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Zoom Case Discussion

The COVID-19 pandemic began in January of 2020. With so many individuals unable to meet in person due to the COVID-19 situation, there was a significant surge in demand for video communications, but that alone does not explain Zoom's rise. “Zoom went from an enterprise software provider with little media attention to one receiving nightly news coverage about its explosive ascent and associated growing pains.”(HBS, 2020) Long before Covid-19 shut down offices, events, and travel, they were rapidly expanding. In the years leading up to the pandemic, Zoom had already outperformed its larger competitors. “Zoom was the #1 fastest-growing video conferencing app in 2016, and it hasn’t slowed down since. Over the past three years, Zoom has enjoyed an astounding 876% growth in the number of customers in our network. For comparison, second-place Cisco Webex grew 91% over that same period.” (Forbes, 2021). “Daily downloads of the Zoom app have increased 30x year-over-year and the app has been the top free app for iPhones in the United States since March 18, according to Bernstein Research and Apptopia. Zoom said daily users spiked to 200 million in March, up from 10 million in December.” (CNBC, 2021).

As millions of individuals have been obliged to remain at home to help halt the spread of COVID-19, many have developed innovative approaches to be sociable online, such as happy hours, quiz evenings, and birthday parties. Yet Zoom, one of the hundreds of video conferencing services, has climbed to the top, owing to strict separation policies and a strong resonance within this new social distancing culture. Zoom began trading on the stock market in April of this year. It was renowned at the time for being a rare occurrence: a newly public tech business that made money. One year later, the nation was under lockdown due to the coronavirus outbreak, and Zoom had gone from a specialized business program used by computer businesses to the way people did almost everything. Not only did this imply an increase in Zoom meetings for the millions of people who had just started working and studying from home, but it also meant an increase in Zoom birthdays and baby showers for everyone else. With a free option that restricted calls to 40 minutes and an unlimited paid service that allowed individuals to perform many of the things they used to do in person, it became a vital lifeline to the outside world for many. “Having a corporate Zoom account was like having a new car”, as the joke went at the time. However, some companies banned the platform due to security flaws.

Zoom differentiated itself apart from the competition by taking a unique approach to online conference calls, opting for a "video-first" strategy. They offered various products such as video, chat, and audio to conference room management and third-party tools. While previous platforms emphasized audio as their primary selling point, Zoom was the first to focus on the visual aspect. In addition, they provided video calls that were of greater quality. Before Zoom, group video was costly. They were the first to make them available for free. Competitors eventually caught on and started to provide their services for free as well, but Zoom had already established itself and had a dedicated client base by that time. Customers may have a more natural chat experience using Zoom. Their approach included visual elements such as mobile phone screen sharing, and the platform as a whole was more mobile-friendly than competitors. Their mobile app included features that were previously only available on their website. People invested in Zoom mostly because they had a superior product; they had a product edge. Their approach set them apart from their competition, allowing them to position themselves as the more creative and forward-thinking video conferencing choice. What made them stand out was also what made them better. Since it made things simple for its consumers, Zoom expanded faster than its much bigger rivals. It's simple to set up, utilize, and change the backdrop... maximum simplicity with little work. However, in its quest to make user onboarding as easy as possible, Zoom neglected to take crucial security steps.

Due to one of these flaws, hackers were able to access cameras on Mac computers. Another security issue permitted "zoombombing," in which a hacker could attend a video conference in progress and interrupt it.

The challenges to sustaining Zoom’s growth would be due to Zoombombings, data leakages, privacy shortcomings, ensuring quality of service, and ensuring availability at all times. Since the worldwide quarantine started, a considerable number of so-called Zoom bombings and the practice of unwelcome people hijacking video discussions to disrupt normal operations have been documented. Hijackers, who may range from schoolchildren making harsh remarks or threats to adults posting racist or pornographic information, have spawned a new kind of online trolling.

Based on reports, attackers may utilize the Zoom Windows client's group chat function to transmit URLs that would expose everyone who clicks on them to their Windows network credentials. The Zoom client turns Windows networking Universal Naming Convention (UNC) routes into clickable links, which causes this. When a user clicks on the link, Windows shares the user's login credentials with other users. This is frequently the result of unauthorized access to the company cloud infrastructure, thus robust password controls are essential, as is knowing about all instances of UNC path sharing. Zoom has been accused of providing data to other parties, including Facebook, without telling consumers, according to Business Insider.

According to Vice, the iOS version of Zoom's app transmits data to Facebook even if the user does not have a Facebook account, infringing on its users' privacy. The company delivers best-in-class results. However, in regions where reception is weak or when WiFi networks are overburdened at home, the quality of meetings may suffer. It may be difficult for IT administrators to keep track of whether the product is operating as planned for their staff.

When a staff uses a single platform to plan, coordinate, and make decisions, even a little setback may have a significant influence on the whole timetable. When Zoom is unavailable or not operating as anticipated, IT Administrators must be told in advance so that they may tell their staff to utilize other collaboration software.

The top 3 competitors of Zoom:

Cisco WebEx:
Key Features of Cisco WebEx

- Real-time translation for more than 100 languages
- Post-meeting summary notification
- Shape recognition on whiteboards
- Layout selection on Webex Board
- Change in-meeting roles from your device
- Gesture recognition
- Breakout sessions
- In-meeting media quality on Android and iOS

Google Meet:

Key Features of Google Meet:

- Encrypted video calls with enterprise-grade security
- Live captions, low-light mode, and noise cancellation
- Join meetings with Gmail or the dedicated Meet mobile app
- Free (until October 2020)
- Paid plans start at $10/user per month.

Go To Meeting:
Key Features of Go To Meeting:

- Virtual Whiteboard
- Built-In Audio
- Meeting Scheduler
- Hand Over Control
- One-Click Recording
- Join via Mobile Options
- Desktop/Application Sharing

- Personal Meeting Room
- Zoom SWOT Analysis:

Strengths: ● Number of users ● Client base ● Easy to use ● Convenient and Simple ● Ability to conduct polls, enable hand raising and other gestures, and track participant engagement ● Breakout rooms ● Unique features ● Brand name ● Quality image and video ● Virtual background ● Security improvements ● Screen sharing within multiple devices and systems ● Up to 1,000 participants ● Offers a variety of meeting settings	Weaknesses: ● Ineffective Encryption ● Unpolished features ● Security problems ● Heavily relies on wifi ● Customer service
Opportunities: ● Increasing demands ● Technological Developments ● Diversification ● Expand in international markets ● The freemium strategy made customer acquisition simple	Threats: ● Competition ● Normalization ● Many substitutes

Google Meet SWOT Analysis:

Strengths: ● Accessible through mobile phones and TV screen ● Supports free video call hosting up to 100 participants ● Secured ● Reliable ● Manageable ● Shows up right away in Google Calendar	Weaknesses: ● Free hosting only up to 100 participants ● The 60-minute limit for free users ● If you don't have the Google Meet application, you can only access it through the Google Chrome web browser. ● Heavily reliant on wifi

• No desktop required	
Opportunities: • Educators have a lot of options: break the class into groups, record the videos, mute the participants, share the screen, and automatically record the attendance. • Google Meet provides different features to help the person using digital classrooms.	Threats: • There is a chance of hijacking • Attackers will use the group chat function of the Google Meet Windows client to exchange links that will leak personal information.

Porter's Five Forces of Competition:

1. Threat of New Entrants- High
   a. New entrants pose a significant danger to the sector. Since Zoom is a technology, the industry's entrance barriers are low. To produce a comparable functional technology to Zoom, a company would just need a small amount of money and effort.
2. Threat of Substitutes- High
   a. For Zoom, the danger of alternatives is quite real. Cisco Webex Meetings, Microsoft Teams, Google Hangouts, GoToMeeting, and others are among the industry's current rivals.
3. Buyer Power- High
   a. Consumers in the business and education sectors are industry buyers. Switching costs are inexpensive, and customers may use any other video conference platform at any time, giving them a strong negotiating position.
4. Supplier Power- Moderate
   a. Internet service providers are among the industry's suppliers. They are crucial to the commercial success of the sector. Low industrial switching costs - a variety of internet providers are accessible. The quality of internet service providers' products may influence industry switching costs.
5. Competitive Rivalry- High
   a. Intensity of industrial competition: HIGH. The danger of new entrants, substitutes, and consumer negotiating power are all significant in this business,

whereas supplier bargaining power is low. As a result of all of these causes, the industry's rivalry is heightened and competitiveness is increased.

Financial Analysis:
EBIT:
1/31/2021:
$659, 848
1/31/2020:
$12, 696
1/31/2019:
$6,167
According to the past 3 years, we could notice how the year-to-year profit (EBIT) increased twice the amount from 2019 to 2020. The moment COVID-19 hit and everything was closed, it went even higher in 2021 as everyone had to adapt to the normality of life during the pandemic. Everyone depended on the platform as cases rised and lockdowns occurred. Based on the case, Zoom held the title of being the most downloaded app in both Google Play and the App Store.

Year to Year Revenue Growth:
1/31/2019:
$330,517
1/31/2020:
$622,658
1/31/2021:
$2,651,368
As we look at the company's revenue growth we can see that their revenue doubled from 2019-2021. This is due to the popularity of the platform in 2021 and its successful performance as it has been continuously used by millions of users up to this day. They went from 10 million to 300 million users daily.

Year-to-year EPS growth:
1/31/2019:
0.03
1/31/2020:
0.09
1/31/2021:
2.37
Zoom did not have a lot of earnings to give to shareholders in 2019-2020. However, as the pandemic's mortality rate started to stabilize, it rose to 2.37, making the firm more lucrative and

indicating a significant increase. Because of this enormous surge, it's possible that the sole reason for this advancement is due to the pandemic, and that there's limited hope for long-term growth.

Current Ratio- Year 2021: 3.8- We could see that it is more than 3, indicating that they are profitable enough to pay off their debt and other obligations.
Debt-to-Equity Ratio-Year 2021: 0.37-As it is less than 1, their equity is higher compared to the debt of Zoom.
Net profit margin- Year 2021: 0.98- Its net profit margin is much greater compared to the past years, approaching 1 in 2021. Even though this is about normal for businesses, Zoom has made a lot of money throughout the pandemic.
Return on equity-Year 2021: 0.17- As the ROE ranges from .15-.20, it means that it is somewhat satisfactory. As a result, we can observe how the business is growing its profit margins.
Quick Ratio-2021: 3.46- We could see that the quick ratio is more than 1, which states that Zoom has the capability to pay its liabilities and they are doing great.