBITDA profitable, with **results expected to be at the high-end or to exceed guidance**
Drove 5% year-over-year revenue growth in Q4, expected to continue in Q1

o
Stock
price
reflects
renewed
stockholder
confidence

SYNC

rose
by
19.2%
between
the
first
trading
day
after
the

announcement of Q2 2014 results from prior leadership (8/13/14) and the Annual Meeting record date (3/23/15):

SYNC outperformed Nasdaq Composite Index by 620bp, Nasdaq Computer Index by 790bp, and Russell 2000 Index by 840bp

Contains
proprietary
and
confidential
information
owned
by
Synacor,
Inc.

©
/
2015
Synacor,
Inc.

SYNC
SYNC
4
FIRST 6 MONTHS AS CEO
o
Himesh
Bhise
named
CEO
on
August
4
2014
,
after
an
extensive
executive
search
process,
to
turnaround

and
grow
the
company

o
On August 12 2014, the company announced the prior quarter results (from prior leadership), which included the loss of a major customer and the loss of \$7.3M of cash

o
Met with key stakeholders to gather feedback and **determine the right path to maximize stockholder value**

o
Reviewed product portfolio, current investments, and market opportunity with the Board and management team

o
Met with major customers

o
Reached out to major stockholders, including JEC/Ratio

o
Met with industry experts and analysts

o
Quickly **took action** on September 30 2014 **to restructure the business and restore profitability**

o
Right-sized the current business, reducing ~20% of the workforce

o
Focused R&D on the highest-revenue opportunities

o
Reduced operating expenses by ~\$1.5 million per quarter

o
On **October 30 2014 reported positive adjusted EBITDA for Q3**, and announced strategic plan built on four pillars of market opportunity

o
Added
Scott
Murphy
to
the
Board
of
Directors
-
former
US
Congressman
and
Managing
Director
of
Advantage
Capital,
for
his
entrepreneurial

experience,
governance
expertise,
and
additional
stockholder
representation

o

Executing against strategic plan with focus and operating discipline. Making measurable progress on revenue growth and profitability

-

evidenced by partner/customer announcements and record Q4 financial results

Contains
proprietary
and
confidential
information
owned
by
Synacor,
Inc.
©
/
2015
Synacor,
Inc.

SYNC

SYNC

STREAMLINE OPERATIONS AND
DEVELOP OUR TALENT

5

FOUNDATION: OPERATING DISCIPLINE & SOUND FINANCIAL FOOTING

o

Reduced ~70 positions, ~20% of the
workforce

o

Organized talent aligned to products,
creating role and career path clarity

o

Restored positive adjusted EBITDA
and cash flow

Contains

proprietary

and

confidential

information

owned

by

Synacor,
Inc.

©

/

2015

Synacor,
Inc.

FOCUS AND PRIORITIZE SPEND ON
HIGHEST REVENUE-GENERATING ITEMS

o

Reduced overall R&D spend

better

build vs. buy decisions

o

Focused R&D spend on strategic
product priorities

o

Increased emphasis on sales and
marketing

RESTRUCTURING EXPECTED TO DELIVER \$6M+ OF ANNUALIZED SAVINGS

SYNC
SYNC

6

PROFITABLE GROWTH: STRATEGIC PLAN TO MAXIMIZE STOCKHOLDER VALUE

Contains
proprietary
and
confidential
information
owned
by
Synacor,
Inc.
©
/
2015
Synacor,
Inc.

Return to profitable revenue growth
Instill operating discipline and get Synacor back on sound financial footing
Streamline operations and develop our talent
Focus & prioritize R&D on highest revenue-generating opportunities
Increase value for existing customers by optimizing experience & monetization
Accelerate deployment & usage of new portal and communication products
Build & deploy mobile experiences
Optimize monetization
grow video
inventory and data
Innovate on Synacor-as-a-platform for advanced services
Broaden Cloud ID across providers and services
Scale and extend metadata-driven search & discovery
Create a professional services team to deliver end-to-end video solutions
Win new customers in current and related verticals
Continue to pursue remaining broadband and pay-TV providers
Syndicate start modules in related verticals and devices: Wireless, OEMs, Publishers
Extend product portfolio into emerging growth areas
Focused growth in international
Opportunistically explore new services:
Business services
Bill-thru premiums
SYNC

SYNC

SYNC

7

SIGNIFICANT PROGRESS AGAINST OUR STRATEGIC PLAN AND THE FOUR PILLARS OF
MARKET OPPORTUNITY

Contains

proprietary

and

confidential

information

owned

by

Synacor,

Inc.

©

/

2015

Synacor,

Inc.

Synacor

is

the

trusted
technology
development,
multiplatform
services
and
revenue
partner
for
video,
internet
and
communications
providers,
and
device
manufacturers.

We
deliver
modern,
digital
experiences
and
advertising
to
their
consumers
that
require
scale,
actionable
data
and
sophisticated
implementation.

SYNC
SYNC
Contains
proprietary
and
confidential
information
owned
by
Synacor,
Inc.
©
/
2015
Synacor,
Inc.
SYNC
POSITIVE FINANCIAL MOMENTUM IN 2H 2014
REVENUE
ADJUSTED EBITDA
8
FY

2014:
\$2.2M;
vs.
August
12
2014
guidance
of
(\$2.5)M

(\$1.0)M
4Q14: highest EBITDA quarter in the history of the company; 44%
YoY increase

FY
2014:
\$106.6M;
vs.
August
12
2014
guidance
of
\$100M

\$103M
4Q14: second highest revenue quarter in the history of the company;
5% YoY increase

SYNC
CREATING STOCKHOLDER VALUE
RENEWED STOCKHOLDER CONFIDENCE IN BUSINESS HAS DRIVEN A 19.2% APPRECIATION* IN SYNC
STOCK -
OUTPERFORMING THE NASDAQ COMPOSITE BY 620BP AND RUSSELL 2000 INDEX BY 840BP

9
* Between the first trading day after the announcement of Q2 2014 results from prior leadership (8/13/14) and the Annual Meeting

Contains
proprietary
and
confidential
information
owned
by
Synacor,
Inc.
©
/
2015
Synacor,
Inc.
Synacor: 19.20%

NASDAQ Composite: 13.00%

NASDAQ Computer: 11.30%
2000:
10.80%
SYNC

Russell

SYNC

SYNC

10

HIGHLY QUALIFIED AND EXPERIENCED BOARD WHO ARE COMMITTED TO CREATING SUSTAINABLE STOCKHOLDER VALUE

o

Operating leadership of newly appointed CEO Himesh Bhise

o

Synacor's Board and Senior Management have **the depth and diversity of skills and expertise** needed to continue executing on the Four Pillar strategy

o

The Board is comprised of seven **highly-qualified and proven leaders**, including six independent directors

o

The Board includes **current and former C-level executives** from Fortune 500 companies, and veteran professionals responsible for investing hundreds of millions of dollars in growth companies

o

The Board has the business

experience,
commitment
and
stockholder
representation
that
we
believe
is
necessary

to act in the best interests of all Synacor stockholders

o

The Board is **active and engaged**, overseeing the implementation of the Company's Four Pillar strategy and driving results

o

The Board of Directors is **committed to creating sustainable stockholder value**

Contains
proprietary
and
confidential
information
owned

by
Synacor,
Inc.

©

/

2015
Synacor,
Inc.

SYNC

SYNC

11

RIGHT LEADERSHIP TO CREATE SUSTAINABLE STOCKHOLDER VALUE

Contains

proprietary

and

confidential

information

owned

by

Synacor,

Inc.

©

/

2015

Synacor,

Inc.

Himesh Bhise,

Chief Executive Officer

& Director

CEO and Director since August 2014

Leading broadband, multiscreen and mobile executive
Comcast Cable
VP, New Services & Platforms
Charter Communications
VP, General Manager of High Speed Internet
AOL
VP, General Manager of Mobile Division
McKinsey & Company
Associate Partner, Telecom and M&A practices
M.B.A.
The Wharton School at the University of Pennsylvania

SYNC

SYNC

12

RIGHT LEADERSHIP TO CREATE SUSTAINABLE STOCKHOLDER VALUE [CONT D]

Andrew

Kau,

Director

Contains

proprietary

and

confidential

information

owned

by

Synacor,

Inc.

©

/

2015

Synacor,

Inc.

Jordan Levy,

Chairman of the Board
Partner at Softbank Capital
Former senior executive at Software Etc., now GameStop (NYSE:GME)
Co-founder of Software Distribution Services, now known as Ingram Micro (NYSE:IM)
Previously served on the boards of ZipList (sold to Condé Nast), OMGPOP (sold to Zynga), Hyperpublic (sold to Groupon), and Lorex Technology Inc.
Managing Director at Walden International, the leading firm focused on cross-border investments including: GoPro (Nasdaq: GPRO); Inphi Corp. (NYSE:IPHI); iKANG Healthcare Group (Nasdaq:KANG); Semiconductor Manufacturing International (NYSE: SMI)
Strategic
Planning
Associates,
LLC

management
consultant
Booz,
Allen
and
Hamilton,
Inc.

management
consultant

13

RIGHT LEADERSHIP TO CREATE SUSTAINABLE STOCKHOLDER VALUE [CONT D]

o

Managing Director and Chief Investment Officer at
Advantage Capital Partners

o

Former U.S. Congressman

o

Co-founded three tech companies, including an online
auction company that was sold to eBay (Nasdaq: EBAY)
and a website-building company that was sold to iXL
Enterprises, now part of Microsoft

o

Former CEO at Sega GameWorks

o

Former senior executive at DreamWorks Studios and
The Walt Disney Company

o

Board member of DreamWorks Animation SKG, Inc.
(Nasdaq: DWA)

o

Executive Vice President of Corporate

Marketing and Communications at Time Warner Inc.

o

Former EVP at News Corporation

o

Former Board Member of Audible (Nasdaq: ADBL; acquired by Amazon)

o

Former EVP of Motorola Mobility, responsible for leading Motorola's Home business

o

Former EVP of Strategy and CTO of Charter Communications

o

Former SVP and CTO of Adelphia Communications

Gary

Ginsberg

Michael

Montgomery

Scott

Murphy

Marwan Fawaz

SYNC

Contains

proprietary

and

confidential

information

owned

by

Synacor,

Inc.

©

/

2015

Synacor,

Inc.

,

Director

,

Director

,

Director

,

Director

14

SETTING THE RECORD STRAIGHT ON JEC/RATIO'S MISLEADING STATEMENTS AND QUESTIONABLE MOTIVES

o

JEC/Ratio is **seeking to displace the new CEO and disrupt the positive momentum** generated by the Four Pillar business strategy

o

JEC/Ratio **has not offered any constructive alternative business plan** or new ideas to create sustainable stockholder value

o

The JEC/Ratio **nominees lack the public company board level experience** and qualifications of the Synacor nominees

o

Current Directors have not sold a single share of Synacor since our new CEO joined the Company. In fact,

Directors

and

Senior

Management

have

purchased

over

100,000

additional

shares
of
Synacor
during
this
time

o
Current Board and executive officers, together with their affiliates, **own 24.8% of the Company's stock**, so
stockholder interests are well represented on the Board

o
Synacor's current **Management has reached out to JEC/Ratio and remains open to constructive ideas** from all
stockholders

o
The current Board is committed to doing what is in **the best interests of all Synacor stockholders**

o
JEC/Ratio
appears
to
have
questionable
motives

for
waging
a
public
campaign
of
insults
and
attacks

SYNACOR'S CURRENT BOARD AND MANAGEMENT IS EXECUTING ON THE
FOUR PILLAR STRATEGIC PLAN AND ALREADY DELIVERING POSITIVE RESULTS
SYNC

Contains
proprietary
and
confidential
information
owned
by
Synacor,
Inc.

©
/
2015
Synacor,
Inc.

15

SUMMARY: NEW LEADERSHIP AND EXPERIENCED BOARD EXECUTING THE RIGHT STRATEGY TO CREATE SUSTAINABLE STOCKHOLDER VALUE

Contains
proprietary
and
confidential
information
owned
by
Synacor,
Inc.
©
/
2015
Synacor,
Inc.
NOW
IS
NOT
THE
TIME

TO
DISRUPT
THE
MOMENTUM
OF
THE
BUSINESS

o
Highly-qualified
and
experienced
Board
in
place

,
committed
to
creating
sustainable
stockholder
value

o
Board
named
a
new
CEO
in
August
2014

,
after
an
extensive
executive
search
process,
to
turnaround
and
grow
the
company

o
Company
restructured
on
September
30
2014

to
reduce
costs
and
return
to
profitability

o

Management team **executing on a clear strategic plan**, well received by analysts, that we believe will drive profitable growth in key areas of market opportunity:

Increasing value for existing customers by optimizing user experience and monetization

Innovating on Synacor-as-a-platform for advanced services

Winning new customers in current and related verticals

Extending our product portfolio into emerging growth areas

o

The
strategic
plan
is
already
yielding
financial
results

,
evidenced
in
Synacor's
Q4
2014
results,
and
continuing
in
Q1
2015:

Q4 2014 was the second highest revenue and highest adjusted EBITDA quarter in the history of the company

Q1 2015 will also be EBITDA profitable, with **results expected to be at the high-end or to exceed guidance**

Drove 5% year-over-year revenue growth in Q4, expected to continue in Q1

o

Stock
price
reflects
renewed
stockholder confidence

SYNC
rose
by
19.2%
between

the
first
trading
day
after
the
announcement
of

Q2 2014 results from prior leadership (8/13/14) and the Annual Meeting record date (3/23/15):

SYNC outperformed Nasdaq Composite Index by 620bp, Nasdaq Computer Index by 790bp, and Russell 2000 Index by 840bp

SYNC

16
THANK YOU
SYNC
Contains
proprietary
and
confidential
information
owned
by
Synacor,
Inc.
©
/
2015
Synacor,
Inc.

17
APPENDIX
SYNC
Contains
proprietary
and
confidential
information
owned
by
Synacor,
Inc.
©
/
2015
Synacor,
Inc.