
PRESS RELEASE

Open Road Integrated Media CEO Paul Slavin comments on the company's growth in 2016

Open Road Integrated Media CEO Paul Slavin sent a letter to all employees reflecting on the company's performance in 2016, which ended with year-over-year increases of 232% in revenue from newsletters, 23% in revenue for 4th quarter, and 14% in gross profits.

Dear Colleagues,

Twists and turns, ups and downs; through them all, you have performed tremendously, making 2016 quite exciting.

We began the year determined to know our consumer—and have a better view of our own business. The good news today is that Open Road Integrated Media—OR/M—ended 2016 showing consistent and continuous revenue growth, quarter over quarter, throughout the year. We have every reason to be pleased with these results. They show that the implementation of our strategic priority to know and own the consumer is paying off.

In 2016, OR/M laid the groundwork to build our media, marketing services, and direct-to-consumer businesses. Our agile marketing identifies consumers and provides them with relevant messaging at critical points in their journey, which stimulates demand and purchase. These efforts drove increases in revenue throughout the year— helping us grow 23% year-over-year in the 4th quarter, including record-setting revenues from cyber-week. Throughout 2016, average quarterly growth was over 8.5%. Early Bird Books, our daily deals newsletter, delivered the most significant growth in revenue, increasing by 232% year-over-year, which was 40% over budget. Overall OR/M showed better-than-expected earnings across the board in revenues from ebooks, print, distribution, subsidiary rights, and affiliate. Year-over-year gross profits increased by nearly 14%.

By strengthening our internal systems, pursuing a comprehensive data-driven transformation of our business, building a vital direct-to-consumer operation, and realigning our affinity content platforms, we have significantly improved OR/M's growth. Our direct-to-consumer businesses contributed 7.6% of total revenue this year – and we expect these activities to be a source of significant growth in 2017.

We have become digitally driven at all levels – engaging more than 228 million fans through our 3.25 million social media followers this year. Currently OR/M reaches more than 650,000 book-buying customers through our newsletters. We are adding hundreds of thousands of new subscribers to our newsletter lists annually, and we are doing it smartly and efficiently.

Our Early Bird Books newsletter now has almost 500,000 book buyers who are driving double-digit conversions to sale. With the enhancement of our CRM technology, we are able to efficiently identify subscriber behavior-based reading preferences and deliver customized offers.

In a tremendous feat, the editorial team spearheaded a strong bestseller performance with 17 backlist ebooks hitting the Wall Street Journal and New York Times bestseller lists—proving once again the OR/M founding principle that you can bring great backlist to the forefront again. Our acquisitions selection process has been honed to a highly competitive edge, and thousands of backlist titles have undergone a complete transformation of descriptive copy, metadata and cover design.

Our technology team developed and launched Orion, a proprietary web platform, that enables us to continuously iterate new sites. These sites (The Line Up—true crime/horror; The Portalist—science-fiction/fantasy; Early Bird Books) saw more than 22,000,000 users in 2016. These are becoming highly effective customer-acquisition tools and are setting us on the path to develop and deliver key features and experiences that our customers trust and expect from OR/M.

This impressive effort in 2016 is the result of your flexibility, your commitment to growth, and your ability to embrace new ways of working. These are the foundations of a well-run operation, and it is much appreciated. I ask each you to pause for a moment, take a deep breath, and acknowledge what you've accomplished. In 2017 the marathon begins.

—Paul Slavin

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