

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:

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(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:

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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

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SAFE HARBOR AND IMPORTANT ADDITIONAL INFORMATION

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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.**

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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

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SYNC  
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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

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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

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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

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PROFITABLE GROWTH: STRATEGIC PLAN TO MAXIMIZE STOCKHOLDER VALUE

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

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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.

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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

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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**

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RIGHT LEADERSHIP TO CREATE SUSTAINABLE STOCKHOLDER VALUE

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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

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RIGHT LEADERSHIP TO CREATE SUSTAINABLE STOCKHOLDER VALUE [CONT D]

Andrew

Kau,

Director

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Synacor,

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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

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Synacor,

Inc.

,

Director

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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

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

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NOW  
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TO  
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OF  
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BUSINESS

o  
Highly-qualified  
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price  
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SYNC  
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