

Assignment: Report
Entrepreneurship (BMTY7001)
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1. Introduction

On the basis of a variety of different sources, the primary focus of this report is the attempt to deliver a critical analysis of UJAM Music Technology GmbH (hereinafter referred to as “UJAM”) from a macro-and microeconomic standpoint. By delivering a brief analysis of the company’s history, a knowledge foundation is laid, to progress to a critical review of its key milestones, in which areas ranging from products and customer base, over its major competitors, until its pricing strategy are taken into consideration.

An additional key aspect of this report is auditing the way in which UJAM maintains and *has* maintained a sustainable financial model, as well as an objective evaluation of what potential financial ventures the company may embrace.

Taking collected insights and findings of the company into account, the report will also elaborate on the way in which it may apply different lean business methods. Lean business methods strive to optimise product management processes, through which businesses can “deliver optimised value to the customer” and achieve their goals in a more sustainable way (Lynn, 2020). In times where sustainability rose to be the new status quo, lean business methods play a significant role and, therefore, are being considered in this report, in order to demonstrate the potential they hold for helping the company achieve stronger consumer satisfaction, more efficient product development, higher ROI (Return on Investment) and, ultimately, an increase in profitability.

2. A Brief History

UJAM is a registered company with limited liability (GmbH) in Bremen, Germany, which provides “great sounding and easy-to-use” audio plug-ins for music production (UJAM, 2019). It currently employs 47 people and is run by two managing directors, while its revenue falls in the low seven-digit range. Therefore, it is considered as an SME (Small and medium-sized enterprise) (European Commission, 2015). UJAM was established in 2009 by the current managing director and CEO Peter Gorges in cooperation with Hans Zimmer and Pharrell Williams, who act as permanent partners and stakeholders of the company (Luck, 2018).

Initially, UJAM aimed its strategy at developing a web-based music creation platform for gaming consoles (such as PlayStation and Xbox), however, discontinued the initiative due to lack of success and disbelief in the business model that rose in venture capital firms, with whom UJAM formerly partnered with (Luck, 2018).

After UJAM was bought back from VCs that held equity stakes in the company, they launched a partnership with “Propellerhead”, for whom UJAM developed a cross-platform SDK (software development kit), which is now known as “Gorilla Engine” and is used as the basis for the development of UJAM’s in-house plugins (Kamps, 2020, pp. 9-14; Luck, 2018). Prior to the formation of the company, Gorges developed the software plug-in “Virtual Guitarist” at Steinberg. The technology behind this virtual instrument was a determining stepstone for the formation of UJAM, as the company continued the VG series after Gorges left Steinberg and claimed the software for UJAM. In this way, the company was able to insource the whole development process of their products.

In order to tide themselves over the gap between buying back the business from venture capital firms and launching their first VG product in 2016, UJAM ventured into collaborative partnerships with other companies in the creative industry, such as “Universal”, “Korg” and “Ubisoft (Luck, 2018). During this bridge phase, UJAM sold their expertise and knowledge to these companies, to reinvest accumulated tech knowledge and generated profits into building competitive products for themselves (Lange, 2021).

3. Business Economics and Financial Activities

3.1 Products and Customer Base

Currently, UJAM's business model is split up into B2B (business-to-business) and B2C (business-to-consumer): licensing the SDK Gorilla Engine and selling virtual instruments, respectively. For their virtual instruments, UJAM uses the traditional model of selling through a variety of third-party online dealers and an e-commerce store. In addition, UJAM maintains an affiliate program, where third-party publishers receive a commission fee for generating and driving traffic to the company's website (Frankenfield, 2021). This type of marketing is associated with very low variable costs and higher chances of attracting serious stakeholders and customers, as affiliates serve as extended arms, who have a direct influence on a mutual audience. In terms of Gorilla Engine, UJAM utilises a "white-label" licensing model, where third-party developers can develop and sell their plug-ins using Gorilla Engine under their brand (Lange, 2021; UJAM Gorilla Engine, 2018; Silva, et al., 2020).

Due to great competition, e-commerce businesses and, in particular, audio plug-in developers, face stark risks in terms of creating original content and competing with prices of other companies within the audio-plugin market. UJAM tackles these obstacles by adhering to a strong USP, discounts and loyalty programs (Lange, 2021). UJAM emphasizes the supply of pro-level high-quality sounds within their software, that can be operated by producers of all skill levels, through which they can target a large audience. In order to determine what products have the potential for growth and vice versa, UJAM should use strategic methods to consistently review their product catalogue, such as the BCG-Matrix, which segments products into their potential of being profitable in the long run (Boston Consulting Group, n.d.).

Similarly to differentiating between both business models that UJAM is operating, their target group differs accordingly. While software developers and software developing companies constitute primarily the audience UJAM targets with licensing the SDK, producers ranging from amateur to expert levels are most appealed by the business' virtual instruments. As UJAM operates within the B2B and B2C business segment simultaneously, they are able to target a relatively large group outset in relation to their competitors.

3.2 Pricing Strategy and Finances

UJAM receives a percentage provision based on the revenue third-party developers generate with plug-ins they made with the SDK through dynamic monthly plans. These recurring payments assure UJAM a steady revenue, where its growth is determined by the number of developers that sign up for the license and the revenue they generate. By taking a dynamic share of their revenue, UJAM increases its chances of raising its revenue far higher than a traditional upfront payment for the SDK would generate.

In 2021, UJAM began releasing a beta version of their so-called “UJAM App”, which serves as a platform for content and the shop itself. Next to the ability to collect and manage meaningful customer data (which, according to a BCG report from 2019 conducted by (Field, et al., 2019), can increase online transaction by 50%), customers using the app are now able to receive dynamic prices and offers. For example, loyal and existing customers may receive different offers than customers that have yet to be acquired. Depending on the way in which customers buy products, customer-specific personas can be generated, through which dynamic prices and offers are made possible. Hereby, UJAM is able to utilise its data about individual customer behaviour/journeys, to segment existing customers and thus, create more desirable value (Watterson, et al., 2006; Ackermann, et al., 2021).

Furthermore, the business utilises a loyalty program, where customers receive discounted prices on buying more than one plugin, through which UJAM can achieve and maintain strong customer loyalty. Customer loyalty is one crucial factor for revenue growth, as ‘loyal customers increase the number of purchases they make more rapidly than others’ (Bain Insights, 2012). According to (Boudet, et al., 2020), the purchase frequency, brand affinity and basket size of customers are all positively correlated to loyalty programs offered by a company. The length of holding a paying customer correlates directly with the customer lifetime value (CLV) as well. A high ratio between these two variables can serve as a KPI (key performance indicator) and as an indicator for the profitability of a business. When CLV surpasses the acquisition cost of a new customer (CAC), the business is able to achieve profitability with a customer. Therefore, UJAMs strategy helps them compete with their competitors in a highly competitive market and achieve higher revenue growth, by transforming acquired customers into recurring customers.

Ultimately, the incorporation of the “UJAM App” helps to drive customer loyalty by adding more capabilities for UJAM to customise their loyalty program along the entire customer journey, which can promote a high LTV:CAC ratio (Taneja & Roberge, 2017). As UJAM demonstrates sustainable growth and has accumulated a loyal and recurring target group, they have since surpassed the “start-up” and entered the “scale-up” phase (Bulut, 2021)

3.3 Financial Activities

Essentially, two streams of income add to UJAMS net revenue; the amount of white-label licensing agreements UJAM completes with Gorilla Engine and the number of sales they generate with virtual instruments. Net revenue has increased from 672k € in 2018 to 1.4 million in 2019, which is a turnover development of over 100%. Presumably, the addition of new virtual instruments has affected the increase in net revenue, however, their marketing expenses have increased as well. While these expenses may have had a positive effect on the amount of traffic UJAM has received, the cost of acquisition of customers should be put in relation to the growth rate of their revenue, in order to evaluate whether the number of marketing expenses have contributed to the company’s profitability. While UJAM has taken advantage of bank loans to finance their initial products, they have since achieved to operate independently. UJAM’s prospect is to grow organically and function fully independently in the future, without major investments from third parties. While external investments may seed the potential for UJAM to grow at a faster rate, UJAM would have to abandon the majority of their equity in the company, which is an ineligible decision for them (Lange, 2021).

UJAM’s product catalogue includes software with basic functions that require less development time and software that distinguishes itself through greater capability and functionality. According to the correlation between the development time and the revenue their products generate, more sophisticated products with longer development time generate higher revenue. Therefore, UJAM may consider laying their focus on more sophisticated products, as they continuously generate higher profits for them.

4. Major Competitors

Within the plug-in software market, UJAM is confronted with numerous competitors, each of which have achieved to differentiate themselves from others, which is crucial for successful competitiveness within a highly saturated market.

4.1 Native Instruments

Berlin-based manufacturer “Native Instruments” focuses on producing B2C software as well as hardware and has scaled to the size of a medium-sized enterprise across the past 26 years since its foundation. In March 2021, Native Instruments announced a partnership with competitor “iZotope” under the name “Music Creation Group”, in which both act as sister companies to each other, where they will exchange and synergise their respective knowledge and expertise (Giardina, 2021). Native Instruments is recognised as the market leader within the plug-in software industry, as “8 out of 10 tracks in the Billboard top 10 use Native Instruments technology”, according to (EMH Partners, 2017).

In consequence of an internal reorganisation that focussed on consolidating certain areas of the business, it has reduced its number of employees by 20% in 2019, while it has outperformed its revenue from 2019 of 92 million € to over 100 million € in 2020 (Kirn, 2019; Deloitte GmbH, 2020). Native Instruments has formerly ventured into acquiring other companies, such as “Metapop” and “sounds.com”, in order to increase its market share and benefit of economies of scope. In this way, the company facilitated access to a larger client base, through which it was able to increase its competitiveness.

In order to have more capital at disposal for investing into further developing their products and brand, Native Instruments initiated selling equity shares of their business to investment firms. In 2017, Native Instruments received a cash injection of 50 million € from private equity firm EMH Partners, through which they gained the majority of ownership of the company (EMH Partners, 2017; Hoepner, 2020). The company states that this partnership-dedicated investment approach has led to doubling monthly active users to 1.5 million and a 60% increase in its music creation tools (Willings, 2021; EMH Partners, 2017). In Q1 of 2021, Native Instruments and EMH Partners announced the sale of the majority of Native Instruments’ ownership to investment firm Francisco Partners.

While the purchase price remains disclosed, it “reflects the significant value generation during EMH Partners’ ownership” (Francisco Partners, 2021). In conjunction with Francisco Partners, Native Instruments is able to take advantage of their strategic and operational experience, through which the company can increase their investment into R&D and reach its goal of “enhancing its product experiences” (Willings, 2021). Hereby, Native Instruments assures stronger competitiveness and market dominance, as enhanced usability of their products reduces the risk of customers switching to other products (Deloitte GmbH, 2020).

4.2 Output

While Native Instruments accounts for the majority of the plug-in software industry’s market share, Los Angeles-based software development company “Output” competes with UJAM on a more comparable level. The company, founded by Gregg Lehrman in 2013, states that 420,000 users have used their software until October 2020 and has raised a \$45 million Series A round with private equity firm Summit Partners in the same year (Gottsegen, 2020; Crunchbase, 2021).

Output’s proposition for the uniqueness of their products revolves around usability and the number of options a user has when using their products. Their product catalogue is split up into stand-alone virtual instruments and a SaaS (Software-as-a-service) application called “Arcade” (McKinley, 2020). In terms of Arcade, Output’s pricing strategy takes on a different arch, as they solely rely on a subscription-based model, where users pay \$10 for more user-friendly products exceeding 40 different iterations. As stated by the company, this approach is considered to be the “Netflix for music makers” (Mackin, 2018). This approach has contributed to the democratisation of music production to a great extent and has accelerated the ease of access for emerging producers even more so. Due to the drastically low price consumers now have to pay for, conversely, this approach has awakened noticeable strategic concerns in competitors. Output has seen a “300% increase in monthly recurring revenue (MRR) in the last 12 months”, which shows that their decision-making has met their consumer’s approval, which concluded in a stronger customer base. Consequently, Output has achieved an intensification of its position in the market and has bound more loyal customers to its products.

Considering the aforementioned, UJAM should consider extending their current pricing strategy for their virtual instruments and consider testing new pricing models, such as subscription-based models, through A/B testing. As customers are evidently willing and able to pay for such subscriptions for these kinds of products, it is inevitable for UJAM to critically review their current strategy. Output has proven successful implementation of these models and has attracted an increasingly growing number of customers since its implementation, which has counteracted traditional e-commerce principles.

5. Microeconomic Influences

UJAM operates within the recording and computer music market, which can be trisected into the following sections; “sound cards & related hardware”, “recording & sequencing software” and “plugin software & loops”, where UJAM falls in the latter segment. Recently, these “creator tools” have moved inwards of the music industry’s sphere of influence and are now considered an equally centrifugal force (see Figure 1) (Mulligan, 2021). The democratisation of music production and the following increase in demand for audio plug-in software has incentivised investment firms, such as Summit Partners and Francisco Partners, to invest in the likes of plug-in companies, such as Native Instruments and Output, respectively.

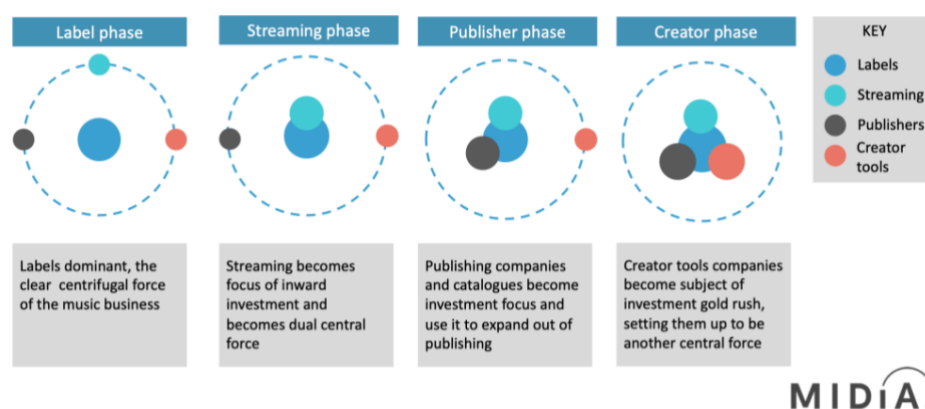


Figure 1: Illustration of how new investments have shifted the industry’s centre of gravity (Mulligan, 2021)

Considering the aforementioned shift of investments, the computer music market has experienced a noticeable increase in retail value. As seen in Figure 2, this relatively small portion of the industry accounts for 9.6%, while it has seen an 11.2% CAGR (compound annual growth rate) trend in retail value between 2010 and 2020, according to Figure 3.

Recording and Computer Music Market

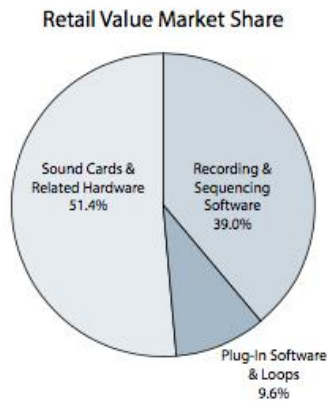


Figure 3: Recording and Computer Music Market (NAMM, 2016)

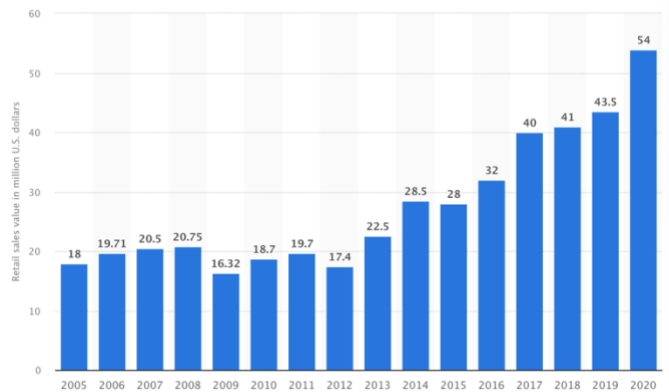


Figure 2: Plug-In Software & Loops retail value trend (The Music Trades, 2021)

In consequence of the democratisation of music production and the growing reliance on digital distribution, the barrier for individuals to pursue a career in this area has been reduced drastically. As the cost of production for consumers to create and distribute their work is simply as large as a download of software and an upload to a digital distributor, such as SoundCloud, the amount of music producers has increased to a great extent, while the competition among them has experienced growth of equal value (Rothstein, 2020). Therefore, the industry has seen a spike in demand for plugin software, which has incentivised an increase in supply through the emergence of new virtual instrument developers and investment firms allocating their capital towards this segment.

5.1 Substitutability

Due to the large number of competitors that produce substitutable goods, emerging and existing software businesses should not neglect cross-price elasticity of demand (PED). For example, if UJAM sets their prices too high in relation to competitors that develop similar plugins, consumers will easily be able to “defect” to other companies, where they will receive the same good for a lower price. Therefore, the software market and, more specifically, the recording and computer music market can be considered highly elastic.

5.2 Elasticity

Peter Thiel, co-founder of PayPal, postulated a theory, which states that “a company should start when they have a technology that is 10x better than their closest competitor” (Thiel, 2014). As there is stark competition within the audio plug-in software industry, UJAM should aim at building products that are as inelastic and, thus, irreplaceable as possible, by focussing on a unique selling proposition (USP), delivering superior user experience and promoting innovation (Sawant, 2021). Plugin manufacturers producing goods that approach irreplaceability are able to reduce threats of new and existing companies, as they can set prices, which are in their favour and make transitions to competitors less attractive for consumers. A positive side-effect emerging from achieving this would be a stabilisation of UJAM’s position within the market, which would impede the entry into the market for new companies.

5.3 Barriers for Entry

New businesses may experience major disadvantages and obstacles when entering the plugin software market, as tech knowledge is one of the most important premises when founding a software company. This is connected to large capital requirements, which are difficult to raise when a software company cannot deliver a strong USP and innovative idea. Similarly, start-ups entering the market would require enough capital to advertise their business, as strong competition within the market poses once again a barrier to entry (MaRS Startup Toolkit, n.d.). On the other hand, software businesses, in general, experience low marginal costs, which have been theorised by some to be approaching zero (Kluis, 2016). Although software development businesses include fixed costs, such as spending capital on programming the actual software, the next unit sold does not correlate with additional costs on programming. While UJAM will have to update its products from time to time, these costs are not considered as COGS (cost of goods sold), as the business does not have to spend more money on selling their final good a second time. Presumably, plugin developers may reinvest their revenue on more features and customer service, however, these investments are solely correlated to managerial decisions or when the business scales and do not depend on the next good sold (Pradhan, 2011).

5.4 Marginal Costs

An actual marginal cost of increasing the number of plugins produced or adding more features could be the risk of having to deal with more support queries from users. Initially, the ratio between the number of users and support employees will be very high, due to the low amount of users. However, as soon as the business scales and develops a larger community that uses their software, queries and proposals from users can be transformed into a knowledge base or intelligent support tools could be integrated, where users do not have to contact the business individually (Lange, 2021). Subsequently, the relationship between the number of users and queries declines, through which the marginal cost of support will further approach zero (Kluis, 2016). Considering the aforementioned thesis, plugin developers can experience economies of scale when growing, as their costs won't increase at the same rate as the number of goods they will potentially sell. While high competition within the market poses a great barrier to enter, extremely low marginal costs contribute to the lucrativeness of the market, of which new businesses may be appealed.

5.5 Concluding Remarks

The saturated market of plug-in software and the amount of substitutable products forces UJAM to adhere to strong differentiation concerning its competitors (Porter, 1985). Focussing on laying a sustainable bedrock within the market assures the company a chance to compete with its competitors and counteract their competitive strategies. By taking advantage of the low marginal costs that are inherent to software development, UJAM has the potential to benefit from high economies of scale.

6. Macroeconomic Influences

In order to fully evaluate the sustainability of UJAM's strategy, it is crucial to analyse the external factors that may threaten UJAM's current positioning in the market. To successfully compete with other businesses within the market, the company should monitor changes in the macroeconomic environment and be agile enough to respond to them accordingly.

6.1 Political Factors

As an e-commerce store, UJAM operates globally and does not have a limited sales territory. As the business focuses solely on software and does not ship physical products, it does not have to consider import/export taxes. Being registered in Germany, UJAM solely operates within the German tax system and pays the national VAT. As a consequence of the recent parliamentary elections for the German Bundestag, the country has experienced a change of government, whose newly elected parties partly represent a more radical sentiment towards business tax than the prior government. However, one of the three elected parties has pronounced itself in favour of a business tax reduction to 25%, which could potentially lead to a financial relief of more than 60 billion € for the German economy (Greive, 2021). UJAM will potentially have to reconsider their cost structure if the government will not act in the economy's favour, but could increase its investments into product development and innovation if a tax reduction would take place.

6.2 Economic Factors

6.2.1 COVID-19

The COVID-19 pandemic has continuously made an impact on the worldwide economy, of which some industries experienced favourable effects. Due to worldwide lockdown regulations, "online sales in many product areas surged, taking the place of in-store sales" (Sheerin, et al., 2020). In consequence of the aforementioned shift to digital sales, e-commerce businesses, such as UJAM, have been considered as one of the "corona profiteers" (Lange, 2021). Following lockdown regulations, businesses were forced to restructure their operations into remote functionality.

Considering the fully digital production process of software, tech companies were amongst the few to achieve this transformation, which led to an increase in demand for software products and emphasised the need for agile and resilient business models (Palladino & Moline, 2020).

6.2.2 Inflation Rates

The recent increase in inflation rates, ranging from over 5% in Germany to 9.3% in Lithuania, has influenced the standard price for various necessities and luxuries (Siedenbiedel, 2021). As such, the spending power of households has decreased due to the devaluation of their capital, which, in turn, has decreased their spending power. In consequence, suppliers within higher inflation territories have been forced to increase their prices, in order to compensate for the higher price standard and its accompanied weakened spending power. Producers, which contribute to the main target group of plug-in software developers, may not be as willing and able to pay for normal or even “luxury” goods that UJAM is offering, as they need to cover their necessities in the first place. Although software companies have benefited from the shift towards online sales due to COVID-19, recent changes in inflation rates may reduce the disproportional increase in revenue they have experienced in comparison to other industries.

6.2.3 VAT

As a consequence of the sudden economic downturn caused by the COVID-19 pandemic, value-added tax (VAT) rates have decreased in Germany from 19% to 16% in July 2020 until December 2020. The economic stimulus package had the ulterior motive to stimulate the economy and boost sales in offline as well as online businesses (The Federal Government of Germany, 2020). Hereby, companies could offer their products at a reduced price to their customers, without sacrificing the amount of their potential revenue. This promoted a quantity effect between 0.25% and 2%, which added to the desired stabilisation effect of approx. 0.3% in regards to the national GDP (Beck, et al., 2021). By implication, the German government has missed an additional 19.6 billion € to the 22.3 billion € that was lost due to the economic downturn during the pandemic. German VAT accounts for approx. a third of the total national tax yield per annum (The Federal Government of Germany, 2020).

6.3 Technological Factors

Similar to other territories, Germany has experienced a stark increase in demand for new technology companies and has generated a surge in the supply of new technologies. 2020 saw an increase of 2.1 billion € of venture capital funds raised for national companies in comparison to 2019, in which 6 billion € have been raised. High profits generated by tech start-ups have provoked a strong interest of venture capital firms in this sector. Valuations of e-commerce start-ups in Europe have stepped up from 1.4x to 1.6x in 2021 (Kruppa, et al., 2021). The increased demand for technology companies has created an incentive for venture capitalists to step into this market on a large scale, through which emerging start-ups have experienced a disproportionate increase in their valuation. However, this increase in valuation has influenced the amount venture capital firms “must invest to accumulate significant ownership stakes in desirable start-ups” (Kruppa, et al., 2021). According to (European Commission, 2020), Germany has spent 3.17% of its research on R&D and innovation, being significantly higher than the European average of 2.19%. Meanwhile, the top five European tech companies backed by venture capital firms only accumulate to \$118 billion in valuation in comparison to the US, where the same metric accumulates to twice as much (Hommels, et al., 2020).

Nevertheless, the spotlight being put on the establishment of new technologies has increased the rivalry among this sector and has had a direct impact on the pressure of competition onto existing and emerging companies. While UJAM may see an advantage in using new SaaS technologies to make internal processes more efficient, the increase in VC funding for new technology companies, including plug-in software developers, poses a threat to UJAM’s positioning within the market.

6.4 Concluding Remarks

UJAM should consider continuously monitoring changes in the aforementioned aspects of their macroeconomic landscape, in order to remain competitive and give proof of their current strategy’s efficiency. Neglecting to make external trends present within UJAM’s management, the business could be confronted with the possibility of missing out on being at the forefront of its distinctive industry and being outstripped by its competitors.

7. Implementation of Lean Business Methods

The ever-growing digitalisation has forced businesses to focus on being strongly positioned in the use of digital media and maintain a sustainable digital presence. As a consequence, a shift in the way in which customer acquisition and loyalty maintenance are achieved has forced businesses to approach them essentially different. Nevertheless, this shift has allowed businesses to approach potential customers with greater ease and build a closer relationship with them, through which businesses are now able to test their potential products far more efficiently and to safely create a valuable and viable product. This “lean” approach has been implemented primarily by software companies, as their production process is considered to agree to changes more easily and, thus, be more agile.

7.1 The Scrum Framework and Product Ownership

Essentially, a product is segmented into four stages of its life-cycle: creation, emergence, maturity and senescence (McGreal & Jocham, 2018). A common process applied during the products creation stage is called “design thinking”, in which innovators critically review their ideas in terms of their potential for supplying superior solution, lower risks, costs of change and employee buy-in (Liedtka, 2018). After an idea has met the above criteria, a MVP (minimum viable product) is built, which includes essential functionality that represents the fundamental product vision and is beta-tested by early adopters. Through continuous testing and empirical feedback, the business is able to decide more efficiently what features the final product should and will include, where it enters its maturity phase. Here, businesses can utilise a process called “scrum”, where individual product owners are responsible for the development and sustainability of *their* products.

This process, first postulated by Ken Schwaber and Jeff Sutherland, attempts to solve the “product management vacuum” that exists in many traditional companies (McGreal & Jocham, 2018). The implementation of product owners helps to pass on the fundamental vision and strategy of the company to operational employees, which could be lost in the business’ hierarchy and result in useless products. Product owners constantly test their products by reviewing their value, validating and comparing them in accordance with the inherent vision. Therefore, thorough business plans are often excluded, as they cannot pinpoint what problems the final product may solve.

The indoctrination of the product's vision to lower employees (proxies) creates transparency and helps them to comprehend the vision. This vision is achieved by proving the product's value. Throughout the production process, the company should decide what decisions have the potential to create actual value for future customers. Finally, the company should be able to validate its decisions regarding its products by continuously reviewing them. This process is broken down into cyclical "sprint reviews". Within a short period of time, developers are able to create and test a MVP, which are mostly repeated twice a month, in order to minimise the risk of investing too much time into worthless objectives. Hereby, the team guarantees to constantly reemphasize essential objectives and determine what aspects need attention (Zeratsky, 2016). This synonymous "build-measure-learn" methodology distinguishes itself through its agility, as the business is able to implement customer feedback and market response more frequently and efficiently, through which the potential for creating an actual valuable product is raised.

UJAM has solely relied on previous empirical knowledge and evidence before releasing its first virtual instruments in 2016 (Lange, 2021). Gorges' prior knowledge about plug-in technology and the potential that is inherent to them laid the basis for forthcoming product developments at UJAM. Meanwhile, UJAM has implemented certain aspects of the scrum framework, such as the integration of different SaaS applications, which enables the company to collect customer data more efficiently and facilitate clearer visualisation of the customer's journey. As a result, UJAM is able to understand the customers wants and needs, which enables a closer relationship with their users. UJAM connects its support section to its ticket backlog, with which the team is able to categorise customers' wants from low to high priority. These objectives can then be added to forthcoming sprints, through which an immediate response to urgent problems can be achieved (Lange, 2021).

8. Conclusion

This report has shown that UJAM has established itself to be a sustainable and financially independent company within the plug-in software industry. Through strategic and managerial competence, it has achieved to take a share of its current and forthcoming competitor's revenue through a loophole, which has the potential to raise the company's competitiveness amongst its microenvironment and contribute to the company's sustainability within the macroenvironment that it is facing. While UJAM's current position and strategy has proven to withstand external threats, it should continuously observe current trends in their market as well as potential indirect influences that may impact the company's success. While the company faces competitors of a larger scale, it has achieved to attract and maintain a loyal customer base. Through its agile way of responding to its consumer's wants, UJAM is at the forefront of efficient product development and has the potential to scale its business at an increasingly faster rate.

Word count: 5301

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