

Against the Grain

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Publisher Profile -- Kanopy

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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 to 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 impacted not only 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

against the grain publisher profile

Kanopy

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www.kanopystreaming.com

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

KEY PRODUCTS AND SERVICES: **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 eight times the number of films as Netflix) are vastly different.

ATG: *Libraries that subscribe to Kanopy licensed content 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 to 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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