

Changes at Alamy . . .

FIRST CATALOG
PAGE

*By Ron Rovtar
Stock Asylum Managing Editor
July 23, 2007*

CONTENTS

ABOUT THE
PHOTOGRAPHERS

There are probably few times when working on a new business is more fun than what could be called the second phase of start-up.

FIND A
PHOTOGRAPHER

This is the time that follows the initial launch period. It is a time when profitability may no longer be a question, but it also is a time when people are watching to see how the company resolves annoying problems that always crop up during periods of significant early growth.

FIND AN AGENCY

Alamy, a British stock photography distributor which has forged a unique place in the industry's marketplace, is definitely reaching this phase. And the company's believes its response is a robust one that offers a number of valuable new web site features for both contributors and image buyers.

HOME

The response also involves plans to move into the commercial imagery markets, a segment in which Alamy has been weak until now. And Alamy has started exploring a new licensing model. Though the company is coy about what this new model will be, Alamy CEO James West says it will focus on "customer segments that we currently do not address."



© Ron Niebrugge

Additionally, the company has announced it will build a new, energy -efficient data center. The center should be ready in March of next year.



Alamy was founded in 1999. Since then, West says, the company has based much of its success on the idea that empowering contributors might just be good business.



© Butch Martin

Though Alamy contributors must edit, keyword and caption their own images, they receive 65 percent of the money collected from most sales, which is one of the highest percentages in the stock photography industry. During the company's eight years of existence, it has grown into a considerable stock photo industry force.

About 50 percent of the company's business is in the United Kingdom, 30 percent in in the United States and 20 percent in the rest of the world, West said. Only about ten percent of all sales are made through subdistributors, he added.



The company now offers some 9.15 million images and claims the "world's largest online collection of stock photography." West says the company now offers imagery from about 10,000 individual photographers and 414 distributors like Jupiterimages, Masterfile (Radius Images), Rubberball, Index, PhotoAlto and Phototake. Alamy employs 50 people in the United Kingdom and 90 in India.

According to West, Alamy continues to experience double-digit percentage growth in sales. However, the CEO admits that growth has slowed in recent months. He suggests that the growth rate of the company's early years was not indefinitely sustainable and says he is happy with the current rate.

"It is slowing down, but that is what happens when you grow at a phenomenal rate."



But growth brings its own problems and Alamy has been working for three years to solve some of these difficulties. Problems like poor keywording of images and the limitations of an out-of-the-box search engine are being addressed, West said.

"We have spent the past three years scaling up our operation to increase the amount of new technology we can deliver," said West "This has been a long and at times painful experience, but this year we turned the corner and are sprinting through our to-do lists.

"How does Alamy feel at the end of this process?" asks West. "Like an athlete."



Among other things, Alamy wants to improve customers' experiences at the alamy.com web site by improving the order in which images are returned during keyword searches. Alamy wants the most appropriate images to appear high in search orders so customers don't have to scroll through countless pages to find the images they want.

To this end, the company has started ranking image collections based on the actions of image buyers.

When customers click on an image to see a larger preview or when a customer actually licenses an image, the company records this information and uses it to determine the the overall rank of the collection from which the image came.



By ranking the collections from photographers and distributors this way, Alamy hopes to encourage these suppliers to provide better imagery and to be more careful about keywording and captioning.

Providing better work will theoretically result in more clicks and purchases from a collection and raise the overall rank of the collection, which means all images in the collection will benefit and, perhaps, sell more often.

Conversely, more careful keywording and captioning should reduce the number of times images from a collection are inappropriately seen, thus reducing the number of times the images are seen but not clicked on or purchased. This also should raise the rank of the collection.

Alamy started testing the first step in this process a year ago with the launch of AlamyRank, which creates a hierarchy of image collections based on search activities.



But it probably would not be fair to mess with search orders if contributors were kept in the dark about how the system is working.

As such, West said, Alamy plans to share with contributors much of the information it gathers about customer searches. Contributors will be able to use the info to tweak their keywords and captions, he said.

"We think the most interesting thing is the measures," West said. "We'll provide information about which searches your images have been seen in and tell you how competitive your images are for a search.

"If you discover that you have a set of pictures that are generating a huge number of views and, from examining those images you decide that they are being brought up by a search term that is not appropriate, you can remove the term and that should improve your click to view ratio."

Alamy also is considering the possibility of sharing some general customer search information. More general information could help contributors determine how competitive images must be to compete under a particular search term.



Another improvement expected soon, according to West, is a new hierarchal structure for keywording images. Rather than placing all keywords in a single field, the new system includes three fields of decreasing importance. Keywords in the first field will be weighted highest by the new search engine, while those in the second and third will receive progressively lower consideration.

The company isn't stopping there. Alamy is already collecting information about each individual image and plans to use this info to improve AlamyRank.

West said Alamy "will always take into account the performance of the overall collection." But, he notes, the performance of individual images will eventually be considered also.



Other web site improvements also are in the works.

Early this month, the company started a phased roll-out of its AlamyUpload program. When completed, hopefully by the end of August, all image suppliers will be able to upload imagery directly to the Alamy system over the internet. The images will go through Alamy's quality control program before moving to the company's web site.

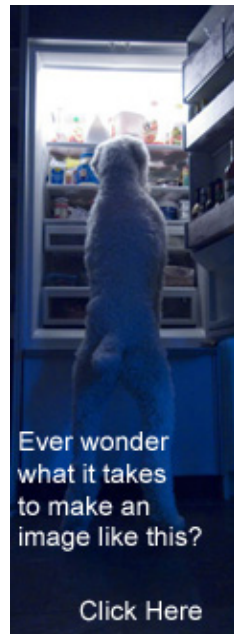
West said Alamy also plans to launch its own proprietary search engine sometime in the next week of two. Image buyers will not see a big change with the new search engine, West said, but the new software will let the company make additional improvements in the future.

"What is very important to say about this is that this is very much version one. We will be looking at the uptake among contributors," West said.



It is important to note that there have been some publicly reported complaints from contributors since the implementation of AlamyRank. There have been some winners and losers, West admitted. Images from some collections are now seen more often and others less frequently.

And, he added, the image collection has been growing faster than sales.



"Dilution," as it is called, has been a problem across the stock industry as distributors have become more efficient about uploading new images.

Addressing problems in the system does not necessarily mean that everyone will benefit, West noted.

"Ultimately we want to reward the people who are acting in the customer's best interest," asserted West. "We are not set up to divide the revenue equally. There will be winners and losers, but we hope this will be rewarding people for the right reasons."



Though Alamy's growth has slowed recently, the company still has room for much expansion, West believes. Currently, Alamy makes most of its sales to editorial customers. Editorial buyers traditionally pay lower licensing fees.

West said the company has had some success expanding into the travel and consumer goods markets (calendars, cards, etc.), but the biggest potential for growth is the commercial segment, which often pays the highest licensing fees.

Alamy does have a considerable amount of imagery that would interest advertising and design firms, West said, but it is not properly annotated for model and property releases. Releases are a legal requirement in the commercial segment.



The company does ask contributors for release information, West said. However, the current search software cannot tell if a non-released image even includes people or if an image that is not property released requires such a release. As a result, a searcher who limits a search to released imagery will not see images for which no release is necessary.

The problem should be solved as contributors start using the company's new keywording approach. The new keywording page asks for information about the number of people in the image. It also asks if a property release is necessary.

Though Alamy will not require contributors to go back and fill out the new keywording page for older images, it clearly will be in their best interests. Failure to do so will likely result in the omission of images from some appropriate commercial searches.



In the meantime, Alamy also will be exploring a new licensing model, but West would not say exactly what the new model will look like.

"We are beginning to explore licensing models with a view to offering our contributors more ways in which to license images to end users with a particular emphasis on customer segments that we currently don't address," West said.

"These would be end users of photography who don't describe themselves as professional users," he added. "We don't know when this new thing will happen. We're working on it but I cannot comment at this time. It could be in the next 12 months."

He suggested it may someday be possible for Alamy contributors to offer different images at different price points depending on customer interest expressed in the data Alamy will share with contributors."



Asked if micropayment stock photography is hurting Alamy, West said Alamy is not aware of any damage "because our business is still growing."

"There's no question that there is some overlap here, but, if all of our business were royalty-free credit card transactions I would expect to see more of an impact," The CEO said.

During the second quarter of this year, rights-managed sales accounted for 69 percent of Alamy's revenue with 31 percent coming from royalty-free sales.



West also responded to photographers who have questioned the fact that Alamy accepts royalty-free images that are also sold at micropayment web sites.

"It is not a problem (with customers) that we are aware of," he said.

"It is not our business to restrict where our contributors put their images. It is one of the fundamentals of Alamy to remove as many barriers to entry as possible," West asserted.

He said, however, that Alamy would complain to the contributor if a rights-managed Alamy image was offered on a micropayment web site.



The Alamy web site is at: <http://www.alamy.com>.