

How is Giphy building an empire of GIF images?

Many dream technology startups build a user brand to be known by hundreds of millions of people. Very few of them reached a dream almost like Giphy.

As a 4-year-old GIF image searcher, with a \$ 150 capital call, Giphy's mission is to spread the animation widely - also known as GIFs, short videos with effects and continuous playback in a continuous manner. loop. These images have become a means for people to express their emotions and reactions around the world when static images cannot be done.

Originally a GIF search engine, it now **serves over 2 billion clips to more than 150 million users every day** . The company recently started experimenting with a standalone application Giphy Cam, which allows creating GIFs in seconds.

Giphy has not yet made a profit. In fact, they still do not have a specific method to generate revenue at this time. But now, GIFs become an indispensable choice for network users, companies are trying to outline ways to turn their services into a money-making tool.

Giphy CEO and co-founder Alex Chung told Business Insider that the team thinks its 70 employees are exploring "more than a dozen different business models" that they may adopt. This is the effort of Giphy with the desire from a GIF image search engine to become a place Chung called "micro entertainment".



CEO and co-founder Giphy Alex Chung

"We are the foundation where everything is in short form, from communication to entertainment," Chung said in an interview at the company's new headquarters in New York. "The future model will jump back and forth between the two."

More than a Google version for GIFs

Giphy started four years ago, initially just a sideline project while Chung was a hacker at the Betaworks, New York startup nursery. Visit sites like Tumblr to find GIFs, he realized that there are very few quality GIFs on the Internet and most of them have low resolution.

"Like Google has indexed the Internet and only found a few sites," he said. "Most of them are just trash, a lot of things have unhealthy content."

Since then, he started building a team that can cut and turn all kinds of content, from TV shows to sports, to GIFs. Now, Giphy has obtained copyright from many suppliers, including HBO, NFL and CBS. Last year, they opened a production studio in Los Angeles to create their own GIFs and provide them to partners.

The core of Giphy is still conveying messages in the form of images when GIF images appear on many chat applications such as iMessage of Apple or Slack (chat applications with Giphy integration). Looking for the word "hungry" on Google, you can see the definition or reports related to hunger. But "hungry" is also one of the most searched keywords on Giphy.

"We are like a place to find a way to express emotions. No one has been looking for that," Chung said.

Split to attack

After the Giphy website, com became a standalone site for events like New York Fashion or South Park, Chung and his team realized something else. People are not pointing to Giphy to find GIFs and then go. They also want to be entertained.

Now 50% of viewers visit Giphy's website only to find and view GIFs, Chung said. And people spend over 4 million hours watching GIFs on Giphy every day. He said, "These people come to us just to find entertainment, TV shows, celebrities" images.

What happens if Google recognizes and puts these short clips into its search page? Chung said he was not worried, "We have been ahead for years, now we have a brand and a partner. In this area, we are Google."

The company has also made great strides in producing GIF images, saving money and time to develop a "GIF camera", bringing regular and stable clips. Every part of the Gilmore Girls series on Netflix is included in the computer, cutting the content into thousands of GIFs. Each image redirects the page to Netflix website when users click on it.

Make GIF images first, make money later

One thing that Giphy still hasn't figured out is how to make money. After making a call for \$ 72 in the round of additional funding last fall, Giphy's internal problem was taken seriously.

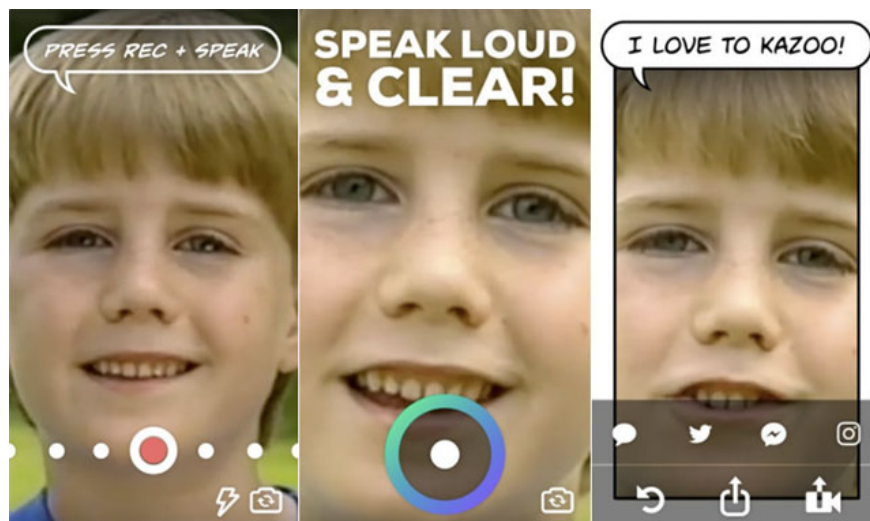
"It's definitely something to be concerned about in order of priority," said investor Spencer Lazer, General Catalyst's leader, who participated in Giphy's Series B, C and D rounds. David Rosenberg, in charge of Giphy's product development, said: "Anyone with a wide network of users seeks opportunities to build businesses from there."

There are very obvious ways that Giphy can make money: add ads when searching, use donor GIFs, buy copyrights with content providers like Netflix when they agree to cut their program into a GIF image. Giphy also tested the donor's GIF image last year when they made animated GIF images for NBC's Superstore show, broadcast on a big screen at World Trade Center.

"Nor are we allergic to making money," Rosenberg said. But Giphy still has a lot of work to try to see if he will stick with which option in his development process. Last year, they bought the Imoji messaging application, then turned it into a dynamic sticker application that allows you to insert GIF images on the sticker. The software development kit in the process of finalizing will allow developers to integrate Giphy into the search engine on their applications.

When Facebook announced the debut of a new camera interface and an augmented reality platform at the developer conference last month, Giphy was one of the first partners. Giphy Says application can create speech frames with GIF images with descriptions based on what you say on the phone.

No Giphy standalone application becomes a commercial hit. According to App Annie analysis company, Giphy Cam was not appreciated on the App Store since its debut in October 2015. But Giphy continued his tests.



"We still test whether these products are interesting enough to become the main product," Chung said. "And if so, we will start."

"You can't build a big business without frantically thinking about your user experience and products for years," Rosenberg said. With Lightspeed Ventures partner Jeremy Liew, Giphy will succeed because their names are almost synonymous with the GIF. Liew said that he invested in Giphy as well as the reason he invested in Snapchat: both created interactive and visual communication.

"If you become part of a popular culture, you will always know how to make money," he said.

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