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Emnekode og emnenavn:	BU5100-13 Entreprenørskap
Tittel norsk:	-
Tittel engelsk:	Assignment 2: WeVideo
Eventuell oppdragsgiver:	-
Utleveringsdato:	7.10.2013
Innleveringsdato:	27.10.2013
Antall sider:	15 247 characters (including spaces) / 2300 = 6.63 pages
Antall ord:	2 397
WeVideo's current business model, whether or not WeVideo's strategy is a <i>Blue Ocean strategy</i> or not, and my short take on WeVideo can improve their chances of success.	
Gruppenavn:	-
Studentnavn:	Studentnummer:
Martin Lehmann	700766

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1. WeVideo's current business model

WeVideo's has a *freemium* subscription business model (WeVideo 2013:1). Their model can be analysed through the Business Model Canvas (Osterwalder & Pigneur 2010) as follows.

1.1 Customer segments

WeVideo offers both B2C (business to consumer) and B2B2C (business to business to consumer) services. This section relies heavily on (Ræstad 2012). One important note is that the platform is only available in English. This may prove to be a problem in non-English speaking countries, especially for young users.

1.1.1 B2B2C

WeVideo targets online marketers and individuals concerned with online marketing looking to use video to boost the engagement of their users and visitors, or generate content in order to for example show off houses they are selling (WeVideo 2013:3).

One group split into two, with much in common, consists of schools (WeVideo 2013:5) and higher education (WeVideo 2013:6) that wish to use video editing as part of their teaching and attempts to encourage student engagement.

1.1.2 B2C

WeVideo targets individuals who wish to create quality video they *want* to share with minimal effort (WeVideo 2013:4).

1.2 Value propositions

This section relies entirely on (Ræstad 2012) and (WeVideo 2013:1 through 6).

1.2.1 B2B2C

Online marketers who wish to create video content to engage their users and visitors need to know how to edit video. This is a process with a steep learning curve, and can be very time consuming due to rendering times, storage problems, and availability of files because video usually involves large raw files. WeVideo solves these problems through a completely cloud-based in-browser interface for editing video in all common video (compression) formats, and an extremely simple process of actually editing the video.

Schools that wish to use video in their teaching run into several problems as well. Computational power, installation of software, and lacking support of video compression formats are all things that need to be taken into account when deciding if video editing should be part of a course. WeVideo solves this by taking

everything to the cloud, supporting most video compression formats, and offering computational power as a part of their service. In addition, schools may want collaboration on video editing, which can be a downright pain with traditional software (Ræstad 2012). WeVideo offers collaboration as an integral part of the service.

1.2.2 B2C

The majority of personal video shared online today is raw footage, and it shows. There are few, if any, other simple ways of editing video, let alone in the browser, as of today. There are no other (established) ways of collaborating on video editing. WeVideo makes it simple to add very few touches in order to make a video far more compelling, and turn it into something the user *wants* to share. In addition, WeVideo forms partnerships with existing video sharing platforms such as YouTube so as to simplify the entire process.

1.3 Channels

WeVideo communicates their value propositions online through their website, and reach out to end customers through letting partners integrate the WeVideo platform into their own service.

1.4 Customer relationships

1.4.1 B2B2C

WeVideo works to address each partner's specific needs, and has no self-service for organisations that wish to register for one of the partner programs. This allows for tailoring each implementation to the specific organisation's needs, which seems to be very well received (WeVideo 2013:2).

1.4.2 B2C

The end users who wish to use WeVideo directly may sign up and start creating content entirely through self-service (WeVideo 2013:1). This includes individuals, schools, marketers, and the like. WeVideo offers separate licences (and thus conditions) for Free, Premium, Business, and Educational use.

1.5 Revenue streams

WeVideo's revenue is based entirely on a freemium subscription model with monthly and yearly licence fees. The fees vary for individual end users, businesses, and schools and higher education. Each type of licence comes with a different set of features or removed limitations – for instance, the Business licence comes with an administration panel and a limited number of users (Ræstad 2012). Business and school licences are charged on a yearly basis, whereas individual end user licences are offered for a monthly fee.

1.6 Key resources

WeVideo relies heavily on Amazon's services for both computational power, storage, and web services (Ræstad 2012). This resource is obviously very important to the service, but there are many other options out there today. There is no need to fear that Amazon will act as one of Porter's five forces to shape strategy (Porter 2008) and force WeVideo to lower its prices.

1.7 Key activities

WeVideo's key activities consist of research and development, platform maintenance, customer support, direct partner communication, and marketing (Ræstad 2012).

1.8 Key partnerships

WeVideo's key partners are clearly divided into four different groups. WeVideo aims to reach consumers through partners. A partner can be any organisation that allows users to work with video footage, or are advising a customer on use of video. This section relies on (WeVideo 2013:2).

The Strategic Partner Program reaches out to "large, global organisations with a broad reach into consumer markets that include WeVideo technology into their own offerings". Strategic partners who simply wish to offer their users a way of editing video can integrate the WeVideo platform into their own product through this program. WeVideo's sharing capabilities make it easy to let users share the created content, engaging creation further. Strategic partners are, alongside Content partners, one of the two most important partner types to maintain long-term relationships with.

The Content Partner Program is "tailored to media-centric companies that want new ways to engage their audiences and visitors online". Organisations may do so through this program, which involves embedding the WeVideo platform into their service. Allowing users to improve their video with minimal effort before publishing it increases the quality of the organisation's platform's content, and engages their customers to share more through letting them create content they *want* to share. Content partners are, alongside Strategic partners, one of the two most important partner types to maintain long-term relationships with.

The Reseller Program is meant for "organisations with video expertise who wish to resell WeVideo products and services to their clients and consumers", "ideal for agencies, consultants and online content distributors". This lets agencies, consultants, and online content distributors help their customers "harness the power of video in their own communications". The Reseller partners may come and go with little effect on revenue compared to Strategic and Content partners, although the impact is still significant.

The Affiliate Program allows organisations to refer subscription sales directly to the WeVideo online store. Affiliate partners are probably the least important partners to maintain long-term relationships with, even though they clearly make a difference.

1.9 Cost structure

Even speculating seems silly when there are no concrete numbers or facts available to base the guesses on, so there are no guesses as to cost.

WeVideo has offices in both Norway and the USA (WeVideo 2013:7).

The service depends on the Amazon Web Services package for computational power, storage, as well as their actual web service (Ræstad 2012).

2. Does WeVideo have a *Blue Ocean Strategy*?

This section is largely based on the presentation “blue ocean strategy: Go where profits and growth are – and where the competition isn’t” by W. Chan Kim and Renée Mauborgne, and lecture six given at the Norwegian School of Information Technology in BU5100-13 Entrepreneurship, by Fredrik Medby Hagen (2013).

A “blue ocean” is a field where there is no competition, even if it lies very close to other fields with several actors and high competition. The *Blue Ocean Strategy* consists of several steps. First, explore and identify blue oceans. Second, define a new service or product in order to create a market. Third, embrace new customers. Fourth, perform a reality check on your strategy.

A Strategy Canvas is an integral part of identifying blue oceans. It is a graph rating value relatively to close competitors. Based largely on personal experience, WeVideo can be compared to some of its competitors as shown in figure 1.

“Bundled” means the video editing software that is pre-installed on Microsoft Windows (Windows Live Movie Maker) and OSX (iMovie). Even though these differ from one another in many areas, their similarities are great enough that they can be combined for these criteria.

Collaboration reflects the option to collaborate on video and how seamlessly it works. **Time spent editing** means the time spent from raw material to a complete and exportable video. **Portability** considers what devices are able for editing. **Simplicity** means usability and intuitiveness. **Ease of installation** regards the overhead of downloading (or even buying an installation disc) and installing the software on a computer.

Computational requirements are defined by what is required from a computer hardware-wise for using the software, and how well it runs. **Storage requirements** are the requirements for physical space (hard drives, SSDs) for editing video, especially with high resolution. **Rendering time** is the time taken to export a video to desired quality and have it ready for sharing. **Available export qualities** regard limitations on what resolutions and formats the video can be exported to, and by extent, what platforms the video can be shared to. **Format support** considers what video (compression) formats the software can handle without re-encoding the raw files. **Ease of sharing** means the time taken from when a video is exported to desired quality until it is shared on various platforms, like YouTube and Vimeo. **Cost** means the price of the software (keep in mind that there are several business models to consider here). **Video length** considers limitations on the length of an exported video. **Cross-device file availability** means the possibility of saving a project on one device and continuing editing it on another. **Internet connection requirement** reflects whether or not an internet connection is required to do work.

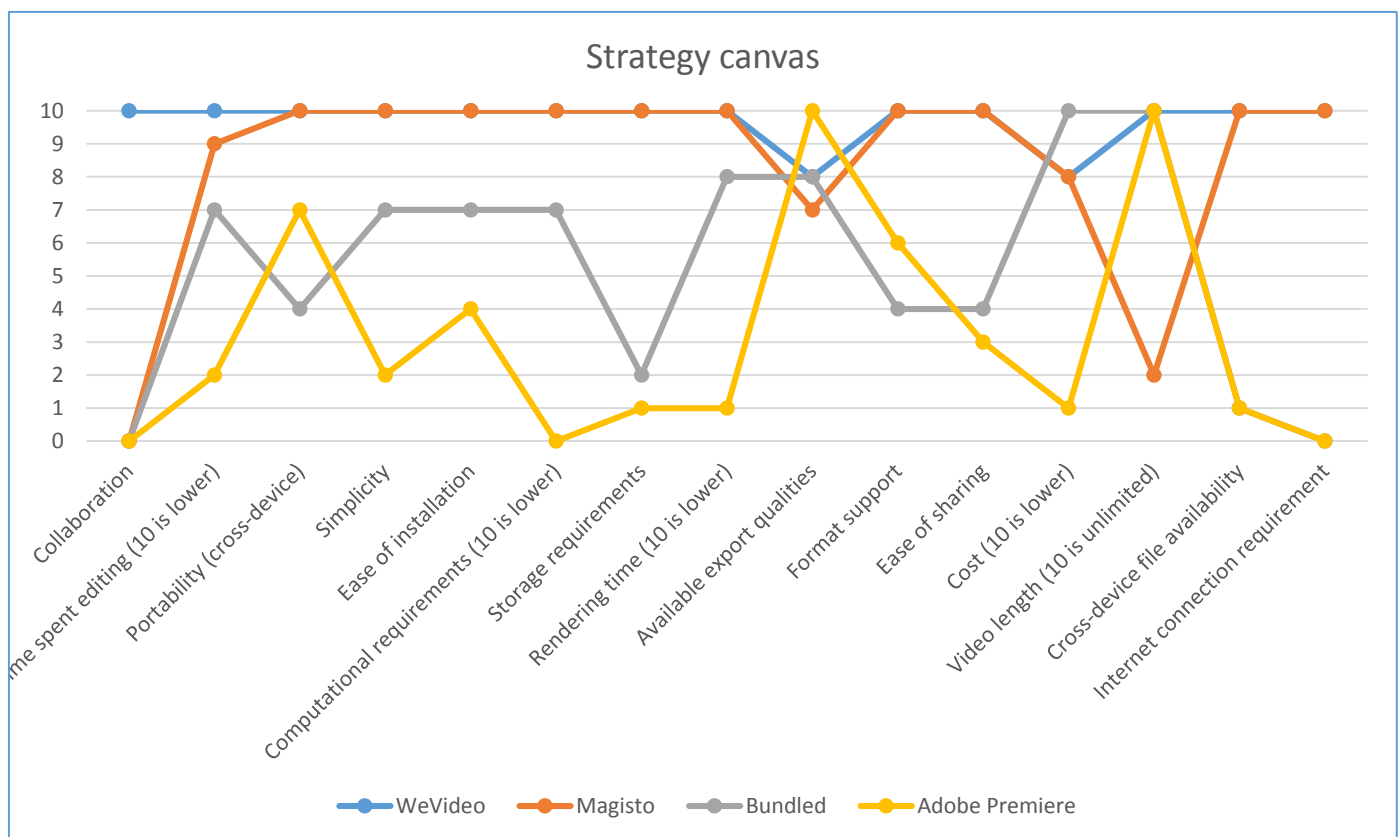


Figure 1: Strategy canvas for WeVideo and some of its close competitors

Another important model to consider is the eliminate-reduce-raise-create grid for defining a new product or service. This grid considers what the product or service eliminates, raises, reduces, and creates.

Eliminate	Raise
Expensive hardware requirements for editing video Storage requirements	Simplicity of editing video Video compression format support
Reduce	Create
The learning curve required to edit video Cost of editing video Time taken to edit a video Rendering time	Collaborative, device-agnostic video editing A simple way of engaging customers (B2B2C) A way of editing video with no software installed A way of easily share video to existing platforms

Table 1: Eliminate-reduce-raise-create grid for WeVideo

It is impossible to be certain of whether or not WeVideo actually took the first step in the *Blue Ocean Strategy* and explored and identified a blue oceans, but they did find one, and they did take advantage of it.

In Figure 1, it can be seen that WeVideo scores higher than its traditional competitors in many areas. However, WeVideo is not designed for creating complex feature movies or the like – Adobe Premiere, as an example, is far better suited in these areas. The graph only covers the relevant features that make WeVideo a good platform for what it is meant to do. The platform with scores closest to WeVideo's, Magisto, is another browser-based video editing service. Magisto takes its users from uploading videos to having shared them even faster than WeVideo in some cases, but this comes with some restrictions. Magisto is meant for telling short stories, with a maximum video length of two (2) minutes. Additionally, Magisto does not offer collaborative editing, and collaboration on video projects is makes WeVideo the dominator of that single market.

WeVideo has defined several new approaches to using video, and simplified the process of editing video into something of quality. The hardware criteria for both computational power and storage capacity are almost completely erased. The learning curve for getting started with editing video into something of quality is reduced significantly because of features like filters (Ræstad 2012). Specifically, however, WeVideo has created a demand for a completely new feature: collaborative video editing. In effect, WeVideo has taken the second step in the *Blue Ocean Strategy* by defining and creating demand for a new service.

WeVideo has most certainly embraced new customers. There are at least three different groups to consider.

- The soon-to-be customers have been provided with their desired alternative.
- The refusing customers have been addressed by the completely new feature that is collaborative video editing. The facts that WeVideo's service eliminates the need for powerful hardware and reduces the time required to edit, export, and share a video probably help as well.
- Lastly, there are the unexplored customers. These have been addressed by the sheer simplicity of the service, and WeVideo is working through partners to reach out to this group through others' platforms.

The strategy has clearly worked well, implying that the strategy has likely been subject to a reality check before set into motion. Price, cost, and adoption all seem to be well balanced and taken care of, and the product has obviously been decided to be commercially viable and realised.

Based on these points, I will conclude that even though the value curves of WeVideo and Magisto are almost identical, the collaboration feature speaks for WeVideo having a blue ocean strategy.

3. How can WeVideo improve their chances of success?

In my opinion, WeVideo's primary problem is the unexplored customer group, which is unaware of the service. I had never heard of WeVideo prior to the presentation given in class. After more than two years of attending an IT school filled with students obsessed with new technology, that is saying quite a lot. There is a very large number of video sharers out there, afraid of editing video. This is, in many cases, because they consider the complexity too great a trouble to go through when other means (like raw footage or plain imagery) can achieve almost the same results as edited video. A stronger focus on marketing directly towards end users might greatly increase the number of paying users.

As I see it, the best scenario possible would probably be to land a deal with Facebook similar to the partnership with YouTube, giving users the possibility of editing footage before posting it to Facebook. However, a carefully directed marketing campaign aimed at attracting more users to WeVideo's primary platform could definitely get the word going, and thus increase revenue. Reaching the users can be done through platforms the users already share video on, like Facebook.

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