

ATG Interviews Olivia Humphrey

Founder and CEO of Kanopy

by **Tom Gilson** (Associate Editor, *Against the Grain*) <gilson@cofc.edu>

and **Katina Strauch** (Editor, *Against the Grain*) <kstrauch@comcast.net>

ATG: *Olivia, we are always amazed when someone like you starts with an innovative idea and converts it into a successful business. Where does that entrepreneurial spark come from? What qualities does one have to bring to the table to make an enterprise like Kanopy work?*

OH: I am very passionate about film and the way that film is a powerful medium in story-telling, sharing compelling messages and ultimately challenging the way people think. With higher education students turning to film more than any other resource outside of their academic worlds, it intrigued me why film wasn't used more heavily in academia. Students respond so well to video, so it seemed a logical gap to fill — connecting students and professors with the wealth of compelling film available.

ATG: *You've referred to Kanopy as the Netflix of the education sector. Can you explain what leads you to make that comparison? What makes your model different from others in the industry?*

OH: We have the largest and most unique collection of videos on the market. Rather than seeing ourselves simply as a library vendor, we consider ourselves as a media platform with a vibrant audience of librarians, professors and students. We believe students are the most overlooked segment in the educational video market, so have built a solution that puts them at the center and is a desirable destination — one that they feel comfortable engaging with and are excited to visit, just as Netflix and Hulu are desirable in their personal lives. We don't believe libraries should be paying for large bulk resources that are rarely used. Rather, we believe libraries should be investing their dollars in the video resources that are desired and heavily accessed, with as much of a focus on usage and relevance as on cost and volume.

As such, our model is designed not to be too much of a departure from other video or social platforms that students are using outside of their academic studies. We attract great content because of this. For example, we are proud to release First Run Features' "Through a Lens Darkly" this week. It won't release on iTunes, Netflix and PBS until February 2015, so **Kanopy** customers will be able to view this film before the home video street date.

ATG: *When you first started Kanopy you were surprised that video was not a major part of the college curriculum. Has that changed? Where does video fit in the curriculum now?*

OH: Yes, I was surprised considering there is an amazing wealth of video available, the explosion of online education, and the fact that students watch more video than any other resource outside of their studies. 88% of 18-



24-year olds are watching videos online every week. This has definitely changed now. We are seeing huge growth in usage across the campuses we work with as well as changes in the way that faculty, and students are engaging with the films. We are seeing **Kanopy** playlists becoming part of course assessment and a significant increase in the proportion of videos embedded into Learning Management Systems. One professor wrote in to say they have never felt more connected to their students than ever before. It's incredibly fulfilling to get that type of feedback and that's what we're out to achieve.

ATG: *You talk about creating a community of Kanopy users by allowing them to interact with each other and the actual filmmakers. How does that work?*

OH: Watching a video can be a very two-dimensional experience, but the digital world has transformed the way video is consumed. Film is an incredibly powerful medium in the way it can challenge one's thinking and emotions. We aim to capture that magic and encourage users to share and debate the films through social forums that we have built on the site. Students and faculty can also post questions or feedback to any filmmaker, providing an avenue of communication directly to the creators of the content. And the filmmakers love it — it's a way to keep them in touch with their audience.

ATG: *You claim that you offer librarians the only sophisticated statistics portal in the industry. What is so different about Kanopy's statistics capabilities? Why is that capability an advantage to librarians?*

OH: We have always felt that librarians should have full transparency into how their patrons are viewing videos. We were the first

to offer an analytics portal which provides detailed user statistics. Just saying "you had this number of accesses" is not enough — we provide full insight into what videos are viewed — how, when and by how many people — as well as device and browser trends, location, attention span, best performing genres, user engagement through playlists, comments and embeds, and much more. This is useful to librarians to manage their ROI. The key metric for ROI is usage, so a more sophisticated understanding of the demands and patterns of their patrons help librarians track trends and manage their budgets.

ATG: *Privacy is a big concern in the US. Is privacy a big issue in your other markets like Australia, Europe, etc.? Do you have protections in place to safeguard patron privacy where it is a concern?*

OH: Yes, we take privacy very seriously. On a personal level, I am incredibly sensitive to my own privacy and I may be one of the few people you know that does not have a Facebook account! We have a strict privacy policy that works on two levels. First, we only ask for information from patrons where it is key to the service — for example, we allow patrons to create profiles so they can store their favorites, clips and playlists for later reference. All users can access the service without us knowing who they are. Second, we do not share any personal information with any third parties. Our analytics portal is designed to give librarians a deep level of analysis — to monitor usage, identify trends and facilitate the right decision-making — but the data we share does not identify personal information.

ATG: *You also mentioned ROI or return on investment. Can you give us a few specific examples of libraries that are using your analytics portal to prove ROI? Has anyone used these metrics to justify budgetary increases?*

OH: Libraries are using the analytics in many ways to prove and heighten ROI and here are just a couple of examples:

Deciding whether to sign up to Kanopy: we provide the detailed analytics to libraries that are even on trial and many will use the actual data from the trials (along with the subjective feedback from colleagues and faculty) to decide if and how to proceed with **Kanopy**

Moving a collection out of PDA: some colleges on PDA can see particularly strong demand for specific collections of films if faculty start using them. Depending on the level of usage across those films, it can become more economical to license a collection upfront rather than to have each of the individual

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films trigger under PDA. We allow colleges to pull any collections out of PDA to license upfront if the usage under PDA proves the value to do so. A great example of this is **UMass-Amherst** who were tracking increased viewership of the **DEFA** East German Cinema collection from their Foreign Language school. After seeing a number of films triggered under PDA in that collection, the library decided to license the whole collection upfront for three years as the usage had proven the ROI for that decision.

Comparing different platforms: There was an interesting example provided of this in the presentation by Illinois State University in their presentation on **Kanopy** at the **2014 Charleston Conference**. They mentioned how they had elected to keep films in their **Kanopy** PDA model which they also had available on their own in-house hosting platform, because their hypothesized that the experience of watching the films on **Kanopy** might be better for faculty and students and it would be interesting to see if that was reflected in the usage. This was proven — an example they used was the film “Race the Power of an Illusion,” for which faculty immediately began using the **Kanopy** version rather than the in-house hosted version.

Deciding between collections and individual titles: Many libraries are using the analytics to make important decisions between full collections of films or individual titles. For example, **College of the Holy Cross** had a number of films licensed from the **Media Education Foundation** collection that were generating a lot of use and strong feedback from faculty and they used that information to decide to upgrade to licensing the whole collection.

Our PDA model has certainly been useful for libraries focused on ROI management — these are libraries that are going the next step and saying, “why don’t we use the usage data of our patrons to directly drive the purchasing decisions of our library, rather than just monitor and report on it?” At the **2014 Charleston Conference**, **UMass-Amherst** and **Simmons** presented on our PDA model and one of their interesting insights was that 90% of the films that were triggered under PDA had never been available on their campuses previously. To me, that identifies the challenge libraries have in predicting demand and the analytics proves that the PDA model heightens ROI by solving that problem — that’s why you see an ROI under the PDA model that results in over 60-90% savings on a cost-per-view basis vis-à-vis all other models.

But the metrics are not just useful for comparing different video resources and acquisition models; they are also useful for comparing

against the grain people profile

Olivia Humphrey

Founder and CEO, Kanopy
Level 4, 781 Beach Street, San Francisco, CA 94109
Phone: (415) 926-5293 • <Olivia.humphrey@kanopystreaming.com>
www.kanopystreaming.com

BORN & LIVED: Born in Sydney, Australia. Lived in Vancouver (Canada), Copenhagen (Denmark), London (United Kingdom), Singapore, Perth (Australia), and now San Francisco (USA).

EARLY LIFE: Grew up in Sydney, Australia, where Mum picked me and my three siblings up from school every day and took us straight to Bondi Beach for the afternoon. Having always been fascinated by the human mind and how it works, I received a Science (Psychology) Degree the **University of New South Wales**.

FAMILY: I was the eldest of four children. I now have a loving husband and two-year-old son.

PROFESSIONAL CAREER AND ACTIVITIES: Since University, I have pursued a 12-year career in media rights management. My passion lies firmly in the promotion of non-theatrical film distribution, and I bear a strong belief in the magic of film to engage our emotions and further our thinking. My first foray into the film industry was with **BBC Worldwide** in London, where I managed the launch of the Teletubbies brand into Asia and Eastern Europe. Following that, I worked at **Austar Entertainment**, a major broadcasting company in Australia, and **Roadshow Entertainment**, a leading feature film distributor. It was at **Roadshow** that I identified the huge opportunity to improve the delivery of film to the academic market and I founded **Kanopy** in 2008.

IN MY SPARE TIME I LIKE: My favorite activity is spending time with the family and we do lots of roadtrips and weekends away. I also love to go to the movies, although I find that my expectations can often be high by virtue of working with so many great films and filmmakers!

FAVORITE BOOKS: *Elegance of the Hedgehog* by Muriel Barbery, *Wild: Lost and Found on the Pacific Crest Trail* by Cheryl Strayed, *Breath* by Tim Winton, *The Innovators: How a Group of Inventors, Hackers, Geniuses and Geeks Created the Digital Revolution* by Walter Isaacson.

PET PEEVES/WHAT MAKES ME MAD: Starting the day with lukewarm coffee, flight delays, poor customer service, bad grammar.

PHILOSOPHY: To live life with no regrets.

MOST MEANINGFUL CAREER ACHIEVEMENT: Receiving the first feedback from a faculty member. It was a professor from **Adelaide University** in Australia who wrote: “I have been teaching film for over 20 years and never have I seen my students so engaged and enthusiastic about the content. Students are just getting into making their own clips... it’s fantastic for lectures. Overall way more simple and user friendly than it could have been! And it’s really excellent for the external students — I wish you could see the online discussion they’ve had over the first clip posted last week — I can’t keep up!...” That was the moment when I knew that I was on the right track.

GOAL I HOPE TO ACHIEVE FIVE YEARS FROM NOW: To have **Kanopy** in every country in the world, connecting students and faculty from all cultures and backgrounds with the magic of film.

HOW/WHERE DO I SEE THE INDUSTRY IN FIVE YEARS: Online video will be used on every campus in the country. There is no doubting the power of film, especially with the emergence of the new generation of student, and the accessibility and relevancy of online film to libraries and institutions around the country is only growing. As a community, we need to be cognizant of the fact that we must forge a sustainable economy for educational filmmakers, to ensure they can continue to produce videos that teach, inspire, challenge and engage the next generation of students. 🐾

different resources altogether. Many libraries have strictly structured library budgets with allocations to different resources (media, books, etc) as well as models (purchases, subscriptions, etc.), and we are seeing libraries start to adapt these significantly and reallocate to keep up with the changing demands of their patrons.

ATG: You started **Kanopy** in Perth, Aus-

tralia but have recently moved your headquarters to San Francisco. What prompted the move? Do you still maintain offices in Perth?

OH: We have been streaming into North America for over three years now and moved our headquarters here 18 months ago as the business here started growing exponentially.

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Our entry into North America was prompted by the significant number of inquiries we were receiving from librarians that were hearing about **Kanopy** and were not satisfied with the current models available. We still have an office in Perth with a great team servicing every major college in that market.

ATG: *Are there significant differences in the U.S. and Australian markets? What about in the other countries where Kanopy has customers? How do you adjust to these differences?*

OH: One major difference is that Australia does not have an effective consumer streaming solution yet, so students and faculty have not had other convenient outlets for online video. Given this, and the fact **Kanopy** has been streaming for over five years to most Australian colleges, we have seen very high engagement from users. There is also a degree of geographic prejudice in content choice depending on the subject area — for example, history, politics and anthropology schools are more likely to skew towards local topics, and nursing and psychology schools will seek films that closely align with national standards — and this can impact the content we offer in each market. Despite these differences, there are also many similarities — ultimately students and faculty from one country the next are similar in their desire to use film and have a great user experience.

ATG: *We're surprised to hear that Australia doesn't have an effective consumer streaming solution. What does that mean exactly? And if consumer streaming becomes more prevalent in Australia how will it impact your business there?*

OH: Australia has a fundamentally different media market structure. The proportion of households with cable television is a lot less than the United States, driven in large part by differences in consumer preferences but also strong free-to-air television stations and strict government regulations that keep popular sporting events free-to-air. These differences have not only impacted the role of cable in Australia, but also streaming. This will all be changing in 2015 — Netflix has announced it will be launching there and we also see a number of regional players emerging too.

We actually see this as benefiting our business in Australia. As we have seen in the United States, awareness generated for films through other channels, whether it be through a PBS broadcast or Netflix, flows to **Kanopy** and we see large spikes in film usage that coincides with activity on other channels. Also, the growth in video streaming more generally will not only drive overall demand, but also lead to improvements in infrastructure to support it. We sit beside consumer solutions in almost all of our markets and we see ourselves as fundamentally complimentary — our solution serves institutions, not consumers and the functionality of our technology, the film usage rights we offer, and the richness and breadth of

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Kanopy

North America: Level 4, 781 Beach Street,
San Francisco, CA 94109 • Phone: (415) 926-5293

Asia Pacific: 1/260 Churchill Avenue,
Subiaco, WA 6008, Australia • Phone: (08) 9466 6690

Asia: Suite 602, Core Building 1, No. 1 Science Park E Avenue,
HK Science Park, Shatin, Hong Kong • Phone: (852) 9866 9907

www.kanopystreaming.com

EXECUTIVE TEAM: Olivia Humphrey, CEO; Tom Humphrey, COO; Grant Powell, Commercial Director.

KEY PRODUCTS AND SERVICES: **Kanopy** is the Netflix for the education sector — a video streaming solution for colleges, schools, libraries and corporate institutions. Our core service is the licensing of films from our catalog and we offer the largest collection of individual films in the world. **Kanopy** represents over 800 producers including the **Criterion Collection, Media Education Foundation, PBS, Kino Lorber, First Run Features, Universal Paramount**, and more, all of whom you can browse at <https://www.kanopystreaming.com>. We also offer additional services related to online video, including a video hosting service and a free film sourcing service.

CORE MARKETS/CLIENTELE: **Kanopy** streams its films to higher education institutions, K-12 and high schools, corporations (including hospitals, museums, government departments, clinics, etc) and other institutions with a desire for film for education.

NUMBER OF EMPLOYEES: 30

NUMBER OF BOOKS PUBLISHED ANNUALLY: Historically, we have published approximately 5-10,000 new films per year. 🌱

our content (we represent over 8x the number of films as Netflix) is vastly different.

ATG: *Libraries that subscribe to Kanopy license content, they do not own it as they would a DVD. Why is this an advantage for a library? What are your licensing options? What is your pricing model?*

OH: The concept of ownership is an interesting one. Ownership can only be in someone's interest should something be of value indefinitely into the future. What we know about how media is consumed tells us that ownership is rarely in the interests of the consumer. The problem is that it is incredibly difficult to predict how a resource will be used in the future, no matter how rigorous we try to assess this. Media and technology change fast, as does academic theory and practice, course curriculums and the preferences of our patrons. An expensive ownership model with ongoing annual fees that locks a library in can turn into a bad investment very quickly with no avenue for recourse. Here are some findings that some colleges made on this point:

In 2013, a published study by two Australian Universities — **Queensland University of Technology** and **La Trobe University** — compared the economics of licensing vs. perpetual access over the course of a ten-year period and found that the "outright purchase" of film collections saw a time-weighted cost-per-view of \$99 and \$33 respectively compared to \$4.8 and

\$4.9 for **Kanopy's** Patron-Driven Acquisition model and \$10.3 for collection subscriptions.

In 2014, **UMass-Amherst** and **Simmons** colleges, presenting at the **Charleston Conference**, found that after ten years, 85% of films purchased had either never been used (25%) or were no longer used (60%). Students and faculty no longer wanted films with actors in 80s clothing or discussing theories that had been disproven.

From a library's perspective, a licensing model does two things. First, it ensures they are able to maintain the flexibility to curate their film collections overtime and keep their catalog refreshed with the newest and most relevant content. Second, it also keeps us honest and ensures that we have a responsibility maintain our relevancy. That is what fuels our innovation.

Kanopy offers two purchase models:

Upfront one- or three-year licenses to any video or video collection

Patron-Driven Acquisition — four views of any video within a year triggers a one-year invoice.

ATG: *Kanopy also offers a hosting service that allows libraries to upload and stream any videos that they own and make them available on the Kanopy Video Platform. How does that work? What rights management issues need to be considered to make this happen?*

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OH: The hosting solution affords a number of benefits. It is a very flexible solution, allowing a library to upload a single film without having to commit to a large minimum fee, and also means that libraries can have all of their hosted films stored in the one destination alongside their **Kanopy** licensed films, taking advantage of our technology as well supporting the cross-discoverability of the films. It is a fairly simple process — a library simply uploads films as and when they want to. Rights management is something the libraries manage with the content owner. **Kanopy** can facilitate this conversation as we have such great relationships with the rights owners, but ultimately this is something the libraries and rights owners negotiate.

The benefit of our video licensing service is that the rights are very clear and are the same for every film. **Kanopy** manages the licenses and the associated rights so many libraries prefer to rely on that.

ATG: *We also notice that you already have a new subsidiary called KanopyPlay. What is that all about?*

OH: **KanopyPlay** is a streaming solution for the K-12 market. It operates very differently to our higher education solution in terms of the content and technical features, and we have been surprised by the great response from teachers, parents and of course the students.

ATG: *Leading and growing a company takes a great deal of energy. How do you recharge your batteries? What do you do to relax? Are there any non-work activities that you particularly enjoy?*

OH: Every day I come home to my two-year-old son who sprints down our corridor and hurls himself into my arms. It's simply impossible not to switch off with this welcome at the end of the day! I've never been great at relaxing except when watching movies so it helps to be running a media company with a privileged access to films! My favorite non-work activity has to be travelling. My husband and I feel very blessed to be living in the USA, and while my son is young, we're taking every opportunity to do road trips or weekend getaways.

ATG: *Kanopy has experienced remarkable growth since starting in 2008. Can you tell us what the secret is to this success? Do you anticipate being able to maintain this growth? How?*

OH: The growth we have seen with video streaming in the broader market is being mimicked in the educational space, but is also compounded by the growth in online education. In terms of the keys to success, having the right films is certainly important, but that's not enough. We cannot simply serve up the films; we need to achieve *real outcomes* — we only succeed if we can change the way that the students learn and professors teach. That means we need to capture the magic of film and offer an experience that excites and enriches; one that gets users watching and engaging with the films. For librarians, what has also been key is being *honest* and practicing what we preach. This guides everything we do from providing a rich analytics dashboard with absolute transparency on usage to offering a Patron-Driven Acquisition model where we are only rewarded if the films are actually used.

We are very excited by the future. Not only has streaming still got a long way to go in

higher education, but we are also seeing rapid growth in new territories (particularly Europe, Middle East and Asia) and markets (such as corporate and K-12 education).

ATG: *Speaking of growth, what marketing tips do you have for those libraries that want to expand the reach of the video streaming services they offer?*

OH: On this topic, I would urge libraries to take a look over the presentation by **Simmons** and **UMass-Amherst** colleges at the **2014 Charleston Conference**.* Those two libraries ran a research study into this where they explored seven different marketing initiatives for reaching their patrons, from social media campaigns to faculty emails, lib-guides and posters. From that research, I would suggest that there is no silver bullet as no two libraries are the same. Different initiatives achieve different purposes (for example, social media reached fewer patrons but generated traffic from those who had never been aware of the resource before, whilst faculty emails drove more traffic but to a more aware audience). We see libraries experimenting with multiple marketing channels, ensuring they have the ability to track the performance of those experiments, to see what works for them best.

ATG: *Olivia, thank you so much for taking time from your schedule to talk to us. We've enjoyed it and we've learned a lot.* 🍷

*The title of the **Simmons** and **UMass-Amherst** presentation is *Putting your Patrons in the Driver's Seat: Online Video Use, PDA, and ROI*. More information can be found on the **Charleston Conference** Website at <http://www.katina.info/conference/conference-info/program/>.