

## Final, 106T, Brightcove in 2007 (HBS 9-712-424)

8:00-11:00, Tues 10<sup>th</sup> December 2013

### Instructions:

- You are allowed to bring in 10 single-sided pages of notes, and calculators.
- You can write on both sides of the paper, as needed.
- When answering, suppose you are an economic consultant hired by Brightcove in 2007 to advise them on their business. They are not economists, so make sure to explain all terminology.
- I advise you to first scan the questions, read the case thoroughly (with notes), and then answer the questions.

### Shorter Questions [5 points each = 35 points]

**Question A:** In Brightcove's business model, there are several sides to the platform. What are they? What are the same-side network effects, and cross-side network effects?

**Question B:** What is the “long tail” in general? How much does Brightcove benefit from the long tail?

**Question C:** How does versioning raise a firm’s profits in principle? How does Brightcove use this?

**Question D:** In its first two years, Brightcove focused on large publishers. Was this a good strategy?

**Question E:** What is a disruptive technology? Is Brightcove's technology disruptive?

**Question F:** Platforms often have a money side and a subsidy side. Why? For Brightcove, which side is which?

**Question G:** When Brightcove customizes its products for a publisher, it might be worried about holdup. What is the holdup problem? What can Brightcove do to ameliorate the risk?

## Longer Questions [65 points]

**Question 1 [20 points]:** How did Brightcove's and YouTube's strategies differ? Was one better?

**Question 2 [25 points]:** How can Brightcove move from its current situation as an enterprise software company to a multi-sided platform? What problems will they face as they develop the other sides of the platform?

**Question 3 [20 points]:** What is the competitive advantage of Brightcove? Is their strategy coherent? Is their competitive advantage sustainable?

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