

Startup Spotlight: 20-somethings bet online video can become useful business tool

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By Matthew Deegan

On-demand content appears to have reached a tipping point for entertainment consumers, with online video hubs such as YouTube and Hulu attracting the Web-savvy crowd and devices such as the DVR customizing TV viewing.

However, concerns about security and employee efficiency have prevented the business world from embracing the use of online video the way consumers have.

Enter Massachusetts-based Wistia, a five-employee upstart launched in 2006, offering a package of on-demand video-sharing tools that allows businesses to control who views a video and track how and when it is watched. In the last 13 months, the company inked agreements with 30 customers, including such varied clients as Cirque du Soleil, Nestle and A&E Television Networks.

The company's 20-something co-founders Chris Savage and Brendan Schwartz talked about starting their own business since they lived on the same floor during their freshman year at Brown University in 2002. The duo saw a unifying need cropping up among various companies: the ability to control and track video that can be shared and commented on securely.

"It provides a different way of working, because employees don't feel like they are forced to do something at a specific time that doesn't jive with their schedule," said Savage, Wistia's CEO.

For example, managers at Cirque du Soleil who travel frequently use Wistia to review and share audition videos to make casting decisions. Nestle uses the product to train sales representatives. A&E Television Networks is using it to evaluate potential films or TV series, while advertising agencies are using it to share rough cuts of commercials with clients to get immediate feedback.

Other companies that offer Web video, including Google Inc., are starting to develop ways for businesses to use on-demand video internally for training and communications.

However, Savage said he found that businesses want both tightly secured video-sharing and sharing that extends beyond company walls, such as with clients or consumers.

"Small and midsized business customers have been telling us in the last couple months that they want to take a video, put it on their Web site and figure out who is watching it," he said. "And then they want to try to get that video to make the viewer do something, like buy a product or convert it into a lead."

According to Savage, the video engagement tracker built into Wistia is a feature that no one else offers.

"If you share a video with 10 people, you can see how each person watches every second," he said. "Most others are looking at an entertainment model which is maximizing value by maximizing number of views. A lot of businesses right now are also trying to make money with video by putting ads on there, and that's where the market is focused."

"We don't do any of that," Savage said.

The basic Wistia package costs \$79 per month, a price tag that is appealing to companies that are feeling compelled by the recession to discern low-cost ventures. Savage said Wistia tools are a good fit for businesses that cannot afford to build their own solutions right now.

As for the company's future, Wistia is continuing to use its initial angel funding to grow organically and is not actively courting venture capital.

"It's something we're open to, but we're not actively pursuing it at the moment," Savage said. "Right now we're sitting back and getting a sense of how people are reacting to the market at large." *i*