Qumu Extends Market Reach With Kulu Valley Acquisition

Summary: Qumu’s acquisition of Kulu Valley is a targeted move to expand its market reach and enhance its cloud delivery capabilities.

Event: On October 6, 2014, Qumu announced it had acquired Kulu Valley for $15M. Kulu Valley, based in the UK, developed a cloud-based video presentation platform.

Analysis

While Qumu is known for its expertise in internal enterprise video delivery, Kulu gives it an enhanced cloud delivery model, external expertise and role-based reach in lines of business. We believe Qumu’s acquisition of Kulu Valley comes in the midst of a market shift where enterprise video use cases are converging. We are seeing activity in leveraging video across different industries and lines of business. Cloud delivery of video content is a major trend that essentially enables a video portal or “corporate YouTube.”

Business leaders in sales and marketing now have no doubt and are clear about the value of video. Education, law, healthcare, sales and marketing domains are using it in broad scale. The significance is that internal to external is part of the same continuum that for so long has not been supported completely by enterprise collaboration offerings, thus the reason for end users utilizing consumer based tools.

With enterprises moving forward with customer centric initiatives that are affecting all internal business strategies, roles such as the CMO are rising in significance and influence. Sales and marketing strategies have to be ever more in sync with a heavy focus on customer engagement. Also, this requires enterprises focus on extending existing roles to lead digital initiatives. It’s more than just having a chief digital officer; every role must be digitally proficient and involved in digital transformation.

The Qumu move demonstrates again that this is a pervasive video era, where video is for all intents and purposes, everywhere. The average worker has already consumed and created video in their personal lives on mobile devices. Mobile devices have democratized the access, use, consumption and creation of video. For mobile workers, video becomes an enabler along with mobility to ensure connectivity and access to business information and assets.

Cloud-based Video

Qumu will extend its reach in Europe and further penetrate lines of business such as sales and marketing where technology spending is ever increasing, especially in the area of video. With its newly acquired cloud capabilities, now branded Qumu Cloud, Qumu can now offer pure cloud-based video content management that will cater easily to customer-facing video distribution use cases. This rounds out Qumu’s video content management offering with an enhanced SaaS option for more flexible deployment models for customers.

In addition to managing and distributing video in the cloud, Qumu offers real-time analytics that report viewer behavior and integrate with sales automation tools like Eloqua and StoneShot. This lets sales and marketing groups use viewership information to measure the effectiveness of their...
campaigns and adjust their content to maximize customer engagement.

**Challenges and Opportunities**

With newly enhanced video creation and cloud distribution capabilities and a new focus on line-of-business use cases, Qumu has to speak the language of these roles in order to further garner trust and penetrate new markets. At the same time, it needs to maintain its core messaging for video infrastructure leaders to maintain a trusted advisor role around network optimization and bandwidth strategies.

**Aragon Advisory**

- Existing Kulu Valley and Qumu customers have to request clear technology and support roadmaps as to what this acquisition means for current investments.

- Enterprise planners evaluating cloud should also get detailed guidance around network optimization strategies for video delivery.

- Sales and marketing professionals running video campaigns should look at the role of customer engagement analytics as a part of their content management strategies.

**Bottom Line**

The Qumu acquisition represents a shift in focus in this market toward a convergence of internal and outward-facing video use cases. Enterprises have to develop governance and content management strategies for a full video lifecycle and continuum, while still managing network and infrastructure issues regarding video delivery.

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