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Hudl Strategic Analysis

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ABSTRACT

Hudl is a cutting edge company that assists with the filming, distributing, and recording statistics for more than 40 sports. The sports, at the high school, college, and even professional level, consist of football, basketball, soccer, volleyball, and many others. Growing since its founding in 2006, Hudl now has more than 2,400 employees across 20 countries. To analyze the external environment of the video sharing industry, a PESTEL analysis and a Porter's Five Forces analysis were completed. These analyses found that Hudl was a unique case because they are in a very niche portion of the industry and take up a large portion of the market share. Hudl's current strategy is focused differentiation. If Hudl maintains their current position in the industry, they will continue to be successful and be the go-to company for teams looking to find a solution to their film distributing and sports analytic needs.

Keywords: Hudl, Sports Analysis, Strategy, Strategic Analysis

INTRODUCTION AND BACKGROUND

Hudl is a video capturing and analyzing service primarily aimed at assisting coaches and athletes in tracking their sports related moments. The company was founded by David Graff, John Wirtz, and Brian Kaiser in 2006 (About Hudl, 2021). They began by acknowledging the issue of watching film for American football teams. Coaches would have to spend hours transferring game footage to CDs and distributing them to players who would then have to find a way to watch them, which was very time consuming for all parties involved. The idea was to make the footage web-based, so anyone with specified email addresses could access it. In 2007, they had two teams utilizing the service - the Nebraska Cornhuskers and the New York Jets (Hudl, 2020).

From here, the goal was to get their service into more coaches' hands. They originally aimed their product towards college and professional football teams, but quickly found out that these teams were hard to contact. Still, they desperately attended many conventions and shared what they thought was great about their product. From these conventions, Hudl found much interest from high school and smaller colleges and pivoted their target market. This created a faster buying cycle for the company (Hudl, 2020).

After Hudl cornered the market, they continued to expand their offerings. To accommodate other sports such as basketball that were faster paced, Hudl developed kits that utilized iPads so the sport could be quickly followed. The iPad kits also allowed coaches to upload their video live, so real time adjustments to game play could be made. After these adjustments, Hudl increased from 5,000 to 20,000 basketball teams within a year (Hudl, 2020).

Hudl has since expanded by buying out their competitors. In 2011 and 2012 they bought Digital Sports Video and Apex, bringing their company to cover 75% of the available market in

3 years (Hudl, 2020). In 2014, Hudl had their first international expansion when they bought Replay Analysis in London. This company gave Hudl the insight needed to understand how international football is played globally and how those teams could best be served. However, the real global shift came from the acquisition of Sportstec in 2015 who was based in Australia (Hudl, 2020). Other acquisitions for Hudl include Wyscout, a global sports library, and Volleymetrics. Both allowed Hudl to expand their knowledge and product offerings.

ANALYSIS OF THE EXTERNAL ENVIRONMENT

PESTEL Analysis

The PESTLE analysis takes a comprehensive view of macro-environmental factors that affect an industry and the firm itself. These factors include the political and legal, economic, social, technological, and environmental (What Is PESTLE Analysis? 2021). Hudl is classified as a part of the video hosting industry; however, due the highly specified nature of the company, they make up a small segment of this industry (Newcomb, 2020). This also means that they are not direct competitors with companies like YouTube, regardless of being in the same industry. Even though YouTube and others may post videos containing sports clips, they are not aimed at the teams to assist them in future games.

Political and Legal

Hudl is relatively new and is still combating possible issues in the political and legal realm. One of the biggest factors they currently face is dealing with the file sharing regulations because they work with many minors. Currently, children under 13 years of age are not allowed to utilize the app and make a profile for themselves (Privacy Policy, 2020). Although middle schools can have teams that utilize Hudl's products, children on these teams would not be allowed to create profiles for themselves. For those older than 13 years, there may also be

concern about who can access their videos. The Hudl cameras upload the encrypted videos that are playable on Hudl.com and the Hudl mobile apps only (Privacy & Regulations, 2020). The videos are then uploaded to the team library where only administrators of the team have access to view it. From there, the administrators can adjust the share settings so the team can view it. While Hudl clips can be shared to social media such as Twitter, Instagram, and Facebook, the videos would then have to abide by those platform's privacy regulations.

Economy

Hudl works with mostly sports on the high school and college level. Their main product lines are mostly used for football and basketball, even though they do still go into sports such as volleyball, soccer, and wrestling. For many schools, football and basketball make money. These programs would be prioritized over others when it comes to pressures from the economy. Because football and basketball make up the majority of Hudl's subscription base. However, in the face of COVID-19, some schools may have had to face budget issues (Hoch, 2020). The additional cost of safety equipment has been significant, especially for smaller school districts. To continually meet the requirements of health protocols, schools may have to cut back on beneficial, but ultimately optional services like what Hudl provides.

Social and Demographic

The social and demographic factors affect the niche side of this video hosting industry very little. Unless there is a large increase in the interest in sports, there will not be a significant difference in the demand for these products. High school and college teams of all sports are not going to be affected by people getting older because younger athletes will always be around to take their place.

Technology

For Hudl, the biggest factor relevant to a PESTLE analysis would be technology. From the beginning of their company, they have been adapting and expanding to create a greater appeal and fill new needs with their products. To start out, Hudl had only an online interface that coaches could share video files through the internet on. Now, they have expanded the products to cover customer desires they have seen. One of their major technological advancements was to expand into analytics. From the beginning, coaches had the ability to input statistics into their app to track. However, now Hudl has options for additional analytical tools to record live statistics for real time changes in game play.

In addition to this, Hudl expanded to producing their own physical cameras that schools could utilize to film their game. Previously they had used iPads, which are still available, but their own cameras are becoming increasingly popular. They currently have two main series of cameras. They have the Sideline cameras which are primarily used for recording football games. They also have a line called Focus. These cameras can be both indoor and outdoor. Both camera lines have uses that they are more suitable for and they are recommended for different sports. In the future, Hudl will work to create portable cameras so schools do not have to rely on the opposing school's also having the cameras needed to record their video.

Environment

Within a PESTLE analysis, the environmental factors include corporate social responsibility, climate, and others. Hudl's company is not majorly affected by environmental factors. They do not have to take into account sustainability, climate, or geographical location. One factor that has impacted them is the COVID-19 pandemic. Many schools across the nation chose to put a halt on their high school or even college sports for the season to protect the players

(Bachman, 2020). Because of this, many schools may have paused or even cancelled their subscriptions to services like Hudl because they were not needed for the year.

On top of this, Hudl, like many other companies, have started to increase remote working capabilities as a result of the pandemic. This expands the pool of workers who may be open to applying to their jobs. Having a much larger population working from home means that they may decrease future expenses related to office spaces and benefits tied to the office such as free catered lunches. COVID-19 has a large environmental impact on Hudl and the industry as a whole.

PORTER'S FIVE FORCES

Porter's Five Forces is an analysis of an industry that looks at the threats of five factors: substitutes, suppliers, consumers, new entrants, and rivals. The primary goal of the analysis is to determine the appropriate strategy for competitors while looking at the factors of the industry. (Porter's Five Forces, 2020). The determined analysis will then affect the company's profitability and competitive advantage for the future.

Substitutes

Substitutes in the realm of Porter's Five Forces are a secondary option that a client can choose instead of utilizing the specific process (Porter's Five Forces, 2020). Hudl benefits by providing services for a very niche product. However, sports analytics are becoming increasingly important to compete for teams, even in less prestigious levels. Despite this, there is not much along the lines of replacing what Hudl does. Options for substitutions include the coaches filming, distributing, and analyzing on their own. Doing this would be very labor and cost

intensive for the coaches and schools involved with the process, so this means that the threat of substitution is very low for the industry.

Suppliers

The suppliers in this specific video sharing industry are those who produce the cameras and other parts that the school's use to film their games. The industry is dominated by very few companies, this gives power to the companies in the industry to bargain with suppliers. Suppliers do not have enough say to impact profitability. They produce pretty generic cameras that many other suppliers have the capability of completing. Hudl and other competitors can find a new supplier easily if needed. The suppliers do not need to hire people with particularly specialized skills, or people that specifically like sports. This fact also leads to suppliers being easily replaceable, which means they do not generally have a lot of power to leverage within their industry.

Consumers

Within the different industries, consumers have varying impact on how they can affect prices. The niche portion of the video sharing industry that Hudl is in has almost no impact on prices. For starters, no individual teams purchase large volumes relative to the company's sales. This means that they would not have the option to bargain down prices in quantity buying. Low switching costs typically lead to more consumer power, but in this market, there are virtually no other competitors to switch to. Their only other options would be to complete the filming, distributing, and tracking statistics manually, which is very cost and labor intensive for the teams involved.

New Entrants

The threat of new entrants is gauged by how easily new competitors are able to enter the market (Porter's Five Forces, 2020). This industry is relatively new and the market is still untapped because of that. This means that the threat of new competitors entering the market may be high, but the threat of them impacting profitability is pretty low. Hudl as a company has cornered this market early. When new competitors entered and had something that was unique that was pulling from Hudl's market, they frequently bought these companies to further expand. Hudl has acquired companies to help fulfil needs that they could not on their own. For example, Volleymetrics and Replay Analysis allowed the firm to understand volleyball and soccer respectively.

Rivals

Rivalry refers to how already established companies threaten profitability. (Porter's Five Forces, 2020). Hudl has a unique market position because they are in such a specific portion of their industry. Even though companies such as YouTube are also video sharing platforms, they do not compete with someone in the same industry as Hudl. Specifically, Hudl and their competitors share sport clips and statistics and there are not many people within this niche market. This alone makes the threat of rivals relatively low. The industry has grown very fast, but they have a relatively small market because they are so specific with the products being offered. The specific nature of the product being offered means it's not seen as a commodity to the public.

Another point of rivals for the industry is how they have relatively low fixed and storage costs. For Hudl specifically, their app portion of the business has minimal cost associated with upkeep making the majority of that segment profit. They also have low storage costs because the

app does not need any physical storage. However, their hardware would need storage. This is still minimized because the physical cameras they sell have large backlogs of orders, so there are not warehouses of units just sitting, they are being shipped as soon as they are completed. Finally, rivalry is also associated with high exit barriers, which this industry does not have.

COMPETITIVE ADVANTAGES

Hudl gained a huge competitive advantage by being early into this developing industry. They have become almost synonymous with sport film distribution and analytics. Hudl's product is considered very valuable. They create a lot of benefit for the coaches who utilize the products. They are also considered rare because there are not many competitors who offer products that are similar and provide the same set of benefits. While their product can potentially be imitated, the costs and time to do so adds a layer of difficulty that have prevented many from doing so. As mentioned before, Hudl's products do not have any substitutes aside from completing their services yourself. This means that Hudl has created a sustainable competitive advantage for themselves.

STRATEGY

When Hudl was founded, they were competing in a blue ocean strategy. They began in a market they had essentially created and had no competition because of it (What is Blue Ocean Strategy, 2020). Now that Hudl is more established, they have a differentiation strategy. They are perceived industrywide as unique and valuable based on the innovative product they have created. They also differentiate themselves along their logistic activities. They have rapid process to replacement requests for the physical cameras and they have a complete inventory of

replacement parts. They have an intricate system for prioritizing and getting replacement parts out even within the COVID-19 supply chain issues many industries have been facing. Because they have a niche market, they inherently have a focused strategy too. Part of Hudl's mission was to make every moment in sports count and, when using a focused differentiation strategy, they are able to best serve their customers (About Hudl, 2021).

RESOURCES

Hudl has valuable resources within the people of their firm. The three founders have been with the company for more than 15 years and bring years of growing experience (About Hudl, 2021). Financially, Hudl has many resources as well. Many investors see potential in the growth of the company. In 2017, Hudl acquired \$30 million in funding from investors such as Nelnet, Accel, and the Raikes family (Armstrong, 2017). This further boosts Hudl in allowing them to continue to create innovative products. Also in 2017, Hudl completed the construction of their headquarters in downtown Lincoln, Nebraska (Olberding, 2016). The office, split between Hudl and Nelnet, has 85,000 square feet of space just for Hudl employees to come together and work. The space allows for collaborative work environments, private working spaces, and even a large cafeteria on the 7th floor.

MAJOR ISSUES

Like many companies across various industries, Hudl is facing supply chain issues when it comes to producing their physical cameras (Goodman, 2021). There are many problems with shipping from overseas and many vital parts of the cameras are produced in Taiwan. Issues with getting space on shipping containers, labor shortages due to sickness, and part backlogs are all

contributing to rampant backlogs within the supply chain. This has been making a struggle for Hudl to keep up with the demand for replacement parts and full units. For Hudl, they are prioritizing the existing customer replacements to mitigate any ill feelings from potentially long waits. They are also trying to be transparent about the process timelines with both new and existing customers to set proper expectations during this time.

CONCLUSION

Hudl has set themselves up to compete in a market that they have essentially created. To continue to keep their sustainable advantage, Hudl should monitor the competitors as they have to see if there are future potential buyout options or if new features need to be incorporated into their products. The company has a strong reputation within the industry. Maintaining their market share through keeping their customers happy is vital. To do this, Hudl must adapt to the changes in the industry. Currently, Hudl has virtually no competitors, and they have a valuable and rare product. Hudl should be able to maintain their advantages if they continue to operate how they have been.

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