

# How Google Killed VIDME!

## Goodbye for now

Vidme came a long way as an independent platform, but we couldn't find a path to sustainability. We're building something new.

Art by Vidme creator Pegbarians

After careful consideration, the Vidme team has arrived at the difficult decision to suspend the Vidme site and apps effective December 15th at noon PT. We'll use this blog post to explain what this means for users, how we got here, and what's next for us.

### What this means for users

New sign-ups and uploads will be disabled effective today.

Existing videos will be playable and exportable from your video manager until December 15th at noon PT, at which point they will be permanently deleted from the Vidme servers.

All paid channel subscriptions will be suspended immediately, and subscriber-only videos will be exclusively accessible by their video owners.

Any outstanding earnings will be paid out upon verification within 60 days.

All Vidme paid subscriptions will cease as of today, and subscribers will no longer be billed.

Please see our FAQ for more details, and email us at [hello@vid.me](mailto:hello@vid.me) with any questions.

## Why we started Vidme

We started Vidme (initially Viddme, before we could afford the shorter domain) in 2014 with the mission of helping the next generation of entertainers find their audience and earn a living.

At the time, YouTube was the only major platform that provided revenue sharing — a system which often neglected creators with small or niche audiences.

We were confident we could create a new type of video platform — one that was more community-oriented, more transparent, and more equitable to creators. Inspired by reddit's crowd curation, we also saw an opportunity to improve the experience for both viewers and curators by allowing the community to surface trending content.

Given the large market opportunity (video ad spend is \$84B in the US alone), and the impending shift from linear television viewing towards digital video, we believed that we could create a sustainable platform to accomplish these goals.

## What we accomplished

Vidme's first feature was a one-step video publishing tool: simply drag-and-drop your file and Vidme would generate a shortlink to your video that you could share anywhere, no account required.

Vidme's original homepage

At the time, sharing videos was more difficult than it is today—Facebook, Twitter, reddit, and other large platforms didn't have native video, it was often impossible to send large files over SMS, and YouTube required sign-in and publishing to your G+ page. Vidme's simple, one-step video upload drove massive early adoption and traffic.

On a mission to build the world's most creator-friendly video community, we raised venture funding and quickly evolved the product to support creators with a broader set of tools for publishing, building audience, and monetizing.

The first VOD platform to offer both on-platform tipping and paid subscriptions, Vidme became one of the top 1,000 most popular destinations on the web, reaching over 200 million people annually.

We hosted millions of videos, delivered over 6 billion views to audiences around the world, and our player was frequently embedded by major online publications, including the Huffington Post, USA Today, Mashable, People, Sports Illustrated, and more. Our small engineering team developed infrastructure that scaled to support thousands of simultaneous HD video encodes and hundreds of thousands of concurrent viewers.

Most importantly, our vision for a more equitable and creator-friendly community attracted some of the world's most talented creators—ranging from first-time videographers with a passion for storytelling to well-established digital stars with millions of subscribers. Some were earning thousands of dollars per month using Vidme's fan patronage tools, and many found larger audiences than they ever had before. An energetic and diverse community took shape, with Vidme's most ardent fans creating thousands of videos discussing the platform.

All of this was accomplished with fewer than a dozen full-time employees, and in spite of increasing competition for audience attention from the likes of Netflix, Hulu, and Amazon, who began spending billions of dollars per year on video

content.

Meanwhile, deeper-pocketed platforms such as Vine (owned by Twitter) and Vessel folded, and Verizon's Go90 struggled to find comparable traction despite spending hundreds of millions of dollars.

## What we learned and why we're moving on to something new

Although we still believe that the world would greatly benefit from a creator-first video platform, we weren't able to find a path to financial sustainability. Here are major obstacles we encountered in our attempts:

### Monetizing user-generated content is increasingly challenging

Advertisers want to target specific audiences, which means a new platform that doesn't store troves of personal user data is at a severe disadvantage relative to Facebook and Google, which combined control 60% of online ad spending in the U.S.

Most advertisers want their ads to complement "brand-safe" content. Unfortunately this is a subjective designation, which is difficult to define and enforce. Content, therefore, must be thoroughly reviewed and moderated—an expensive prospect. As YouTube recently learned with the "adpocalypse," even a single poorly-moderated video can result in a PR disaster and undermine advertiser trust.

Few advertisers are willing to negotiate direct deals with platforms that don't have enormous scale, meaning ad-revenue rates are lower for newer platforms. In turn, there's less overall revenue to be shared with creators, which means creators are less likely to support newer platforms for a sustained period of time.

Although we introduced direct fan patronage as an additional business model, the profit margin was insufficient to cover the high costs of storing and delivering video.

### Storing and delivering video is becoming less expensive, but remains extremely costly

Videos are often massive files, and making them globally available at any time is expensive. YouTube sold to Google (just 18 months after launching) partly because of YouTube's high burn rate, and to this day is still likely operating at a loss.

When we launched in 2014, we projected that infrastructure costs would decline due to increased competition in the CDN and data storage industries. While marginal prices have fallen dramatically over the past few years, our aggregate costs still outpaced our ability to generate meaningful

revenue.

**The definition of “scale” has changed, and attracting audiences away from existing platforms is harder than ever**

8 of the 10 most popular apps are owned by Google and Facebook. Both companies also have many other apps that continually pull users back into their networks.

Source: comScore Mobile Metrix, U.S., Age 18+, June 2017 via <https://techcrunch.com/2017/08/25/majority-of-u-s-consumers-still-download-zero-apps-per-month-says-comscore/>

Many creators with millions of subscribers on YouTube and Facebook were initially attracted to Vidme’s model, but faced difficulty transitioning audiences from their home platforms. Convincing people to use (and keep using) a new platform is hard, leaving many creators locked in. Both Facebook and YouTube also actively deprecate content shared from competing platforms (Vidme’s social traffic dropped markedly once Facebook began to prioritize its native player).

Without a massive captive audience already on the platform, new channels struggled to find immediate growth. As such, creators didn’t remain active long enough for us to achieve sufficient network effects across channels.

Lacking a critical audience size, we struggled to attract direct advertisers to help offset our infrastructure costs, leaving few resources to spend on product innovation and attracting new audience.

Although we raised venture funding so that we could initially operate at a loss while we grew Vidme’s audience, the competitive market changed dramatically over the past two years. Most notably, Facebook and Instagram began aggressively soliciting video content and courting video creators, which led YouTube to redouble its efforts to attract and retain creators.

In the face of mounting competition, and a moving goalpost for achieving sufficient scale, the timeline for Vidme’s sustainability as an independent platform became uncertain. As such, raising additional capital or continuing to operate the

platform at a loss became untenable.

When we started we knew that we were taking a calculated risk, but in hindsight we underestimated the speed with which the competitive landscape would change.

## Insights for newcomers

If you're considering building your own video platform, here are a few suggestions:

**Monetization** — Plan to operate at a loss for an indefinite period of time, and/or be operated by a deep-pocketed business with multiple revenue streams and touchpoints with consumers. Give users of your existing products incentives to engage with your video platform, and be wary of monetizing with advertisements prior to achieving massive scale.

**Infrastructure costs**— Explore emerging technologies, such as peer-to-peer storage and delivery to further reduce infrastructure overhead. Consider restrictive storage policies, and own as much of the physical infrastructure as possible.

**Audience building**— Leverage an existing audience, and/or incentivize all platform participants by issuing a native currency (e.g. blockchain) to equitably reward contributors.

## What's next for the team

While we're disappointed to close something that we put so much of our hearts into, we're excited and eager to apply what we've learned to our new product, which we'll be announcing next year.

Unfortunately, not every member of the Vidme team will be staying on for the next chapter, so if you're interested in hiring any of these talented people, please email us at [hello@bitkitchen.co](mailto:hello@bitkitchen.co) and we'll connect you.

In the meantime, we're talking with some creator-focused companies that might incorporate our technology and revive Vidme in some new form in the future.

## Thank you

We feel incredibly grateful for the many people who have supported us and our mission over the past few years.

Thank you to the early community members whose vital feedback helped improve the Vidme product.

Thank you to our teammates who put their hearts into building a home for creators of all kinds. We're proud of how much was accomplished by such a small team.

Thank you to our friends and advisors who helped us navigate the many complexities of operating a lean startup up against some of the biggest companies in the world.

Thank you to our investors for believing in our bold plans, and for supporting us in our decision to apply what we've learned to something new.

Most of all, thank you to the creators who made Vidme possible. Thank you for investing your time and energy into building an incredible community; for graciously sharing your feedback and constructive criticism; and for delighting and amusing us every day with awesome videos.

It has truly been a joy to watch people from all over the world connect, collaborate, and make new friends on Vidme, and we're happy to know that many of those relationships will long outlast Vidme itself. We feel deeply grateful to you, and we hope that you'll join us on our next adventure. Please sign up here if you want be notified about our upcoming launch.

♥ Team Vidme