**HW Week 7-Ind: Case: Dropbox**

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**This case is part of the course pack on HBSP, see a link in syllabus. Write detailed answers, starting with a brief summary what this case is about. 2 pages max.**

This case is about how Dropbox evolved, started from a simple idea while Houston was waiting for his train, to a billion dollar start up. It takes you through the journey, starting from the initial set up, raising funds, proposing new ideas, and taking tough decisions.

**Dropbox Case Assignment Questions:**

1. **Should Dropbox launch a version targeted to SMBs? Justify your answer.**

Ans. Yes, I think that Dropbox should create a version specifically targeted towards SMBs. It is evident from the rankings, that Dropbox didn’t have any presence in the SMB sector. SMB is the cornerstone of the industry, and the major thing that drives its growth. Companies like Carbonite have SMB versions, with features like a dashboard, easy recovery and priority support. Even though Carbonite incurred heavy losses that can be probably be blamed to the fact that it had its own servers, unlike Dropbox which used S3, for storage.

1. **Dropbox is a late mover in a crowded space. What opportunity did Houston see? Be specific.**

Houston got the idea for Dropbox, when he accidently forgot his pen drive for the project he had to present in New York, at home. He realized that all the cloud storages, were used by SMBs and not consumers. He asserted that dropbox would have a performance advantage, as it will store the files locally, and update them over the cloud using internet. He noted that this would let transfer data over firewalls, and the size of files would be less of an issue.

1. **Estimate current (2010) profitability for Dropbox (evaluate fixed and variable costs & revenue per year). List your assumptions and calculations.**
2. **When he applied to Y Combinator (see case Exhibit 3), what hypotheses did Houston hold about key elements of Dropbox’s strategy? Be specific. As of June 2010, which if them turned out to be wrong? Be specific.**

Houston proposed Dropbox as a software for syncing between home and work machines, which is integrated in windows. He focused on the ‘Just Works’ strategy. He had several ideas in his mind, like syncing google docs to local doc files. The main focus is to provide easy to use syncing, version control, tracking and protection in one whole package. He aimed to replace usb and hard disk storages.

1. **Three things you learned from this case?**