



Dropbox is your simple, beautiful, easy-to-use cloud storage.

Background

Dropbox, founded in April 2007 by Drew Houston and Arash Ferdowsi, officially launched in September 2008.

Dropbox is a downloadable application that allows users to easily share, sync, and store files (photos, documents, videos, etc.) across most personal computers and smart-phones.

Committed to offering a simple, easy-to-use product

Houston graduated from MIT and Ferdowsi dropped out of Harvard in their final semester.

Like several other business founders in the US, stress and thoughts of failure led to their success for work from any computer.

They were confident that while entering a competitive market they could succeed. They had a performance advantage of making files easily and rapidly sync and copy to the background using free and bandwidth-saving applications.



Concerns

Trading demand with growth

A major concern was how to manage the growth of the business. Dropbox had to balance the need for growth with the need for profitability.

Securing Capital

A significant source of capital was the IPO and the subsequent IPO. Dropbox had to secure capital to fund its growth.

Beta Testing

Also developing the beta, in March 2008, Dropbox gave beta users the opportunity to test the software. This helped Dropbox to identify and fix bugs.

Timing

Dropbox launched in 2007, a time when many other cloud storage services were still in their infancy.

Concerns Continued

Marketing

Marketing was a major concern for Dropbox. They had to find ways to reach their target audience.

Regulatory Analysis

Regulatory analysis was a concern for Dropbox. They had to ensure they were compliant with all relevant laws.

Partnerships

Partnerships were a key strategy for Dropbox. They had to find ways to collaborate with other companies.



Decisions

Choosing a business model

Dropbox had to choose a business model that would allow them to scale and be profitable.

They decided to use a freemium model, offering a free version of the software and a paid version with additional features.

Dropbox also had to decide on the pricing of their paid version. They had to find a balance between affordability and profitability.

Dropbox also had to decide on the timing of their launch. They had to ensure they were ready to handle the influx of users.

Dropbox also had to decide on the marketing strategy for their launch. They had to find ways to reach their target audience.

Dropbox also had to decide on the legal aspects of their business. They had to ensure they were compliant with all relevant laws.

Dropbox also had to decide on the technical aspects of their business. They had to ensure they were using the best technology available.

Dropbox also had to decide on the customer support strategy for their business. They had to ensure they were providing excellent customer service.

Dropbox also had to decide on the hiring strategy for their business. They had to ensure they were hiring the best talent available.

Dropbox also had to decide on the fundraising strategy for their business. They had to ensure they were raising the right amount of money.

Dropbox also had to decide on the exit strategy for their business. They had to ensure they were preparing for the future.

Dropbox also had to decide on the long-term vision for their business. They had to ensure they were staying true to their mission.

Dropbox also had to decide on the short-term goals for their business. They had to ensure they were staying focused on their immediate objectives.

Dropbox also had to decide on the key performance indicators for their business. They had to ensure they were tracking the right metrics.

Dropbox also had to decide on the competitive advantage for their business. They had to ensure they were offering something unique.

Dropbox also had to decide on the target market for their business. They had to ensure they were addressing the needs of their customers.

Dropbox also had to decide on the distribution channels for their business. They had to ensure they were reaching their customers effectively.

Dropbox also had to decide on the sales strategy for their business. They had to ensure they were generating enough revenue.

Dropbox also had to decide on the customer acquisition strategy for their business. They had to ensure they were growing their user base.

Dropbox also had to decide on the retention strategy for their business. They had to ensure they were keeping their customers engaged.

Dropbox also had to decide on the churn rate for their business. They had to ensure they were minimizing customer loss.

Dropbox also had to decide on the lifetime value for their business. They had to ensure they were maximizing the value of each customer.

Dropbox also had to decide on the customer lifetime value for their business. They had to ensure they were providing long-term value.

Dropbox also had to decide on the customer satisfaction for their business. They had to ensure they were meeting or exceeding expectations.

Dropbox also had to decide on the customer loyalty for their business. They had to ensure they were building a strong relationship with their customers.

Dropbox also had to decide on the customer advocacy for their business. They had to ensure they were turning customers into brand ambassadors.

Dropbox also had to decide on the customer feedback for their business. They had to ensure they were listening to their customers and making improvements.

Dropbox also had to decide on the customer support for their business. They had to ensure they were providing timely and effective assistance.

Dropbox also had to decide on the customer experience for their business. They had to ensure they were providing a seamless and enjoyable journey.

Dropbox also had to decide on the customer journey for their business. They had to ensure they were understanding the needs and behaviors of their customers.

Dropbox also had to decide on the customer touchpoints for their business. They had to ensure they were providing consistent and high-quality interactions.

Dropbox also had to decide on the customer engagement for their business. They had to ensure they were keeping their customers interested and involved.

Dropbox also had to decide on the customer retention for their business. They had to ensure they were keeping their customers coming back.

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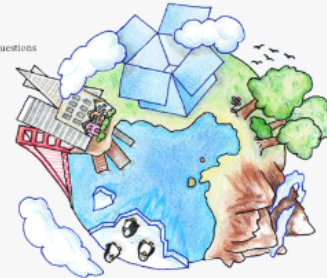
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Answers to Questions





Dropbox

"It Just Works"

Dropbox: It just works Harvard Case Solution & Analysis

TheCaseSolutions.com

By:
Kendra Hand
Jon Luksich
Kelley Regan

A516 Fall 2012

Case Presentation

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Committed to offering a simple, easy to use product

Houston graduated from MIT and Ferdowsi dropped out of Harvard to co-found company

Idea created due to Houston forgetting his USB drive and thought it'd be nice to be able to access his work from any computer

They were confident that while entering a competitive market they could succeed. They had a performance advantage of storing files locally and updating a cloud copy in the background using time and bandwidth saving optimizations.



Concerns

Testing demand with prototype

A video was made and sent to Houston's Fraternity and Hacker News. Targeting Paul Graham, founder of Hacker News and Y Combinator.

Securing Capital

Y Combinator invests \$15,000 in April 2007, and September 2007 Sequoia Capital raises \$1.2 million. By 2010 they raise a total of \$257.2 million.

Beta Testing

After developing a Mac client, in March 2008 Houston posts video on Digg to generate interest, and beta testers jumps from 5,000 to 75,000 virtually overnight.

Hiring

Dropbox hires 6 MIT computer science majors, but not much luck with product or business manager hires.

Concerns Continued

Marketing

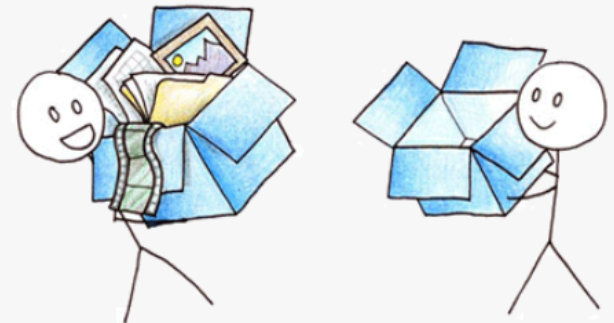
Expensive marketing efforts, such as AdWords, and cost per click, it costs \$300 to acquire a paying customer

Improving Analytics

An Analytics Engineer was hired to improve analytics and optimize customer acquisition efforts.

Partnerships

Partnering with a PC security software is discussed and an SVP disappoints Houston when he wants to bury the brand. They decide they need a VP of business development soon.



Decisions

Choosing a Business Model

Dropbox worked to make sure they were simple, safe, fast and accessible.

They chose a Freemium strategy by offering a small amount of storage for free in the hopes of turning those users into paying customers.

Dropbox is focusing on organic customer acquisition, word of mouth and viral marketing as opposed to paid advertising.

Using a "Trojan horse" strategy to acquire business users. Where individual users bypass IT departments using Dropbox at work in the hopes of getting them onboard.

Dropbox also has a sign-up driven home page, free storage for referrals and free storage for connecting with social media.

<http://dropbox.com>



Questions

