

# No Filter: How Instagram Caused Hipstamatic To Lose Focus And Gamble On Social | Fast Company

When I ask Hipstamatic CEO Lucas Buick if he lost focus in the last year, he immediately responds, "Absolutely." Since laying off roughly half of his workforce in August, Buick has had to come to terms with his darling Silicon Valley startup suffering negative press, ex-employee reprisals, and a public perception that his company is approaching bankruptcy.

Three years ago, Buick launched a \$1.99 photo app that takes analog-style photographs and sells in-app digital lenses and films that effectively turn your iPhone into an old-school instant camera. The startup attracted millions of users and millions of dollars in revenue, and Buick believed the company could become "Kodak for the digital era." He envisioned a future where Hipstamatic would become the industry leader in digital camera goods and third-party photography and printing services. But the fickle app market where Hipstamatic dwells has since become obsessed with finding the next killer social photo app.

Throughout 2011 and leading into the new year, Buick began moving his own startup toward social. But by that time, it was perhaps already too late: Its photo-sharing competitor Instagram had soared beyond Hipstamatic in popularity, and would soon capture the attention of Facebook. Like so many other startups in transition, Hipstamatic would soon start experiencing severe growing pains. As it hired more people and pursued new products in an attempt to keep pace with competing apps, Hipstamatic's culture became fractured. On one side, founders chased venture capital and rushed through work on a series of half-baked products, while on the other side, newly hired employees struggled to build something they thought would last. The two groups had very disparate visions for Hipstamatic's future.

For a startup that prides itself on the originality and creativity of its users, Hipstamatic spent much of 2012 chasing many other companies' ideas. "I can honestly say that there was a lot of talk about Instagram, Path, and social," Buick says of his company's internal discussions. "Ultimately, that's what shifted our focus away from who we really are."

**In the most regrettable ways, Hipstamatic was, in fact, becoming Kodak.** Like the once venerable brand, which failed to keep pace with industry changes during the 1990s, Hipstamatic was struggling to adapt to the daily chaos and external pressures of the social app world.

It had arrived at a crossroads that many other startups inevitably encounter: Hipstamatic had to pivot. So in February of 2012, an engineer started work on a project internally called CS9, which would expand Hipstamatic's filters to video, similar to the 18-month-old service Viddy, which is often called the Instagram of video. (According to Buick, the idea was on the "product list for two years," but only kicked into gear again in February.) Around that time, another team began developing a prototype web service and iPhone app codenamed Timeline. ("It was a horrible name," acknowledges one former employee. "I was confused by it so much I begged them to rename it internally just so I could keep up with the differences between Facebook Timeline and our Timeline app.") Timeline would aggregate photos from a user's fragmented social networks, pulling images from Instagram, Tumblr, and Twitter into one unified stream; the team also had plans to add Facebook photos and implement cross-network interactions for commenting and liking.

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Also on the docket was Hipstamatic Classic, the internal name for the new version of the original photo app, which would have more mainstream, point-and-shoot-camera-like functionality. (The social app would assume the Hipstamatic branding, or possibly be called Hipstamatic Next, sources say, though nothing was ever finalized.) "They wanted to make a Camera+ killer--it was actually described in those terms," says Jonathan Wight, a former engineer at the company, referring to the popular camera app that had become one of the top-selling photography services on iTunes.

(Molli Sullivan, Hipstamatic's director of communications, disputes Wight's recollection. "There were no conversations around app killers--there was nothing around any type of killing of other companies," she says. "When we looked at the competitive landscape, we would have discussions around other companies, but it was never malicious. That's not what the conversations were like." However, at least one other source says it wasn't uncommon to refer to the product as a "Camera+ killer.")

In March, Hipstamatic held a demo for Timeline and a companywide meeting about the product. Buick distributed questionnaires to employees afterward to gather feedback about the prototype, but their feelings had already become evident at the meeting. "Once you attached Timeline to a camera app, it became Instagram," Wight says. "During the meeting everyone was like, 'You know this is Instagram, right?' It was voiced several times: 'This sounds a lot like Instagram.'"

One former developer, who was also present in the meeting, recalls, "People raised concerns that it didn't offer anything more than an Instagram feed of photos, and that we would basically be mimicking all the functionality that Instagram already had."

"At the beginning of the meeting, Lucas was very vocal and upbeat, but the second that was said--that it was basically just a version of Instagram--he immediately shut down, became quiet, and seemed pissed off," says Stuart Norrie, then a designer at the company. "It was very clear those comments touched a nerve."

Sullivan confirms the meeting took place, but clarifies, "There were a lot of questions about [Timeline]. We were testing a lot of different technology. I wouldn't put so much focus on Instagram--it wouldn't be right to focus entirely on comparing things to Instagram. While Instagram may have been mentioned, there were other companies [mentioned]. When you're looking at the competitive landscape, more than one company comes up."

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Indeed, by that time, rather than viewing Instagram as a competitor needing to be challenged, Buick had actually decided to partner with Instagram. He and Instagram CEO Kevin Systrom, who Buick refers to as his "best frenemy," had been in talks for weeks over ways to team up. (The two are friendly and get drinks together every so often. Says Buick, "I'm a whisky drinker, though not quite as hardcore a whisky drinker as Kevin is.") In late March, the companies unveiled an exclusive partnership that would allow Hipstamatic photos to be seamlessly shared on Instagram's network with one click. "When we launched, it was all about Facebook, Flickr, and Twitter, and now we're seeing a huge shift in our user base toward Instagram," Buick told me at the time.

The partnership provided additional exposure to Hipstamatic on Instagram's platform. By then, Instagram boasted 27 million users, while Hipstamatic had peaked at roughly 4 million active users.

But what the partnership most demonstrated was the powerful social pull that Instagram wielded. "We started to see how many people were sharing to Instagram, and I think [Buick] felt like he was missing out on all that," says Sam Soffes, a former iOS engineer at the company, who would later have a dustup with Buick.

Then, just 19 days later, Facebook CEO Mark Zuckerberg announced that Facebook would be acquiring Instagram for \$1 billion. “People were shocked,” says the former developer. “[Creative director] Aravind [Kaimal] was upset.”

“I was sitting next to Jon [Wight] who just said aloud, ‘Oh, Facebook bought Instagram?’ I think it was [CTO] Ryan [Dorshorst] who was like, ‘No way--that’s a joke.’ We all thought it was a headline on *The Onion*,” recalls Laura Polkus, a former designer at Hipstamatic. “Then we saw Mark’s blog post. And it was like, ‘Wait, one billion? Like, a billion dollars? What? What does that mean for us? Does that mean that [Instagram] won?’” The team spent most of that April morning reading stories about the acquisition.

Buick was on a plane landing in New York from London when he heard the news. He sent Systrom a congratulatory note, but otherwise didn’t return to Hipstamatic’s headquarters for several days. “It was never our goal to be acquired,” explains Buick, who adds that, if anything, he was happy for Systrom. “We weren’t building that type of company.”

“He didn’t have much of an outward reaction. He was more like, ‘Well, that’s fine; we didn’t want to be bought,’” confirms Polkus. “At least that’s what he told us, regardless if it’s true. I mean, I don’t know who wouldn’t want a billion dollars. It would’ve gone through my head if I was in his position: Why not us?”

**Lucas Buick was shopping at Uniqlo** when he received a phone call. It was mid-April, not long after Facebook had announced it would be acquiring Instagram. (Some sources say it was on the day of the announcement.) The call Buick received, it turned out, was from Twitter, which again expressed interest in acquiring Hipstamatic, sources say. Before Facebook beat it to the punch, Twitter was reportedly interested in purchasing Instagram in order to bolster photo sharing on its network. Perhaps Hipstamatic wasn’t such a bad secondary option. Buick entertained the idea, sources say, but never seriously considered it. (Hipstamatic and Twitter declined to comment on this matter.)

By that point, the Hipstamatic team already had enough on its plate without potential acquisition offers. Outside CS9, Timeline, and Hipstamatic Classic, multiple sources say the company was juggling an ever-growing number of projects, including a physical Hipstamatic camera. “There were plans to do a photography field guide, a bunch of community initiatives, and always talk of physical products,” says one source. “I guess none of that really happened. Products would get shelved, ideas would get thrown away, and new things would take their place.”

In the spring of 2012, for example, after both Timeline and CS9 had died, another social idea started to take priority: The Hipstamatic team began work on a new product that Buick says was a cross “between Tumblr and Instagram.” It would be a private social network, like Path, designed to share the photographs you still find yourself inefficiently sending to friends via email or text or showing them in person. (The sharing feature was internally called PhotoMail, sources say.) As Buick explains, “It all comes down to brunch. After some shit goes down on Saturday night, there’s always the great iPhone swap over brunch. These are photos that you don’t want on Facebook but you want your friends to have.”

But nearly all involved say the experience never came together in any coherent way. “They wanted it to be everything: to be Camera+; to be Path; to be Pinterest,” the former employee says. “It was kind of like the new [group photo-sharing] Flock app--that’s pretty much what we wanted to do.” Even “director of fun” Mario Estrada, who is still with the company, admits, “None of us could really identify it. We kept on talking about the elevator pitch to describe what the product was. The product never really made complete sense.”

Despite the internal confusion, Buick knew that if his company were to seriously compete in social, it would need to raise a round of funding. Hipstamatic’s pivot toward social would be a huge risk for the company. In order to scale a private social network and achieve viral growth numbers, Hipstamatic would

have to become a free service, Buick explains, which would upend its business model and cut off its revenue stream. Buick also had hoped to triple the size of the startup's team. Over the summer, he set out on a financing tour to meet with as many investors as possible, in hopes of raising between \$15 million and \$20 million.

"We didn't need money to operate the type of business that we had," Buick says. "What we needed money for was scaling the social network--to build another fucking social network."

"At a company meeting they announced they were going after VC money, which we thought was kind of strange because we had a good amount of money coming in. Well, supposedly. I didn't get to see the financials," Wight recalls. "I started to wonder if the financial situation was worse than I thought. When they decided to go for venture capital money, that's when things went a little bit crazy."

As the summer progressed, multiple sources say Hipstamatic's product plans only became more complicated. "Whenever Lucas came in, he would have another crazy idea," says Wight. At one point, the team started experimenting with a Zynga-like virtual goods store where users could purchase Hipstamatic credits that could be spent on individual photo filters. "The idea was you'd go to this store and spend \$1 to get 50 credits," Wight recalls. "I had very strong objections because it was basically relying on the end users being dumb to get more money out of them."

The team also explored the concept of digital galleries, which were going to be akin to Pinterest pinboards but for Hipstamatic photos, so users could start their own galleries and list their favorite pictures. Another idea involved situation-specific filters: say, a filter for night photography, or for taking pictures of food.

Sources say the product kept changing from week to week, with little or no concrete direction from higher-ups. Says the former developer, "There was a lot of direction change--a lot of, 'We're going to do this! No! We're going to do that instead! No, that doesn't matter; this matters now!'"

"We didn't know what we were supposed to keep adding to this social app without getting any feedback," the former employee explains. "At a certain point, we would come to work and just talk for hours. They kept pushing everything off, and it got to the point where by the end, we were just twiddling our thumbs trying to find stuff to do."

Hipstamatic disputes this characterization of the company. When asked about the startup's seemingly haphazard product roadmap, Buick says, "I feel like we're reliving our whiteboards here."

"It's just not true that there was a new idea every single week," says Sullivan, the company's spokesperson. "Absolutely, we would whiteboard. Everyone would talk and throw ideas out about what the product could look like. But to lay this out like Lucas and [CTO] Ryan [Dorshorst] were changing their minds every other week is not accurate, and it's not fair to what the process was like."

Stuart Norrie, the former designer, describes a different atmosphere at the company. "There were 9 billion ideas on the table and nobody was saying what to do," he says. "They didn't really know what their next move was, and it was very apparent that they were paralyzed in making decisions. They were constantly switching back and forth. I'd ask them for feedback and they would never have an answer. They'd be like, 'We'll talk about it next week.' I'm like, 'But it's only Tuesday! What am I supposed to do?' It was the most unproductive time of my life, and I'm including grade school."

**As if the company didn't already have enough projects in the pipeline**, in June of 2012, Hipstamatic released yet another side project called Snap Magazine. Snap was an iPad magazine that would give Hipstamatic an editorial voice, and enable the company to highlight exemplary user photography as well as potentially push advertising and in-app purchases down the road.

In a sea of stop-and-go projects, Snap Magazine somehow turned out to be a big success. Its first several issues over the summer received more than 100,000 downloads, and Apple would eventually feature Snap on billboards and in an iPad commercial.

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But despite the external success of the product, internally, tension had reached a boiling point, and demonstrated Buick's growing disconnect with Hipstamatic's developers, in terms of both product development and company direction. The tension spoke to a larger divide between the company's designers and engineers, an obstacle that most startups face at some point. As Buick tells me, his founding team, which was composed mostly of designers, "never operated [Hipstamatic] as a software company. As we started building that type of company, we ended up with really talented engineers who were not used to our creative process. There was tension. There was separation on the teams."

The "teams" that Buick describes can be divvied up into two groups: the new hires, composed mostly of the development team, and the members of the founding team, who call themselves the "Wolfpack," a likely reference to the film *The Hangover*. The "Wolfpack" includes Buick, Dorshurst, Mario Estrada, and creative director Aravind Kaimal, most of whom were friends from the University of Wisconsin at Stevens Point. The "Wolfpack" became a source of resentment for the new hires, who felt the clique created unnecessary splintering within the small startup. "It was not a well-loved term by nonmembers of this group because it felt divisive and, for some, just further evidence that there was an in- and out-crowd within the company," says the former developer.

"I shit you not: They'd actually be like, 'Wolfpack is going to lunch,' or 'Wolfpack just got back from Vegas,'" recalls Norrie. "It was like, good god." Another source confirms that it was common for the founding team to say, "I want it to just be a Wolfpack thing this weekend."

The tension between the "Wolfpack" and other hires reached a breaking point during the development of Snap. At the time, the team was discussing whether to build an in-house solution for the magazine or to outsource it to Adobe's publishing platform. The latter solution, which is used by publishers such as Condé Nast and *Fast Company*, would allow the company to quickly get to market, but it would also cost upward of \$75,000 for an annual license. Hipstamatic's team could build its own publishing platform, but in one watershed meeting, Buick directly questioned whether his developers could even build the product themselves.

The discussion became heated, and a war of words erupted between Buick and Sam Soffes, the former iOS engineer, who argued he could build a solution that was just as good as or better than Adobe's platform. "It was a big argument right in the big open area of the office," recalls Wight.

Music was blaring through the headphones worn by Laura Polkus and Stuart Norrie when the two heard shouting between Buick and Soffes. "My music was really loud but I started hearing raised voices, so I sent an IM to Laura and was like, 'Are you hearing this?'" Norrie recalls. "I hit pause and all of sudden F-bombs were dropping like it's D-Day."

"I remember I was like, 'You're completely wrong. I can pull up graphs on my computer and show you how much faster we can build it,'" Soffes recalls. "And he goes, 'I got two graphs for you.' And then he gave me the finger in both hands."

"The double bird," Polkus recalls.

"The entire company basically saw the CEO of this company give the double finger to a developer," Wight says. "It wasn't in jest either. It was, 'I'm angry, so fuck off.' Lucas walked out. That pretty much sums up

the company for me. You just don't do that as the CEO."

Buick acknowledges that the argument took place, but says he wanted to go with Adobe's platform only because there "were not enough engineering resources to go around." Buick also clarifies that he hadn't realized how expensive it would be to use Adobe's platform yet. "I mean, I certainly feel bad about it," he adds, referring to the exchange. "I don't feel like an adult about what I did, but it happens. Shit happens. Let's move on."

Of course, it's far from uncommon for tensions to spill over in any environment where strong-willed personalities tend to prevail. But the tenseness of the relationship between designers and engineers at Hipstamatic was palpable, ex-employees say. In fact, Soffes left Hipstamatic not long after his argument with Buick.

The quarrel also highlighted bigger issues simmering within the company regarding its overall vision. To Buick, Snap Magazine was an opportunity to further cultivate its growing photography community, in industries ranging from fashion to media. It was part of his strategy to make Hipstamatic a "lifestyle brand," as he calls it.

But others inside the organization felt that idea made little sense. To some, between D Series and Family Album, two past, semi-social products soon to be discontinued; Timeline and CS9, which were both killed; and ongoing plans to make a social app, remake its camera app, and develop potential hardware products--in addition to Snap Magazine and two other previously released photo products called Incredibooth and Swankolab--Buick's referral to Hipstamatic as a "lifestyle brand" was simply wishy-washy jargon meant to mask the company's floundering product strategy. "They kept pitching us, 'We're a lifestyle brand,' whatever the fuck that means," says the former employee. "We didn't know what to do because there was no direction. It was a bunch of art school kids that didn't know how to run a software company."

"Most of my time was trying to convince the development team of what the lifestyle brand was, and then trying to convince the lifestyle people what the development team was doing," acknowledges Buick. "Ultimately, we never got on the same page."

"We may have been a lifestyle brand," says Wight, "but we also make software. And we had to get serious about making software. We had the loosest, most disorganized plan I have ever seen--there weren't even regular developer meetings. We needed someone who could lead the development team."

"Very clearly there was a growing disconnect between the teams. It's a company of designers versus guys who are engineers, so it's not always easy to speak the same language. Did we experiment with a lot of different ideas over the course of the last year? Absolutely," says Sullivan, the company's spokesperson. "These engineers are very used to a certain structure or company or schedule, and maybe that wasn't quite aligned with the vision we had."

Says the former developer, "Hipstamatic needed to transition to a software company, but it failed to do that."