



Blurred Vision

For those with thousands of photos on their iOS devices, Apple's iOS 7 photo organization efforts are probably welcomed. In the end, though, it likely won't be that much help for finding a specific picture or simply enjoying your collection. That's where a service like Everpix comes in handy, but unfortunately, the team at this startup never made that very clear to the customer base and has since shutdown.

Launched in 2011, the cloud-based service basically collected and combines all of your photos into a single place from any source you allow

it access to: Mac and Windows computers, iOS devices, and social networks. Facebook, Twitter, Path, Instagram, your phone's camera roll, even photos that people sent via MMS; Everpix comprehensively backed up all of these sources to the Web and made them navigable through an intelligently self-organizing and elegantly designed web interface.

Once pictures are uploaded, Everpix analyzes your shots by date and content (people and pets as well as things like activities and locations) so you can view them instantly in groups it calls Moments, Highlights, and Explore. And users raved about the Flashback feature, which sent a daily/weekly email's of photos from that same date in the past.

In just two short years, Everpix went from a dream shared by two French graphics experts to one of the world's best solutions for managing a large

library of photos. It had attracted 55,000 users and was earning enough each month to cover the cost of the service, if not employees' salaries.

While its talented team obsessed over the look and features of its product, user growth failed to keep pace.

Starting in June of 2012, they tried to raise \$5 million to give Everpix more time to become profitable. When those efforts faltered, they pursued an acquisition. They had tentatively agreed to be acquired by Path, according to a source close to the social network, but Path's executive team killed the deal at the last minute, leaving Everpix adrift.

Not enough focus

The problem with hyper product-oriented entrepreneurs is that they often have one tool in their pocket: Making a great product. That's both admirable, and dangerous. Once the initial product is working, the team has

to quickly transition into marketing and user growth, which requires a different set of skills.

So the BIG question here is, where did it all go wrong?

Looking into the numbers makes it clear where the focus was and why it didn't work.

- \$565k consulting and legal fees
- \$128k office space
- \$360k operating costs
- \$1.4 total personnel costs

In other words, 80% of the costs went towards the employees and contractor/consultants/legal. It's basically all people costs. You could argue that the office space is really just a function of the people too. Really, only ~15% of the capital went towards actually running the service.

While the team obsessed about perfecting the service, the founders

paid less attention to the subject investor's care about most: **growth**.

Successful photo apps were attracting users by the millions, but Everpix only had 19,000 sign-ups, a very small number in the world of app users.

They spent virtually nothing on advertising and 1.8 million on building the service. They were going broke and needed funding fast.

Timing is everything, especially for a startup on the verge of losing it all. At the time they needed Series A Funding (A Series A round is the name typically given to a company's first significant round of venture funding in the Silicon Valley model of startup company formation), although they went looking for cash during the "series A crunch", a time when investors need more confidence in the business plan, more than just a great idea. Investors had lost confidence due to lack of growth and distribution, tech giants who had

once shown interest, had lost all confidence.

In the end, the founders admitted to the lack of sound business decisions and too much time spent on building the perfect product. Not enough was devoted to marketing and branding; initial effort on obtaining investors was just “okay” and they forgot to consider their competition with giants like Apple and Google, who are currently offering the same type of service, basically for free.

The lesson to be learned...sometimes building a great product isn't enough, and sometimes talented, passionate, hardworking entrepreneurs fail.

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