

The Application of POCD Framework to Current Online Platform Venture Capital Investment —Taking Hopin as an Example

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ABSTRACT

The article mainly evaluates Hopin company's investment and company prospects by using POCD (people, opportunity, context, deal). By analyzing Hopin's strengths in terms of people, opportunities, and content, combined with founders and employees who have undergone higher education, the company's improvement and development of products and services, and the adaptation to the customer base's needs. At the same time, the inconvenience of offline activities brought about by Covid-19 has led to a great promotion of Hopin's online platform products. Hopin has enhanced its competitive advantage in many ways compared to its competitors, enabling it to grow rapidly and make significant investments within a year.

Keywords: Online event platform, POCD, Hopin, Start-up

1. INTRODUCTION

Since the beginning of human life, people have regarded face-to-face communication as the basis of social interaction and an essential part of life. Through the form of face-to-face communication and contact, people can not only feel each other's expressions, attitudes and gestures in person but also draw closer to each other from a closer physical distance. In the third industrial revolution, the digital revolution has made traditional industries more mechanized and automated, thus reducing the cost of work and radically changing the mode of operation of the whole society. The rise of the internet made online events possible. In the 21st century, the human-technology level has been progressing rapidly more than ever. The form of meeting events in human society moves from in-person to online with the upsurge of online event platforms. People started to host meetings, work and study online. It saved much more energy, time and money. Not everybody likes traveling across the world for business which is not beneficial for the environment [1].

Until 2020, clinical analysis results of the Covid-19 virus showed person-to-person transmission [2-4]. WHO in March 2020 declared that the Covid-19 pandemic was a severe deadly virus after assessment. They announced that people should keep social distancing to curtail the spread of the pandemic [5]. Covid-19 occurs over a wide geographic area worldwide and affects an exceptionally high proportion of the population and their normal life" [6]. Social distancing is a conscious increment in the physical gap between people to curb disease dissemination [7]. This pandemic has forced the global physical closure of businesses, daily activities, and schools by switching offline in-person activities to online platforms. The online platform utilizes the internet and other advanced important technologies to develop materials for educational purposes, business working requirements and management of the program.

Videoconferencing startups have proliferated in the pandemic while everything from daily activities to education and work conferences has no choice but to switch to online. Moreover, while Zoom has had its crazy growth and has become widely used as a video

conferencing platform, startups in this field are still seeking these exceptional opportunities to create their specialized platforms. Other startups rose in almost one night-Airmeet specializes in online events. Coursera co-founder Daphne Koller is building a new platform designed for college-level online education. Hopin lets user network with each other and renders people with possibilities for one-on-one conversations. People can gather at virtual roundtables and then stage for keynotes. The virtual expo is provided as in-person expo halls are closed [8]. Boufarhat started Hopin to connect with others, as an auto-immune disorder left him isolated and stuck at home in London. He wanted to create a way to network online to create a bond between people. He suddenly made the initial version of Hopin and then experienced much virality. After that, they were growing quickly, making revenue at a fast pace [9].

Intrigued by Hopin's unpredictable opportunities and context since its beginning, we are motivated to analyze its full conditions and optimistic about its prospective transmission future.

We take Hopin as an example to investigate whether Hopin is worth investment and illustrate the Application of POCD Framework to Current Online Platform Venture Capital Investment. We collected relevant data from Hopin's official website and datasets and used Excel for data cleaning and corporate valuation. We primarily adopt the POCD framework to estimate market value and total circumstances in the previous periods. We analyze the current development direction, marketing strategy, and financing situation of Hopin completely. Besides, we fully evaluated Hopin's transformation status and predicted its development prospect.

This research provides an insight into the investment analysis of Hopin under the impact of the Covid-19 pandemic and gives suggestions on future investments towards Hopin. Generally, this research concludes worthy of investing in Hopin even under the effect of the Covid-19 pandemic.

2. A BRIEF INTRODUCTION OF HOPIN

Hopin is a video teleconferencing and online conference-hosting platform. The corporation is valued at \$5.65 billion as of June 2021. It is a completely remote firm with no physical location. Since its inception in 2020, the Hopin has held over 80,000 events online, collaborating with organizations and businesses.

As a new network communication platform, Hopin promotes unique real-time video interactions between participants, including automatic, random (or targeted) one-to-one networks, multiple concurrent virtual round tables for group discussions, and even hundreds of

thousands of live broadcasts on the stage. Meeting attendees can use Hopin to exchange virtual business cards and obtain a summary of their contacts after the event. Therefore, Hopin is very suitable for organizing large-scale group online conference activities.

3. POCD FRAMEWORK ANALYSIS

POCD Framework was developed by Bill Sahlman and Howard Stevenson of Harvard Business School [10]. It mainly evaluates startup companies from four aspects: people, opportunity, context and deal. The first part refers to the people who may influence a company, such as founders and investors. The opportunity aspect is about the products or services customers will pay more than it costs, creating and gaining value. The context aspect refers to external factors outside management's control, usually macro, such as exchange rates, regulations. The deal part refers to the direct contractual relationship between the companies and the relevant parties. The fit between them means a startup's potential, and the improper combination or lack of either factor can be a failure factor.

3.1 People

The first aspect is People. The founder of Hopin is Johnny Boufarha. He studied mechanical engineering at the University of Manchester. He mentioned the reason for starting Hopin in an interview: He wanted to create an online way to build connections between people [11]. His professional knowledge and experience allowed him to grasp the Covid-19 online office trend and made Hopin a great success. Also, his outstanding talent recognition ability allowed Hopin to grow from one person group to a 40-people company within five months.

Regarding why Johnny created Hopin successfully, his educational background has greatly contributed to his success. In fact, for companies, the educational background of the founders and workers is a very important factor for the company's success. In research from Mcdevitt [12], according to the research of Competitiveness and Prosperity in 2012, the founders of Canada's best companies are much better educated than the typical manager [13]. Figure 1 shows the educational background data of founders of common companies and top companies in Canada. Figure1 shows a college degree is held by nearly 90% of the managers of Top 250 Tech Companies, with nearly half possessing a graduate degree. Such data show the importance of education for entrepreneurs.

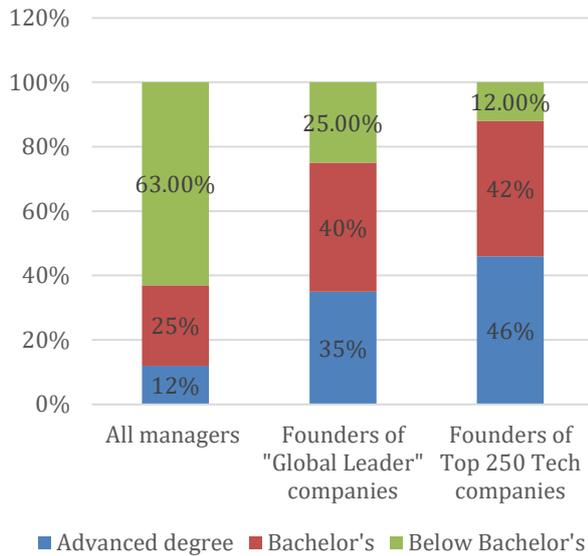


Figure 1: Education level of founders of top Canadian companies VS Ordinary managers

Moreover, a well-educated founder can also guarantee the company's future. In Francisco Queiro's research "The Effect Of Manager Education On Firm Growth ", Francisco established a strong growth in corporate life cycle growth along with manager education by comparing company managers and employees in Portugal and the United States [14]. He also found that the results were more pronounced for engineering, science, health, and business degrees managers. The Francisco research shows the different effects of managers with and without education on the company's size. From his analysis, he compared companies that have only existed for 1 to 5 years and companies that have existed for more than 20 years. Companies that have existed longer usually have managers with excellent educational backgrounds. This result shows that Hopin's success is largely inseparable from the good education of founder Johnny.

Through Johnny's talent recruitment, Hopin's scale continues to expand, and many outstanding employees join Hopin. Dave Schools and Jennifer Li are crucial to Hopin's development. The manager of Hopin's marketing department is Dave Schools. As an experienced marketing professional, Dave is good at different marketing strategies like revenue marketing and customer marketing. He is also very good at integrating the brand into stories to attract customers (Schools, 2021). Excellent and appropriate marketing strategies can help a new company quickly stand out from competitors and attract consumers. Especially for a highly competitive industry such as a network platform, only by presenting the uniqueness of the Hopin to users can the company's position be established. Through his efforts, Hopin has become one of the fastest-growing startups in the world.

Another important person for Hopin is Head of Engagement: Jennifer Li. Her main task is to allow Hopin to establish a strong relationship with customers and cultivate a fixed customer group. According to her resume on LinkedIn, she has developed the participation strategy of WeWork's 200,000+ member community, and she was a part of the customer loyalty program under the world-famous game company Nintendo. Her extensive work experience can help Hopin avoid many possible problems. These key talents are indispensable to Hopin's success, and they also guarantee Hopin's future. With a wealth of work experience and good educational background, managers and employees can create perfect conditions for Hopin's success.

3.2 Opportunity

Before Hopin, there were various online platforms there such as Aventri, Eventmobi. Therefore, Hopin cannot imitate the existing platforms if it wants to attract investors and customers. At the beginning of Hopin's creation, the manager of Hopin found that in traditional online platforms, only a few people were speaking, and most others only can listen passively rather than interacting. Thus, Hopin decided to build a communication platform focused on users' interaction.

Hopin's products are easy to use to create an event, such as an internal corporate meeting, a social gathering, or even a sporting event, in just a few minutes. Each event can be set as a purely online event or a hybrid event of in-person and online. That is, the in-person events can be converted into one online event at the same time.

The online events can be set at different ticket prices, and Hopin helps customers sell tickets. According to its website, two people participate in an event created on the Hopin platform, and when both of them click the "Connect" button, they can exchange messages afterward. Luciana Lixandru, the head of investment at Accel, a venture-fund firm that led the investment, said Hopin is the only platform they have found that can truly replicate the in-person events in real-time online. For Hopin's participants, they can choose unique Hopin's real-time video interactions, including automatic, random one-to-one networking, multiple concurrent virtual meetings for group discussions, and live broadcast to hundreds of thousands of people.

Through these functions, Hopin allows people to stay active. Moreover, young users will be attracted by Hopin's stylish, modern, concise, and efficient design since young people care about beauty and a convenient experience. The most important thing is that Hopin provides various online event venues not just limited to meetings. For example, there are yoga and fitness, recruitment activities, sports, music, and even magic

shows on Hopin. These venues are not what ordinary online platforms can provide. These opportunities allow Hopin to enter people's vision and attract customers.

Besides, Table 1 shows the pricing of Hopin. Hopin firstly has a price advantage and provides more choices. There is even a free plan for events with fewer than 500 people, attracting smaller event organizers. The customers could charge a higher ticket commission fee for free pricing plans, and more advanced pricing plans charge less. Free and paid plans can increase revenue through ticketing, and larger events and customized plans can generate significant revenue.

Table 1. Pricing of Hopin

Feature	Free	Starter	Growth
Price	\$0	\$41.58	\$667
Event Length	Up to 2 hours	Up to 72 hours	Up to 72 hours
Organizer (Admins) Included	1	1 (\$999 per additional per year)	5 (\$999 per additional per year)
Registrations Included	100 per year (Unlimited events)	1200 per year	1200 per year
Ticket commission (does not include Stripe fees)	15%	7%	4%
Price per additional registration	-	\$.5	\$2

Hopin greatly shows a variety of functions and attractions. In addition, Hopin has shown various characteristics of saving money, environmental protection. In many aspects, showing great potential. Usually, an in-person event includes venue fees, planning fees, food and beverage, guests' fees, staff salaries, travel and hotel accommodation, equipment costs and so on. While using Hopin and other online events platforms can greatly reduce the cost, we can see the pricing of Hopin and other online events platforms from Table 1. Holding an event online can save many costs such as venue, labor, hotel, and food. Even for a hybrid event, the online events platforms can also save part of costs. Due to venue restrictions and other factors, increasing online events can further increase publicity and brand promotion, sell tickets, and at the same time can obtain greater revenue at a smaller cost.

Secondly, all kinds of events help people to connect, but not everyone can easily participate. According to the

World Bank, more than 15 percent of the global population has some form of disability, and more than one billion people face barriers to participating in activities [15]. Not only disabled people but also children, students, and office workers face this problem. Online platforms provide convenience for people who have difficulties in participating in offline activities.

Thirdly, in case of emergency, Hopin can combine the features of multiple social applications commonly used by people, such as Zoom, Twitter, YouTube. So, online events platforms might be a solution.

Fourthly, online activities or a combination of online and offline activities may be the future trend, becoming a new social way, such as checking interesting events, watching live broadcasting, publishing information, and communicating with participants on the platform. For example, with the development of technology and the emergence of social applications such as Facebook and Instagram, even though people still meet each other, they still communicate and share and make new friends through them.

3.3 Context

Hopin can develop the main factors from the background of the economic benefits brought by the Covid-19. At the same time, there is the Internet information era with the control of the state. For Hopin, the online platform is the dominant service and business offered by the company. Online meetings and offices have increased dramatically under the Covid-19 pandemic for several reasons: a higher cost of offline meetings, restrictions on the number of participants, and factors such as cleaning and sanitizing to prepare for conferences. The epidemic has catalyzed to give Hopin the capital to expand its market. Due to the persistence of the epidemic and the possibility of recurrence, the demand for offline meetings will also gradually decrease in the future, which means that people's demand for online meetings will remain stable in the long run.

Hopin has also laid some groundwork for improving the epidemic and the future trend and proposed a hybrid online service platform that combines technology and offline activities. While reducing the cost of meetings, online platforms and conferences can also effectively reduce the negative impact on the environment, including reducing CO2 emissions, noise and crowd density will be effectively avoided.

The more obvious advantage of the online platform is the personalization of the core so that users and groups can get better support and information exchange, allowing a good expansion of the user's interests and rights. However, state regulation of users and online safety involves monitoring society, ensuring user safety, eliminating discrimination, regulating the major online

platforms. State public policy prioritizes the resolution and balancing of conflicting economic and public values, weakening the dominance of online platforms to ensure that the state continues to guarantee the regulatory power of the market. For Hopin, responding to national policies can better ensure the continued operation and development of the platform. Hopin can improve the controversy between the public interest and the public proposed by the government by reviewing the content of user meetings. In contrast, ensuring the confidentiality of user data, the maximum interests of users even as cooperating with corporate regulations to constrict the loss of econometric value.

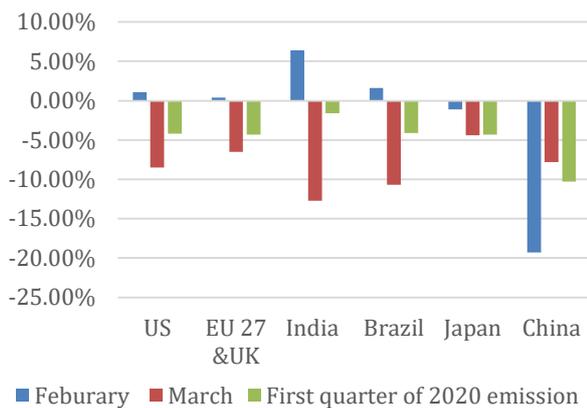


Figure 2. The amount of CO₂ emissions in 2020

Although Covid-19 poses significant pressures and risks to human health and economic development, its environmental impact is significant. According to data from European Economic Area member states, emissions of environmentally unfriendly substances, including harmful gases and the largest particulate matter, will drop significantly in 2020 compared to 2019 [16]. Figure 1 shows that from a global scale, the amount of CO₂ emissions fell dramatically. Combining the advantages of online platforms and future expectations, working mainly with online conferences and platforms will gradually spread. According to Hopin's statistics, the average conference attendance created more than 170 kilos (375 pounds) of CO₂ each day. Despite composting efforts, nearly half of the waste (41%) went directly to the landfill at one 5,000-person event. A 1,000-person meeting lasts three days and generates 5,670 kg of trash. On the other hand, problems such as crowds, noise pollution, parking can negatively impact the environment. Online or hybrid events are relatively greener.

Hopin will generally have a good chance of innovation in response to government policy and an ecologically responsible premise, especially in guaranteeing economic benefits while effectively adapting to current environmental policies. The online

platform's technology and the overall technology context are well integrated.

4. CONCLUSION

In research, we use the POCD framework to investigate whether Hopin is worth investment. This research provides an insight into the investment analysis of Hopin under the impact of the Covid-19 pandemic and gives suggestions on future investments towards Hopin. Generally, this research concludes that worth investing in Hopin even under the effect of the Covid-19 pandemic with the adoption of the POCD framework.

First of all, the key talents of founders and employees are indispensable to Hopin's success and guarantee Hopin's future. With a wealth of work experience and good educational background, managers and employees can create perfect conditions for Hopin's success. Moreover, opportunities faced by Hopin facilitated Hopin to give a competitive edge in the market no matter in Covid or post-Covid period. Last but not least, in response to the national policy and environmentally friendly premise, Hopin will have a good prospect of development, especially in ensuring economic benefits while better adapting to the current environmental and social policies, so that the technology of the online platform. To sum up, Hopin is an online videoconference company worth investing.

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