

## Skype's VP Of Consumer Products On Mobile Video; The Cloud And Monetization

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For Skype, 2011 is undoubtedly going to be a pivotal year. The VoIP giant is **preparing to go public**, and **armed with a new CEO**, Skype is looking to add new products for both its consumer and enterprise businesses and **boost revenue**. Already, Skype **launched video chat capability** to its iPhone app, acquired **mobile streaming startup Qik**, and **launched paid group video functionality** to its enterprise offerings. While we've heard about the company's enterprise strategy, we have not yet uncovered the details of Skype's long-term consumer strategy. Skype VP of Consumer **Neil Stevens** spoke to TechCrunch about the VoIP company's goals when it comes to expanding its consumer user base, product roadmap and revenue plans.

When asked what the most important product strategy is for Skype in 2011, Stevens was quick to reply that video, especially on mobile devices, is going to be a significant area of development for the company. At any given time Skype now has 28 million simultaneous users (which is up from 27 million reported in early January), with 42 percent of these users engaging in video calls. While Skype has video functionality on its Windows, Mac and now iPhone clients, there is still much more to come in 2011 says Stevens.

### Mobile Video

"We want to put Skype video everywhere, whether it be on a TV, tablet, or smartphone, Stevens tells TechCrunch. Mobile video has huge potential, he says, especially considering the traction Skype's recently launched iPhone app has seen with the new functionality. In its first week in the App Store, the new version of Skype's iPhone app saw ten million new downloads, and a million video calls were made on the app's first day in the store.

Of course, Skype plans to expand its mobile video presence to other mobile operating systems. Stevens believes that tablets could be an ideal platform for Skype, especially if video is added to the next-generation iPad. And he says that an Android app with video integration will be launched in the next few months.

### The Cloud

Another product area where Skype is readying a major strategic push is the cloud. We heard that Skype was sniffing around a few web chat startups and spotted these **job postings** on the company's website last Fall. We confirmed that Skype was building a team to work on cloud products and **plans to launch** a number of web-based applications this year including a plug-in and integrations with well-known partners.

Stevens reiterates that Skype will be making a big move to the cloud; saying the time is right for realtime communications via Skype to hit the web. Skype's cloud products will vary, from a plug-in to the ability for developers and advertisers to embed click-to call ads using Skype's technology.

Specifically, click-to-call advertising on the web is a way for Skype to bring in revenue. Another potential revenue model, says Steven, is to work with carriers to include Skype's mobile services as part of a consumer's phone bill. So the data used via Skype's services could be charged to the consumers directly through the carriers.

One of the benefits of Skype, says Stevens, is that its a scalable model that can be extended to the cloud. But the challenge is making the "right bets on the right opportunities." He declined to name Skype's partners in the cloud-based initiatives but did say that the company has a "vast number of potential partners," with the challenge being how to prioritize partners. Partners could range from shopping sites to online dating sites.

### Talent

For all of its engineering ambitions in terms of the web and mobile, you may be surprised to know that Skype only has 350 engineers. Stevens says that hiring talent is definitely a challenge in Silicon Valley but that acquisitions like Qik help the company boost the number developers and engineers. And the company is looking for more acquisitions in the future; which will be focused on talent and technology vs. marketshare, he adds.

In terms of hiring, the company said this past week it will be adding 350 jobs mainly in its newly opened Palo Alto office in the realm of engineering.

For Skype, product development may not be the company's biggest challenge. Before taking the company public, Skype needs to convince investors that it can **create meaningful revenue channels**. While enterprise efforts are easier to monetize, Skype will have find a way to make its consumer users to pay for additional features for a service that has been free for sometime. As of August 2010, **only 6 percent** of Skype's customers pay for the service. Stevens maintains that Skype will need to increase awareness of its paid services, but new and old, in the coming year. But, he adds, Skype has a basic services will always include a free model for video and calling.

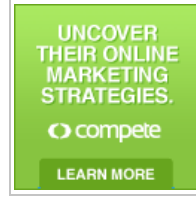
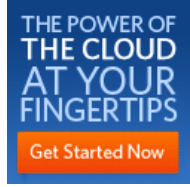
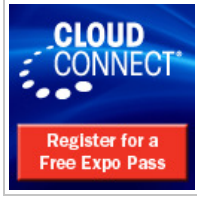
One thing in Skype's favor is that it is a brand that people love and use on a daily basis, Stevens explains. The company has a massive userbase, with nearly 600 million total registered users (for a basis of comparison, Facebook **reportedly just passed** that number as well), so attracting

members is clearly not an issue for Skype.

But in the process of trying to monetize these users, Skype will have to strike a fine balance. The company certainly doesn't want to start alienating users by charging for services that were once free. At the same time, the company has to deliver innovative products that consumers are actually willing to shell out cash for on a routine basis. It's a problem that many prolific technology companies have had to face; and the company is tackling the issue while under the scrutiny of potential investors during the IPO process.

"This is going to be a defining year for Skype," says Stevens. I think we can all agree with that statement.

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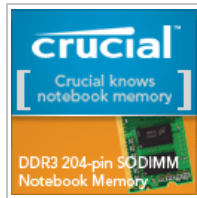
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