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## A Strategic Audit of Hudl

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A Strategic Audit of Hudl

An Undergraduate Honors Thesis  
Submitted in Partial Fulfillment of  
University Honors Program Requirements  
University of Nebraska – Lincoln

by

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## **Abstract**

Hudl was the first mover in connecting video and performance analysis to sports in the sports technology industry. They first appeared on the scene in 2006 and have experienced rapid growth in the past fourteen years. This paper analyzes Hudl's position in the market by using Porter's 5 Forces, PEST, and SWOT models. It identifies the company's competitive advantage of an established brand reputation and user-friendly multi-sport software platform. Hudl's current strategy is evaluated, and three potential recommendations to continue Hudl's growth are discussed. The first recommendation is to enter into the new Esports market. The second recommendation is to increase Hudl's international sports market reach, awareness, and products offered. The third recommendation is to create new video and analysis tools for sports that aren't currently offered, which tend to be individual-based sports compared to team sports. The goal of these recommendations is to continue Hudl's domination of the market and prevent stagnant growth.

**Keywords: Sports, Technology, Business, Hudl, International, Software, Video, Performance, Analysis, Strategy**

## A Strategic Audit of Hudl

### Background

Hudl was started in 2006 by three University of Nebraska-Lincoln graduates; David Graff, Brian Kaiser, and John Wirtz. Hudl is a SaaS sports technology company that offers products and services focusing on video, data, and performance analysis to help coaches, athletes, and teams across a wide array of sports prepare for and excel in their competitions. Their mission is to “help teams and athletes win” (Castner & McChesney, 2019). Since its humble beginnings as a start-up, Hudl has grown exponentially and now operates internationally with over 2,200 employees across 20 countries (“We Help Teams,” 2020). They are currently headquartered in Lincoln, NE. Hudl was the first mover in the sports software/analysis industry, which gave them an inherent competitive advantage. Hudl has developed a suite of different products, including Hudl, Sportscodel, Assist, Focus, Replay, Sideline, Technique, Volleymetrics, and Wyscout. Each product serves a unique purpose and solves needs for particular sports. Which product customers choose is often based upon the one that offers the best types of services and analysis for their sport.

Hudl operates on a subscription-based business model. They offer three different package levels to all of their customers, silver, gold, and platinum. All of these have base services and products. However, when you move up in the order of packages, additional features are added, and the price increases. The specifics of each package vary by sport. Hudl is a private company, so their financial statements are not disclosed to the public. In Hudl’s last round of funding, they raised 30 million, bringing their funding total to 106.9 million. Hudl’s estimated revenue is 320 million (“Hudl’s Competitors,” 2020). At first, Hudl targeted professional sports teams. They soon found out there was a greater need for their products in the high school market. Video tools

were able to save high school coaches an incredible amount of time preparing for games and also gave athletes an interactive tool to receive feedback and create highlight reels, marketing themselves to college recruiters (Castner & McChesney, 2019). Later on, success in this market led Hudl to expand into professional sports markets around the globe. Moving forward, one of Hudl's biggest challenges will be maintaining and growing their market share as new competitors in the space emerge. Another challenge will be successfully scaling the business to keep up with rapid growth and building brand awareness for Hudl's products in international markets and overseas locations.

### **Situational Analysis**

#### **Porter's 5 Forces**

This analysis looks at the favorability of an industry. I have classified Hudl in the sports technology industry for the following analysis.

Threat of New Entrants: The threat of companies entering the sports technology space, especially the performance analysis niche, is low to moderate. To be able to enter the industry, it requires significant investments in technological capital, both the physical assets and the human capital. Success in the industry also requires the ability to have or form good relationships with existing sports teams. A company must have individuals that have this social capital or are creative in acquiring it. It is a niche industry, and Hudl has already created a brand reputation for themselves as the most prominent player. New entrants will have to work hard to market their company and how they are better than the incumbent. However, the industry is projected to grow to be worth 30 billion by 2024 (Proman, 2019). Media and content platforms, and data analysis/biometrics platforms are expected to gain the most investments (Proman, 2019). The

promising projections for the industry could entice some companies to take the risk and enter the market.

Threat of Substitution: The threat of substitution is low. There are not very many alternative forms for coaches to use to analyze performance aside from technology.

Technology/video is necessary to review film, visually point out areas where athletes can improve, and showcase individual athlete's performance to recruiters. Substitutions may include using a regular phone to record and playback games (with no complementing software), sending scouts to observe games in person, coaches only giving feedback on athletes' performance in real-time, and manually tabulating important game statistics.

Bargaining Power of Buyers: The primary buyers in this industry are coaches and athletes across all levels of sport, including youth, club, high school, collegiate, and professional leagues. The bargaining power of buyers is low. One of the reasons why is because of the lack of competitors/companies providing sports analysis services. There are few options to choose. 99% of U.S. high schools with video analysis rely on Hudl ("We Help Teams," 2020). Sports organizations, especially those connected to schools, often have fixed budgets and most likely only have the resources to invest in one uniform technology/software across sports. They can either afford the software or not. Collegiate and professional buyers do have more bargaining power because of their more substantial budgets.

Bargaining Power of Suppliers: The bargaining power of suppliers in this industry is high. Sports technology/analysis is a niche industry. Sports technology/analysis companies cannot function without the proper technological capital. They need computers, cameras, etc. to produce their products and services. Also, software engineers and similar professionals are critical to the success of these companies. However, there is low supply of these individuals and

high demand for companies who need them, which results in the human capital having great bargaining power to increase their compensation.

Intensity of Industry Rivalry: The current intensity of rivalry in the sports technology industry is low. This is expected because it is a relatively new industry. Entrant costs are high, which keeps new competitors to a minimum. Hudl was the first mover in the sports performance analysis space, and not many other companies have been able to grow at their pace.

### **PEST Analysis**

Political: The political environment is favorable to Hudl. There are few to none government regulations specifically regarding sports technology. Regulations that have the most impact are those that come from sports leagues and schools that utilize Hudl's products. For example, the NCAA has rules regarding what periods coaches can recruit. Coaches can look at video clips from Hudl that athletes have posted to maximize their recruiting abilities by identifying key recruits ahead of time. Also, most leagues designate specific periods for sports seasons. This can affect Hudl's workload and strategy. For instance, American football season runs from late August to December, updates for this sport's software would be most beneficial in the offseason when coaches and athletes have time to learn it.

Economic: Economic conditions have a big impact on Hudl. Hudl is not an essential business, so if budgets of sports teams are strained, it may affect Hudl sales and renewals. An excellent example of this is the result of the current global pandemic, COVID-19. The global pandemic has caused the economy to plummet. Also, all sports are cancelled for the remainder of the 2020 school year. Without athletes competing, teams are not bringing in revenue from games, and the need for Hudl's video performance analysis has substantially decreased.

Socially: Socially, it is trending for more individuals to interact online and with technology. Hudl has taken advantage of this trend to make videos individuals create with their products easy to post to online platforms. If you look at an athlete's Twitter bio, it is common you will see a link to a Hudl highlight reel. Coaches and athletes also rely on video as part of the recruiting process. Hudl being a technology company, has a lot of digital content that can be used for marketing and generating brand awareness. In October 2019, it was estimated fan engagement technologies would have the most impact on sports in the next 12 months (Proman, 2019).

Technology: Any large-scale changes in technology will affect Hudl. Hudl is a tech company, technology is a rapidly changing field; there are constantly new updates and innovations. Hudl should be aware of any large changes in technology that they can utilize to improve their products, software, and services. If they are unable to adapt to changes and stay on the cutting edge of tech methods, it is very likely a new player in the industry could disrupt their comfortable market share.

Environment: At first glance, you wouldn't think that there would be major environmental impacts on a sports technology company, but many fans recently learned it is possible. As mentioned earlier, the Coronavirus canceled all sporting events in the spring. This would force Hudl to find new and creative ways to show subscribers the value of the online aspects of their products.

## **SWOT Analysis**

Strengths: Hudl has various attributes that contribute to the success of the company. One is being one of the first companies to develop a product that took sports playbooks from paper to online. Second, Hudl found its initial product-market fit in the early years of the company – high

school sports teams. Hudl currently has a 98% market share in American Football (Castner & McChesney, 2019). It is a well-known brand across the United States and has set itself up for growth by becoming a multi-sport platform. The company also has had consistent leadership. The three founders who started the organization in 2006 are still with the company today: David Graff (CEO), John Wirtz (CPO), and Brian Kaiser (CTO). The knowledge and lessons these three have acquired provide invaluable insight into the different markets - youth, club, high school, collegiate, and professional both domestically and internationally. Lastly, Hudl has a strong investor base. Many prominent individuals in the Lincoln community serve on their board of directors, provide great direction, and offer additional connections (Castner & McChesney, 2019).

Weaknesses: I think one of Hudl's weaknesses is the international market. Most of the company's expertise is in U.S. – based sports. Expansion into international sports could be a challenge without having a background in those sports and knowing the intricacies of how they operate. This knowledge would be crucial, so Hudl can design their software to add the most value. An example of this would be the rugby market, which is not as common in the U.S.

Opportunities: Hudl's areas of weakness also present a great area of opportunity. The international market presents a great opportunity to learn how sports operate globally and using that knowledge to generate new ideas and methods that can be applied within Hudl. In a podcast, David Graff talked about how he was able to take lessons learned from Australian Football customers and bring those insights back to U.S. Football customers (Castner & McChesney, 2019). Hudl also has a great opportunity to grow in the next five years, media and content related platforms are projected to be one of the highest invested categories in the sports tech industry (Proman, 2019). In addition, the NCAA recently announced it would eventually let college

athletes earn compensation or revenue for their name, brand, or image (Giorgio, 2020). I think this presents a sector that Hudl could take advantage of. Many athletes already use Hudl highlight reels for recruitment. It would be interesting to see if Hudl could add features to their software that would help athletes obtain brand deals, partnerships, or different streams of revenue.

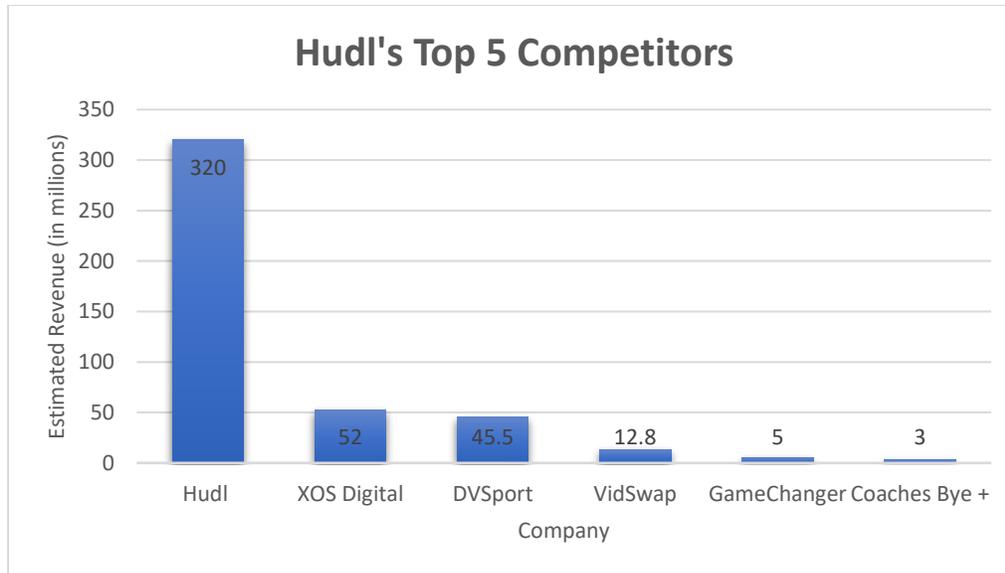
Threats: Hudl is undoubtedly a leader in the sports video and analysis. However, they do still have competitors. Their top three competitors are XOS Digital (est. revenue 52 million), DVSPORT (est. revenue 45.5 million), VidSwap (est. revenue 12.8 million). XOS digital is Hudl's closest competitor but is still far behind Hudl's estimated revenue of 320 million by 268 million ("Hudl's Competitors," 2020). XOS Digital focuses more on the advertising and marketing side of sports tech, while DVSPORT and VidSwap are on the internet software field side. In the past, Hudl has acquired many competitors, often to gain their customers or utilize their technology. The company has made nine acquisitions in its 13-year history (Castner & McChesney, 2019). Most recently, Hudl acquired KrossOver and Wyscout in 2019. Although going forward, it is unlikely Hudl will be able to acquire every single competitor that enters into the market.

### **Competitive Advantage**

Hudl has a few key attributes that give them a competitive advantage. One is the company's established reputation in the sports technology industry for coaches and athletes. The company was the first on the scene to turn paper playbooks into a digital concept. This has allowed them to establish many connections with teams, coaches, and athletes since 2006. The fact that they also offer performance and video analysis for multiple sports also sets them apart. This allows schools to purchase all of their sports technology from one supplier. Also, Hudl

scrapped the licensing business model, many technology companies used, and opted for a subscription-based model (Castner & McChesney, 2019). When a client has a large number of people that need to use the platform, this makes it a much more cost-efficient investment than having to purchase individual licenses for each user.

**Figure 1**



Source: Hudl's Competitors, Revenue, Number of Employees, Funding and Acquisitions. (2020). Retrieved April 20, 2020, from <https://www.owler.com/company/hudl>

### **Current Strategy**

Hudl's current strategy is a mix of focus and differentiation. Hudl's product/service is based upon differentiation; its initial customer value proposition was offering an online alternative to how video was used in sports. Before Hudl's software, sports film was burned to CD's and then clunkily fast-forwarded or rewound to important parts (Castner & McChesney, 2019). Hudl's suite of products allows videos to be uploaded straight to their site, and athletes can watch back film seamlessly stopping and starting. Coaches also can illustrate on the video, provide audio, or type in feedback. Hudl continues to improve and innovate their products to set

themselves apart. Recently they have started to develop camera technology. Focus is a camera that records on its own, eliminating the need for finding someone to record the athletic event (“We Help Teams,” 2020). Hudl also uses a focus strategy by focusing on a very niche sector of the sports technology market. The solutions they provide are focused on video and performance analysis. Hudl’s target market is those involved with formal sports teams, clubs, or leagues. Hudl does not sell to individuals, individuals’ access Hudl’s product via their team that has purchased a subscription to it.

### **Strategic Alternatives**

I will discuss some strategic alternatives I think Hudl could implement and then provide my recommendation on which alternative would give the most value to the organization. One alternate strategy Hudl could implement is entering into the Esports market. Esports are essentially sports competitions via video games. This could provide an opportunity for an additional revenue stream, especially during unprecedented situations like COVID-19 that suspended all in-person sports events. In 2020, the Esports market is expected to reach 1.5 billion in revenue, and it is estimated 40% of gamers watch Esports once a week (Giorgio, 2020). It is a trend that has been growing for the past few years. If Hudl could develop/alter a product or software that would help these Esports “athletes” prepare and compete in their events, it would broaden their product mix and customers. It would also decrease Hudl’s dependence on the seasonality of in-person athletics.

A second strategy is for Hudl to continue to expand its presence in the international sports market. To create the same reputation Hudl has domestically, Hudl will have to invest more time and resources into global opportunities. Hudl recently acquired Wyscout, which is an Italian company that uses video for football scouting. Hudl can grow this acquisition and/or

continue to acquire additional overseas sports technology companies. Gaining employees that have diverse backgrounds could also spur innovation for potential international sports products/software in EMEA and APAC markets that are not as common in the United States.

Lastly, Hudl could broaden their performance and video analysis product line to include sports that are characterized as individualistic. Hudl currently offers video solutions for mostly team-based sports (except for a few): soccer, basketball, volleyball, lacrosse, American football, track and field, wrestling, ice hockey, golf, baseball, softball, and rugby (“We Help Teams,” 2020). Coaches and athletes participating in individualistic sports such as tennis, swimming/diving, gymnastics, etc. could also benefit from using video as a tool to improve their performance.

### **Strategic Recommendation and Contingencies**

I recommend that Hudl continue its general strategy of focus and differentiation because their product solves a niche solution. Of the possible alternatives, Hudl should primarily focus on expanding its share of the international sports technology market. This could provide growth of their current products and spark innovation for new products focused on sports that are more popular outside of the United States. However, a potential roadblock to implementing this is cultural barriers. Each country has its own rules and regulations to follow. There are also different sports cultures in different countries. Hudl will have to navigate how they can add value to areas that are important to international sports cultures. In the long-term, I think Hudl would also benefit from creating additional software platforms specialized in individualized sports. These products would be more similar to their current product line, compared to developing a product for the Esports market. Developing new software is not a task that can be accomplished overnight. Still if Hudl consistently works toward video and performance analysis programs for

individualized sports amongst its current initiatives, it would eventually open access to another layer of coaches and athletes looking to excel in their sport. I don't recommend Hudl entering the Esports market at this time. They would have to invest a lot to develop a program that could benefit digital athletes – it would look substantially different than the video tools that are used for in-person physical live sports. Since the Esports market is new to the scene, there is no established demand or guarantee that a video analysis tool would be well received by customers.

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