

OPENTABLE INC
Form 424B1
May 21, 2009

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Filed pursuant to Rule 424(b)(1)
Registration No. 333-157034

PROSPECTUS

3,000,000 Shares

Common Stock

This is the initial public offering of our common stock. We are offering 1,572,684 shares of the common stock offered by this prospectus, and the selling stockholders are offering 1,427,316 shares. We will not receive any proceeds from the sale of shares to be offered by the selling stockholders. Our common stock has been approved for listing on The Nasdaq Global Market under the symbol "OPEN."

Investing in our common stock involves a high degree of risk. See "Risk Factors" on page 10 of this prospectus.

	Per Share	Total
Public offering price	\$20.00	\$60,000,000
Underwriting discount	\$1.40	\$4,200,000
Proceeds, before expenses, to OpenTable, Inc.	\$18.60	\$29,251,922
Proceeds, before expenses, to the selling stockholders	\$18.60	\$26,548,078

The underwriters have a 30-day option to purchase up to an additional 450,000 shares of common stock from us to cover overallotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission nor any other regulatory body has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about May 27, 2009.

Merrill Lynch & Co.

Allen & Company LLC

ThinkEquity LLC

Stifel
Nicolaus

The date of this prospectus is May 21, 2009.

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You should rely only on the information contained in this prospectus or contained in any free writing prospectus filed with the Securities and Exchange Commission. Neither we, the selling stockholders nor the underwriters have authorized anyone to provide you with additional information or information different from that contained in this prospectus or in any free writing prospectus filed with the Securities and Exchange Commission. We and the selling stockholders are offering to sell, and seeking offers to buy, our common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before investing in our common stock, you should carefully read this entire prospectus, including our consolidated financial statements and the related notes included in this prospectus and the information set forth under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Our Company

We provide solutions that form an online network connecting reservation-taking restaurants and people who dine at those restaurants. Our solutions for restaurants include our Electronic Reservation Book, or ERB, which combines proprietary software and computer hardware that computerizes restaurant host-stand operations and replaces traditional pen-and-paper reservation books. Our ERB streamlines and enhances a number of business-critical functions and processes for restaurants, including reservation management, table management, guest recognition and email marketing. The ERBs at our restaurant customers connect via the Internet to form an online network of restaurant reservation books. Our solutions for diners include our popular restaurant reservation website, www.opentable.com, which enables diners to find, choose and book tables at restaurants on the OpenTable network in real time, overcoming the inefficiencies associated with the traditional process of reserving by phone. Restaurants pay us a one-time installation fee for onsite installation and training, a monthly subscription fee for the use of our software and hardware and a fee for each restaurant guest seated through online reservations. Our online reservation service is free to diners.

We initially focused on acquiring a critical mass of local restaurant customers in four metropolitan areas: Chicago, New York, San Francisco and Washington, D.C. These markets have since developed into active, local networks of restaurants and diners that continue to grow. We have applied and continue to apply the same fundamental strategy in developing and penetrating our other markets. As of March 31, 2009, the OpenTable network included approximately 10,000 OpenTable restaurant customers spanning all 50 states as well as select markets outside of the United States. Since our inception in 1998, we have seated approximately 100 million diners through OpenTable reservations, and during the three months ended March 31, 2009, we seated an average of approximately three million diners per month. For the twelve months ended December 31, 2007 and 2008, our revenues were \$41.1 million and \$55.8 million, respectively. For the twelve months ended December 31, 2007 and 2008, our subscription revenues accounted for 55% and 54% of our total revenues, respectively, and our reservation revenues accounted for 41% and 41% of our total revenues, respectively. For the three months ended March 31, 2008 and 2009, our subscription revenues accounted for 52% and 52% of our total revenues, respectively, and our reservation revenues accounted for 44% and 43% of our total revenues, respectively.

Market Opportunity

We target our solutions, by which we mean our ERB and the OpenTable website, to reservation-taking restaurants and diners, respectively. We believe based on our internal estimates that there are approximately 30,000 reservation-taking restaurants in North America that seat approximately 600 million diners through reservations annually, though this number fluctuates with economic and other conditions.

The ability of the restaurant industry to leverage the power of the Internet for reservation transactions has been inhibited by two key characteristics. First, the reservation-taking restaurant industry has been slow to computerize host-stand operations. Restaurant reservations historically have been largely handled by the traditional pen-and-paper reservation book, despite the inherent operational inefficiencies and potential for error. Second, the reservation-taking restaurant industry is

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highly fragmented, with independent restaurants and small, local restaurant groups comprising a significant majority of restaurant locations. The restaurant industry is also inherently local, making it time-consuming and costly to aggregate the breadth of local restaurant table inventory required to attract a critical mass of diners to make reservations online and create an online restaurant reservation network.

Historically, diners learned about restaurants through word of mouth and local print media, such as dining guides, newspapers and magazines. While diners continue to value personal recommendations, the Internet now puts a wealth of restaurant information at their fingertips. However, the ability to book restaurant reservations has largely been missing from online dining sources. Moreover, reserving by phone remains a highly inefficient and inconvenient process. In order for diners to fully embrace online restaurant reservations, they need real-time access to table inventory across a broad selection of local restaurants and the ability to instantly book confirmed reservations around-the-clock.

We believe the Internet can streamline operations and fill additional seats for reservation-taking restaurants and redefine the reservation experience for diners. In addition, we believe that there is a significant opportunity to provide solutions to reservation-taking restaurants and diners, as the network connecting the two groups is created and expanded.

Our Solution

Reservation-taking restaurants and diners have interconnected needs. Restaurants require cost-effective ways to attract guests and manage their reservations, while diners seek convenient ways to find available restaurants, choose among them and secure reservations. By creating an online network of restaurants and diners that transact with each other through real-time reservations, we have developed a specialized platform for addressing the needs of both.

Essential to this network is building a critical mass of local, computerized restaurant reservation books. We achieve this by offering software that provides important operational benefits for the restaurant, bundling it with computer hardware and installing this solution at the restaurant host stand, thereby creating a compelling solution for restaurants. We provide our solutions to individual restaurants within a market, one by one, via a direct sales force. We believe that we deliver a strong return on investment for our restaurant customers by streamlining their operations, filling additional seats and improving their quality of service. As a result, we have historically enjoyed high customer satisfaction and retention rates.

The OpenTable website gives diners real-time access to tables at restaurants on the OpenTable network. As more local restaurants are added to the network, the utility provided to diners increases and more diners discover the benefits of researching restaurants and making reservations on our website. The more diners who use our website to make their dining decisions, the more value we deliver to our restaurant customers and the more restaurants are attracted to our network.

Benefits of OpenTable to Reservation-Taking Restaurants

In response to the needs of reservation-taking restaurants, we offer the OpenTable ERB, a bundled solution consisting of proprietary OpenTable software, which is installed on a touch-screen computer system and supported by various asset-protection and security tools. Additionally, we provide restaurants with access to diners via our website as well as through reservation links on our partners' websites and on restaurants' own websites. Our solutions help restaurants participating in the OpenTable network to:

fill seats that might otherwise remain empty and minimize "no-shows" by offering the convenience of online reservations directly through the OpenTable website as well as indirectly through the websites of our partners and restaurant customers;

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create operational efficiencies by replacing the restaurant's pen-and-paper system with a computerized reservation book and helping restaurants maximize seat utilization, facilitate server rotations and improve table turns;

boost guest recognition and overall guest service by recording diner preferences and histories and by collecting and delivering feedback from OpenTable diners;

computerize their host-stand operations by providing a solution that combines proprietary software and computer hardware and customized, on-site installation, training and technical support; and

market to a targeted audience with measurable results by giving restaurants valuable marketing exposure during the diners' decision-making process and requiring payment by restaurants only for those diners whom they ultimately serve.

Benefits of OpenTable to Diners

In response to the needs of diners, we offer the OpenTable website, a destination website for those seeking a convenient way to research restaurants and make reservations. Our website enables diners to:

find available tables by allowing diners to search for reservations by location, date, time and party size and view real-time table availability across a variety of restaurants;

choose a restaurant by providing diners with restaurant information such as restaurant descriptions, photos and menus as well as lists of restaurants that are most highly rated by OpenTable diners in different categories; and

book instantly-confirmed reservations for free by allowing diners to make reservations through the OpenTable website, which are instantly recorded in the ERB located at the restaurant.

Our Strategy

As our network of reservation-taking restaurants and diners grows, the value we deliver grows as well. Because the foundation of our network is building a critical mass of computerized reservation books, we enhance our offering to diners by adding new restaurant customers. In turn, as more diners use the OpenTable website to make their dining decisions and book their reservations, we deliver more value to our restaurant customers by helping them fill more of their seats. In this process, we grow the value of our business. The key elements of this strategy include:

Continue to Build the OpenTable Network in North America

The value of the OpenTable network grows as participation among restaurants and diners grows. Experience in our earliest markets provided a successful model that we have implemented while entering new markets, and, as a result, our newer North American markets have grown relatively predictably over time. We intend to continue to build our North American network in the United States, Canada and Mexico by employing this proven model, which includes the following elements:

producing and maintaining superior solutions by continuing to evolve our ERB based on nearly a decade of in-field experience as well as feedback from our installed base of approximately 10,000 restaurant customers, and optimizing our website through insights gained from the experience of seating approximately 100 million diners through online reservations;

providing excellent customer service and support by continuing to employ highly trained operational teams to provide installation and training services for our restaurant customers

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and continuing to augment our in-house support staff with contract support services to deliver superior customer assistance;

leveraging our direct sales force, which is experienced in selling the benefits of OpenTable to reservation-taking restaurants, which operate in a highly fragmented industry; and

continuing to attract diners to our website by offering the best reservation experience through enhanced ease of use and restaurant content, thereby increasing market adoption of our solutions, building our brand awareness and driving word-of-mouth referrals to our website.

Expand Internationally

We intend to augment our growing North American business by selectively expanding into countries outside of North America that are characterized by large numbers of online consumer transactions and reservation-taking restaurants. We currently have operations in Germany, Japan and the United Kingdom, each supported with a direct sales force and operational staff. We have approximately 1,000 restaurant customers in these markets. In general, our strategy internationally is to replicate the model we have successfully employed in North America. In particular, our initial focus in new international markets is to increase our restaurant customer base, and we believe the localized versions of our software solution will compete favorably against competitive software offerings, enabling us to expand our network of computerized reservation books across a broad selection of local restaurants.

Risk Factors

Our business is subject to numerous risks and uncertainties, including those highlighted in the section entitled "Risk Factors" immediately following this prospectus summary, that primarily represent challenges we face in connection with the successful implementation of our strategy and the growth of our business. Our limited operating history makes it difficult for us to accurately forecast revenues and appropriately plan our expenses. We expect a number of factors to cause our operating results to fluctuate on a quarterly and annual basis, which may make it difficult to predict our future performance. Such factors include deteriorating global economic conditions and our ability to maintain an adequate rate of growth, effectively manage our growth, retain and attract restaurant customers and visitors to our website, provide a high-quality customer experience through our website and ERB and successfully enter new markets and manage our international expansion.

Corporate Information

We were originally incorporated as easyeats.com, Inc., a California corporation, on October 13, 1998. On June 2, 1999, we changed our name to OpenTable.com, Inc. We subsequently reincorporated in Delaware on September 20, 2000 under our current name, OpenTable, Inc. Our principal executive offices are located at 799 Market Street, 4th Floor, San Francisco, California 94103, and our telephone number is (415) 344-4200. Our website address is www.opentable.com. Information contained on our website is not a part of this prospectus and the inclusion of our website address in this prospectus is an inactive textual reference only. Unless the context requires otherwise, the words "OpenTable," "we," "company," "us" and "our" refer to OpenTable, Inc. and our wholly owned subsidiaries.

OpenTable®, the OpenTable logo and other trademarks or service marks of OpenTable appearing in this prospectus are the property of OpenTable. Trade names, trademarks and service marks of other companies appearing in this prospectus are the property of the respective holders.

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THE OFFERING

Common stock offered:	
By OpenTable, Inc.	1,572,684 shares (or 2,022,684 shares if the underwriters exercise their overallotment option in full)
By the selling stockholders	1,427,316 shares
Shares outstanding after the offering	21,604,587 shares (or 22,054,587 shares if the underwriters exercise their overallotment option in full)
Use of proceeds	The net proceeds to us from this offering, after expenses, will be approximately \$26.3 million after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds from this offering for general corporate purposes, including working capital, sales and marketing activities, general and administrative matters and capital expenditures. We may also use a portion of the net proceeds to acquire or invest in complementary technologies, solutions or businesses or to obtain rights to such complementary technologies, solutions or businesses. There are no agreements or understandings with respect to such a transaction at this time.
Risk factors	See "Risk Factors" beginning on page 10 and the other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our common stock.
Nasdaq Global Market symbol	"OPEN"
The number of shares of our common stock outstanding after this offering is based on 20,031,903 shares outstanding as of March 31, 2009, and excludes:	

an aggregate of 162,836 shares of common stock reserved for issuance under our 1999 Stock Plan;

1,240,104 additional shares of common stock, subject to increase on an annual basis, reserved for issuance under our 2009 Equity Incentive Award Plan, which we plan to adopt in connection with this offering;

2,402,605 shares of common stock issuable upon the exercise of outstanding options to purchase our common stock granted pursuant to our 1999 Stock Plan at a weighted average exercise price of \$7.33 per share; and

182,059 shares of common stock issuable upon the exercise of outstanding warrants at a weighted average exercise price of \$3.85 per share.

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Except as otherwise indicated, information in this prospectus reflects or assumes the following:

a 1-for-12.5 reverse stock split of our common stock and preferred stock effected on May 20, 2009;

that our amended and restated certificate of incorporation, which we will file in connection with the completion of this offering, is in effect;

the automatic conversion of all of our outstanding preferred stock into an aggregate of 9,075,737 shares of common stock upon completion of this offering; and

no exercise of the underwriters' overallotment option to purchase up to 450,000 additional shares of our common stock.

Directors A. George "Skip" Battle, Michelle Peluso and Paul Pressler have indicated an interest in purchasing up to an aggregate of 50,000 shares of common stock in this offering at the initial public offering price of \$20.00 per share. However, because indications of interest are not binding agreements or commitments to purchase, these directors may elect not to purchase any shares in this offering. The shares would be sold to these investors at the same price and on the same terms as the other investors in this offering.

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SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables summarize the consolidated financial data for our business. You should read this summary financial data in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes, all included elsewhere in this prospectus.

We derived the consolidated statements of operations data for the years ended December 31, 2006, 2007 and 2008 from our audited consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated statements of operations data for the three months ended March 31, 2008 and 2009, and the unaudited consolidated balance sheet data as of March 31, 2009, are derived from our unaudited consolidated financial statements included elsewhere in this prospectus. We have prepared the unaudited information on the same basis as the audited consolidated financial statements and have included, in our opinion, all adjustments, consisting only of normal recurring adjustments, that we consider necessary for a fair presentation of the financial information set forth in those statements and reflects a 1-for-12.5 reverse stock split of our common stock and preferred stock effected on May 20, 2009. Results for the three months ended March 31, 2009 are not necessarily indicative of the results to be expected for the fiscal year ending December 31, 2009. Our historical results are not necessarily indicative of the results to be expected in the future.

Pro forma basic net income (loss) per share has been calculated assuming the conversion of all outstanding shares of our preferred stock into 9,075,737 shares of common stock upon the completion of this offering. The balance sheet data as of March 31, 2009 is presented:

on an actual basis;

on a pro forma basis to reflect a 1-for-12.5 reverse stock split of our common stock and preferred stock effected on May 20, 2009 and the automatic conversion of all outstanding shares of our preferred stock into 9,075,737 shares of common stock upon the completion of this offering; and

on a pro forma as adjusted basis to reflect the pro forma adjustments and the sale by us of 1,572,684 shares of common stock offered by this prospectus at the initial public offering price of \$20.00 per share after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

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	Years Ended December 31,			Three Months Ended March 31,	
	2006	2007	2008	2008	2009
(In thousands, except per share amounts)					
Consolidated Statements of Operations Data:					
REVENUES	\$27,168	\$41,148	\$55,844	\$13,263	\$15,995
COSTS AND EXPENSES:					
Operations and support(1)	9,548	12,603	17,760	4,012	5,106
Sales and marketing(1)	7,675	11,326	14,830	3,591	3,798
Technology(1)	4,024	5,863	9,511	2,175	2,712
General and administrative(1)	5,972	12,212	13,117	3,144	3,547
Total costs and expenses	27,219	42,004	55,218	12,922	15,163
Income (loss) from operations	(51)	(856)	626	341	832
Other income, net	421	951	468	180	55
Income before taxes	370	95	1,094	521	887
Income tax expense (benefit)	176	(9,121)	2,118	608	521
NET INCOME (LOSS)	\$ 194	\$ 9,216	\$ (1,024)	\$ (87)	\$ 366
Net income (loss) per share:					
Basic	\$ 0.02	\$ 0.97	\$ (0.10)	\$ (0.01)	\$ 0.04
Diluted	\$ 0.01	\$ 0.46	\$ (0.10)	\$ (0.01)	\$ 0.02
Weighted average shares outstanding:					
Basic	9,132	9,522	10,016	9,850	10,276
Diluted	19,523	20,019	10,016	9,850	21,017
Pro forma net income (loss) per share basic and diluted (unaudited)			\$ (0.05)		\$ 0.02
Pro forma weighted average shares outstanding used in calculating net income (loss) per share (unaudited):					
Basic			19,092		19,352
Diluted			19,092		21,017

(1)

Stock-based compensation included in above line items:

Operations and support	\$ 58	\$ 290	\$ 339	\$ 77	\$ 86
Sales and marketing	67	709	878	228	223
Technology	64	288	694	132	174
General and administrative	520	1,816	2,059	547	476
Total	\$ 709	\$ 3,103	\$ 3,970	\$ 984	\$ 959
Other Operational Data:					
Installed restaurants (at period end):					
North America	5,583	7,391	9,295	7,823	9,548
International	204	470	1,040	581	1,097
Total	5,787	7,861	10,335	8,404	10,645
Seated diners (in thousands):					

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North America	15,171	24,614	33,636	8,395	9,922
International	84	244	542	123	186
Total	15,255	24,858	34,178	8,518	10,108
Headcount (at period end):					
North America	152	192	238	206	245
International	16	34	59	42	55