

Situation Audit



- Free downloadable application that lets you bring your docs anywhere and share them easily.
- Founded in April 2007.
- *“Offer a single product version to both consumers and business users”.*



Arash Ferdowski

Drew Houston

Situation Audit



Product Development

- Prototype that allowed Windows PC users to access other Dropbox-enabled PC's.
- Applied to Y Combinator program, received \$20,000 of seed capital as well as mentoring and workspace.
- Freemium business model, offering both:
 - Free (1GB)
 - Premium (10GB of storage for \$5 per month)
- Delivered its service through Amazon's Simple Storage Service (S3).

Situation Audit



“It just works”

- Launched to the public in September 2008 added a Linux version.
- Tens of billions of files for a user base of several million users.
- 2009 it offered:
 - 50 GB (\$9.99 month or \$99 year)
 - 100GB (\$19.99 month or \$199 year)
 - 2GB for free.
- Reached one million users by June.
- Today, more than 200 million people across every continent use Dropbox.

Situation Audit



Competency

	Free Storage	Download mobile	Public file share	Multiple folder syncing	Linux Client
Dropbox	2GB	★	★		★
Mozy Stash	2GB	★			
Box.net	5GB	★	★		
SugarSync	5GB	★	★	★	
Google Drive	5GB	★	★		
Insync's	5GB	★	★		★
Cubby	5GB	★	★	★	
iCloud	5GB	★			
SpiderOak	2GB	★		★	★
Syncplicity	2GB		★	★	
SkyDrive	7GB	★	★	★	

Analysis SWOT



STRENGTHS	WEAKNESSESS
<ul style="list-style-type: none">• Easy to use and share.• Sync tools, backup tools, web uploading / publishing tools.• Local disks big and cheap.• Binary diffs (large files)• Improvement of viral features (password-protected shared folders).• Linux Client	<ul style="list-style-type: none">• Client installation (unsuccessful interaction.)• Unknown in the business segment.• Lack of own servers (relay on clouds platform like amazon S3).
OPPORTUNITIES	THREATS
<ul style="list-style-type: none">• Pursuing partnerships (Android)• Mobile application programming interface (API)• Pre-installation on Smartphones• “Votebox” (close to users)• Offer service in other languages• Word-of-mouth referral and viral mktg.	<ul style="list-style-type: none">• Lots of applications that “do the same”• Lack of interest (users)• Allow it to sync outside folders

Problem/Decision Statement



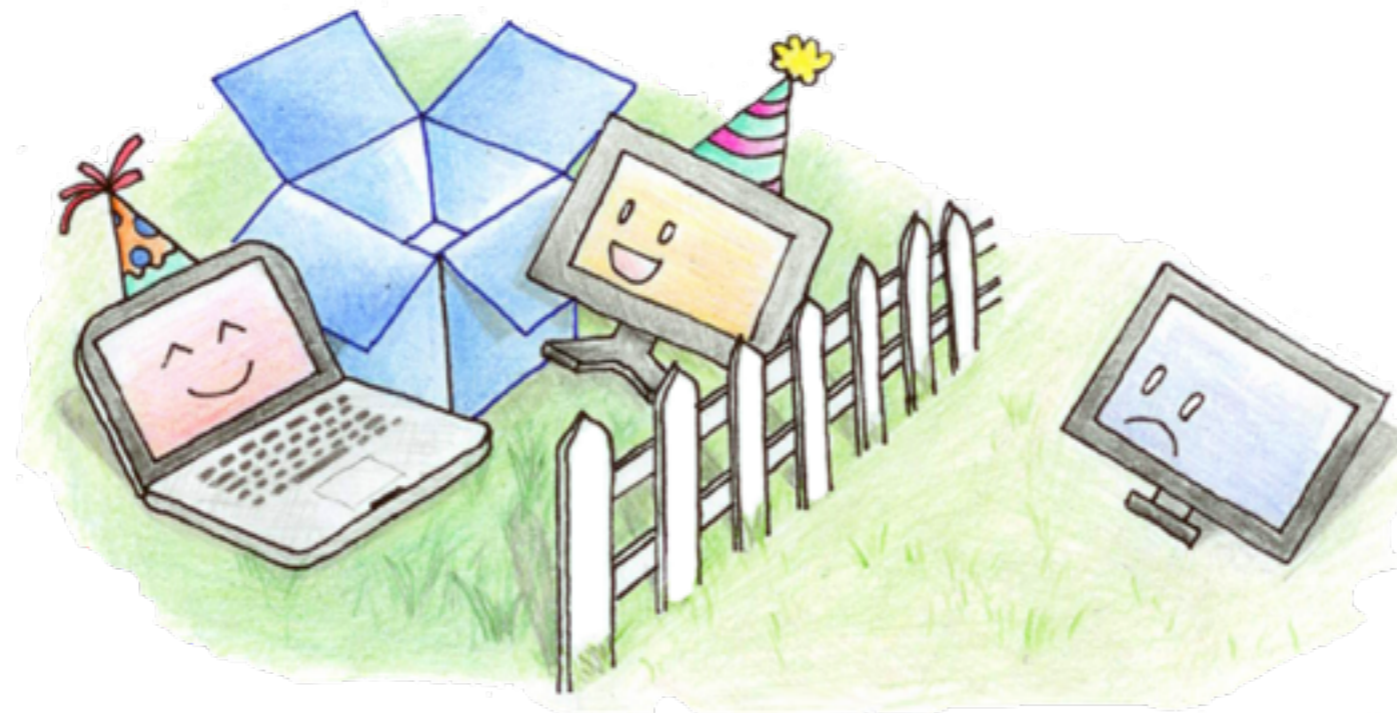
- Things were going well;
- They reached several million users with a single product version;
- Customers relied on Dropbox;
- Users constantly requesting new features;
- The board discuss ways to accelerate growth.

Problem/Decision Statement



Should Dropbox continue its strategy of offering a single product for all users?

Should Dropbox segment its diverse and growing base?



Alternatives



Alternative ONE

Market Segmentation

PROS	CONS
<ul style="list-style-type: none">1. Competitive with other data storage space products2. Tailor to the needs of the customers	<ul style="list-style-type: none">1. Increase marketing costs to advertise new product2. Options could create confusion for less tech savvy customers3. More engineering required for complex version

Alternatives



Alternative TW0

Stay the Course with single product but emphasis on partnerships

PROS	CONS
<ul style="list-style-type: none">1. Ease in client installation2. Drive customer acquisition3. Strengthen credibility	<ul style="list-style-type: none">1. Profit sharing2. Decision making flexibility3. Could create more competitors (strategic groups)

Alternatives



Alternative THREE

Allow to sync outside folders

PROS	CONS
<ul style="list-style-type: none">1. Flexibility in the service2. Allows for all files in one place3. Organization	<ul style="list-style-type: none">1. Could be more difficult to use2. Confusion among users when synchronizing across multiple devices3. Mistakes when synchronizing could generate more support need

Critical Issues



Product Expansion/Segmentation

- Continue to offer single product for all users
- Segment its user base by creating professional version

Business Side?

- No business people
- Terrible at getting mainstream PR
- Fast and Lose

Early Marketing Efforts

- Cost of per click advertising was high
- Not economically sustainable

Usability issues

- Five users fail usability test



Analysis



Criteria	Relative weights	Alternatives		
		ONE	TWO	THREE
Brand Image (ease to use)	0.4	3	5	1
Further Investment	0.2	4	1	2
Expand Market (Revenue)	0.3	4	2	3
Sustainability	0.2	2	3	1
		3.8	3.6	2.1

Recommendations



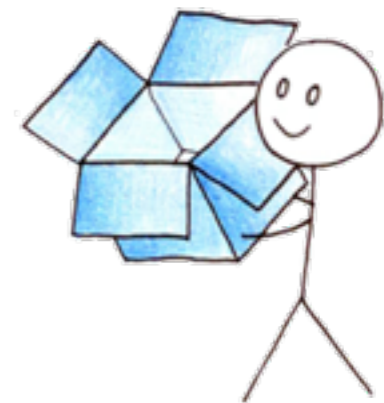
- We recommend that Dropbox provide segmented solutions for the Small to Medium Business (SMB) market and The Professional along with their original Consumer product.
- The SMB market is ever growing in several areas, including File Sharing and Online Backup solutions. Although there are opportunities to grow the storage size through referrals, high volume, professional users, know they need large amounts of storage. They will pay for large secure storage.

Recommendations



Implementation

1. Create Business Model Marketing Plan
2. Create Team Concept – Multi-User
3. Create management tools
4. Collaboration capability
5. Version Control
6. Audit Capabilities



Recommendations

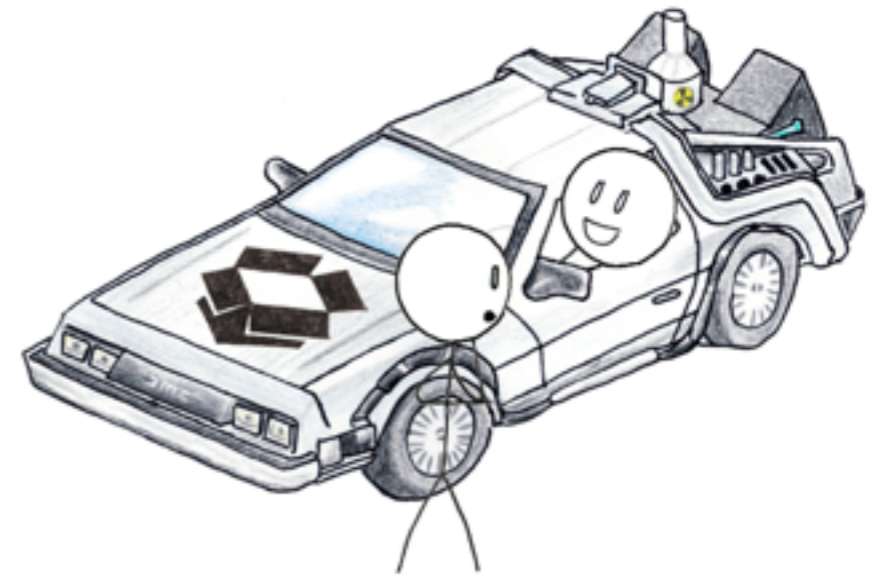


Budget

- Minimum users for a team (5-10) – Annual Fee
- Additional Users for Added fee
- More than Professional fee w/more benefits
- Storage is cheap (2014 est.)

0.36 / GB Storage

0.94 / mps





UM... ISN'T YOUR
COMPUTER ON FIRE?



IT'S OKAY, MY FILES ARE
SAVED ON **DROPBOX**.
IT WAS GETTING KINDA
COLD IN HERE ANYWAY.

