

Case digest – dropbox: "it just works" essay sample

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Questions1: Dropbox is a late mover in a crowded space. What opportunity did Houston see? Specifically, what are the key elements of Dropbox's current business model?

The Niche

Even though Dropbox was kind of a late mover, it found its niche and therefore increased its market share. At the initial stage, Houston found the on-line storage suppliers were unable to provide fast and fluent synchronization services. He therefore had the team to develop prototype, which allowed instantly synchronization for files of any type or size. They later further clarified their focus on ease-of use and reliability.

Overcome Entry Barrier & Key Elements of Dropbox's business model

Nowadays What's more important is the strategy to build up single version. The strategy helped them save enormous expenditure to acquire company's IT permission, which could be seen as a great entry barrier for many startups that had limited budget. They planed to let the users who are amazed by Dropbox bring the product into their offices. Meanwhile they promoted through referral program with two-sided incentive structure, building up their customer base. Dropbox nowadays still stick to its policy to have single version product, not following its rival to offer customized version for small businesses. They attract users through referral program, retain them, and earn money from those become willing to pay for extra storage capacity. The key element is its spirit of " ease of use" which is user-friendly and has drawn users through word-of-mouth marketing. Based on its past

experience, this method is more effective than other kinds of advertisement. In addition, one of their niches is that users can share files and works across multiple PC platforms. They also utilize the demand of people to share files with friends to spread the product information.

Question2: Imagine that at the same time Dropbox was founded, Google decided to target the opportunity that Houston had identified. How would Google's approach to pursuing " G-Drive" have differed from the approach that Dropbox's team followed?

Different from Dropbox, as a startup, Google has abundant user base and cross-functional platform that it can utilize. It doesn't have to rely on cooperating with other partners. Google could take advantage of this and thus gain great market share in an early stage. When it comes to sharing the file, cloud computing does have the network effect. Therefore, market share would be important in the beginning and became even more vital. Google can start charging its customers thereafter and since it has a great user base, it can provide a much premium price than competitors. In addition, with sufficient financial support, Google can provide customized services for its business partners, which was hard to implement in Dropbox's case.