

# As IPO looms, GoPro enjoys spotlight

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This undated photo provided by GoPro shows the GoPro in dive housing. GoPro Inc., which makes a small line of high-definition video cameras geared toward extreme sports athletes, is experiencing a rare moment in the spotlight. The San Mateo, Calif.-based company is a common sight at the Winter Olympics in Sochi, Russia, showing up in everything from the opening ceremony to test runs of ski and snowboarding courses. ( AP Photo/GoPro)

GoPro isn't exactly a household name, but anyone who's spent a little time on YouTube is surely familiar with the thousands of snowboarding,

surfing and even skateboarding baby videos that its cameras produce.

GoPro Inc., which makes a small line of high-definition video cameras geared toward extreme sports athletes, is experiencing a rare moment in the spotlight. The San Mateo, California-based [company](#) is a common sight at the Winter Olympics in Sochi, Russia, showing up in everything from the opening ceremony to test runs of ski and snowboarding courses. It currently sponsors the U.S. Ski and Snowboard Association and champion snowboarder Shaun White.

And now GoPro is preparing to enter the high-profile area of public companies. Earlier this month, it announced plans for an [initial public offering](#) of common stock.

The company's cameras, which sell for between \$200 and \$400, are small, light, water resistant and extremely durable. The highest-end GoPro model shoots video in ultra-high-definition, or 4K. With a variety of related accessories such as helmet attachments, bike mounts and harnesses, the cameras can be mounted to everything from a bike helmet to the side of a half pipe.

Those attributes make GoPro a favorite of extreme athletes. The company was founded more than a decade ago by avid surfer and CEO Nicholas Woodman. The cameras' most popular use: the ultimate selfie, a one-of-a-kind first-person point of view, even if the person starring in the video happens to be hang-gliding off a cliff or parachuting from a giant helium balloon.

During this year's Super Bowl, the company aired a commercial featuring footage shot with a GoPro in 2012 as supersonic Austrian skydiver Felix Baumgartner parachuted from 24 miles up and became the first human being to break the sound barrier with only his body.

Through its sponsorships, GoPro gets one-of-a-kind content. Its YouTube channel has about 1.7 million subscribers and features hundreds of eye-popping videos starring everyday users and famous people like GoPro-sponsored surfing legend Kelly Slater.

Citing legal restrictions related to the IPO, company officials declined to comment for this story.

One challenge for GoPro as a public company will be to broaden the appeal of its cameras. Extreme sports athletes —and people who think they are— are GoPro's main consumers at the moment.

There is potential, however, to attract more consumers given the current consumer craze surrounding wearable technologies, says Whitney Fishman, senior director of innovation and consumer technology at media agency MEC.

It's also possible, Fishman believes, that the cameras could find commercial use in fields such as medicine.

"Is everybody going to run out and buy one? Probably not, but it definitely has value outside of the amateur athlete circuit," Fishman says. "The Olympics and all the crazy footage really helps."

GoPro cameras are being spotted all over the Sochi Games. Coaches and athletes are using them to analyze courses and test runs. Members of the media also use them to give viewers an idea of what it's like to zip down a ski slope or fly along a bobsled run.

Brian Carlin, director of industry relations for the U.S. Ski and Snowboard Association, says the cameras are a key part of training for many of his group's athletes. He estimates that he's distributed about 20 of them to skiing and snowboarding coaches in Sochi, who use them to

detect snow-related problems.

"They're using man-made snow with some kind of chemicals in it," Carlin says of the Olympic courses. "It gets soft and rutted, so the cameras are critical."

Coaches also mount the cameras at various points along a course to film practice runs, so they and the athletes can watch and learn from the footage. In exchange for the use of the cameras, GoPro gets unique footage, he says.

Jason Stein, founder and president of the New York-based social media agency Laundry Service, argues that GoPro's true value lies not in its camera, but in the exclusive content the gadgets creates. He predicts that as a result of its online notoriety, GoPro will eventually become more of a media company than a manufacturer.

"I think it always comes back to content creation," Stein says. "Content is the key to becoming a successful media company and they have content that no one else has."

There's a handful of ways GoPro could make money from its content, Stein believes, including selling advertising to run alongside it, or licensing it to media or entertainment companies.

Stein says GoPro could follow the example of Red Bull GmbH. While the Austrian company still makes energy drinks, it also sponsors a number of extreme sports athletes and recently unveiled its own channel on Apple TV. Red Bull's YouTube channel has more than 3.3 million subscribers and contains over 3,000 videos.

Fishman is skeptical of GoPro's potential as a media company.

"Sure, it could eventually evolve into a crazy media company, but right now it's a consumer product."

But both Fishman and Stein warn that investing in a company like GoPro doesn't come without significant risks. While the company largely dominates the market for cameras like its own, there's nothing to stop a larger electronics company or [camera](#) maker from devising a similar product.

Fishman also notes that most consumers don't replace products like cameras on a regular basis, limiting GoPro's potential for recurring revenue. And since GoPro makes physical products its profitability won't be as high as service-based technology companies like Twitter and Facebook.

For now, potential investors don't have much information to go on. The company's IPO papers were filed confidentially and the documents did not include specific financial information. A federal law passed in 2012 allows companies with less than \$1 billion in revenue in its last fiscal year to keep their IPO documents under seal until the final few weeks before an IPO price is set.

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