Picture this: Olapic catches the next wave of e-commerce

Buying a jacket online? If you trust images downloaded by users over the catalog images, you're one of the reasons that Olapic is growing so fast.

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Three Spanish students at Columbia Business School in New York had an idea and launched a startup in early 2010. When they graduated later that year, they changed their original idea to fuel growth. And then they changed it again in 2012....

This is not a story of fickle entrepreneurs: It is the story of agile business-model innovation.

The fact that Olapic, offering a visual marketing platform, is today well-funded and fast-growing shows the results of relentless innovation on the part of its founders — Pau Sabrià of Barcelona, Luis Sanz of Zaragoza and José de Cabo of Madrid.

How did a company that started out providing a platform to share wedding photos morph into one that allowed newspaper websites to pull visual content from readers, and then into a service enabling brands to promote their products with crowdsourced images? A case study prepared by Joan Roure Parera and **Juan Luis Segurado** of IESE follows the evolution of the company as a teaching tool for entrepreneurs. The case, titled "Olapic: Migrating the Business Model," tracks the company from its founding through its first three years, as it faces big decisions in pursuit of growth.

Wedding bells

Olapic's name captures the idea of a wave of pictures (*ola* means wave in Spanish).

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The original idea behind Olapic certainly fired the imagination, both winning a contest at Columbia, in their second year of the MBA, and attracting investors early on. In its first incarnation, Olapic provided a photo-sharing service for brides, grooms and their wedding guests. The platform allowed friends to upload wedding photos to a common site. There was a free version (for fewer than 100 photos) and a premium model that cost well-exposed newlyweds $80.

The wedding project allowed Sabrià, Sanz and de Cabo to capture early clients in the form of friends, who were beginning to get married. It also tapped a market sure to be interested — brides and grooms intent on capturing every moment of their special day. When they won first prize with the "Greenhouse Program" at Columbia, totaling investment of $25,000, de Cabo highlighted that they won not for having the best idea, but because it had already been deployed (and it worked).

But there were problems. After all, ideally, clients only get married once. This meant that there were no repeat orders to help the business grow, and that money had to constantly be reinvested in marketing strategies to meet new customers. Olapic's wedding-photo platform might function, but it wasn't likely to be a blockbuster idea.

Eye for innovation

Too often, companies experiencing some growth and success cling to what they perceive to be working, overlooking revolutionary changes that might breathe new life into their firm. Olapic, according to IESE innovation expert **Tony Dávila**, made the right move by keeping its options open.

Dávila points to the differences between incremental innovation — small steps to steadily improve a product or service — and breakthrough innovation, which involves large-scale changes that may change a company's whole purpose and business plan. It's about changing the rules of the game.

"When you're successful, you think the world is not going to change," Dávila says. "Probably because you don't want the world to change." It will change with or without your permission, however, and the only way to move with the times is to be flexible and think big.

What the Olapic team did next was a true reconfiguration: innovating by "connecting the dots" between changes in technology, demographics and markets, among other factors. The surging wave of consumer-generated content and the dynamics of social media together

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changed Olapic's best opportunities and the company was agile enough to take advantage of them. Why Olapic, and not others? A plausible explanation is that Olapic's founders were engaging in an active search for opportunities, they were alert to them and they knew the potential industries or markets.

Media dreams

When venture capital firm First Round Capital introduced a program for startups in the media sector, partnered with the New York Daily News, Olapic's founders jumped at the chance to participate. After all, the NYDN had a circulation of 14 million online users, as the case study explains. It was 2010, Instagram had just arrived on the scene and digital connectedness was capturing corporate imaginations.

Olapic adjusted its photo platform to serve a new need: It allowed readers to share newsworthy photos. At the same time, it allowed media companies to benefit from the traffic. A snow storm offers a classic example: Anyone with a smart phone can help report the story on the ground, sharing photos out of reach to any one newspaper's staff.

The media industry looked like a better fit for Olapic — and launching with the New York Daily News properties was an auspicious start. But, even so, complications emerged: the digital landscape was changing constantly and media companies were slow to adapt. Media contracts tended to take a long time to finalize and were difficult to attach a precise value to. Direct competitors were also beginning to appear.

Next stop: e-commerce

When Facebook purchased photo-sharing platform Instagram in April 2012, big brands started seeing more value in image-based communication with customers. Olapic was poised to take advantage of this. They launched a new platform to enter the e-commerce market — the only trillion-dollar industry boasting double-digit growth, as the case study notes.

Olapic's team built its new product on the idea that customers trust photos taken by other customers more than they trust a brand's own publicity shots. On e-commerce sites, Olapic said they found that potential customers were more likely to click "buy" when a product was contextualized by real customer photos, gleaned from Instagram, Facebook and other social media networks.

In this new model, Olapic offered companies user-generated images of products to use on

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their sites, right at the point of sale. For example, furniture-seller West Elm used Olapic to populate an image gallery filled with customers' cute dogs and cats lounging on West Elm products. "Powered by Olapic" appeared as a signature on clients' pages, marketing Olapic's service to other potential e-commerce clients.

At the close of the case study, Olapic founders ponder future funding options to fuel growth. Plenty of options were open to them. If there's one thing their trajectory so far has highlighted, it is that an agile approach to the business model makes them more likely to catch the best wave.

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