

More a Marketplace than a Portal

Building For The Future

James West can spot a great business model and run with it. Since 1999, he and Alamy Images have been breaking rules in the imaging industry and building momentum fast. His company, www.alamy.com, currently has 4.9 million stock photos from 356 stock agencies and 6,400 photographers.

Interview by Pat Hunt

What is your history with Alamy?

James—I am the co-founder and CEO of Alamy, which was started in October 1999. We have 100 employees in two offices – one in the U.K. and the other in India. Alamy is a privately owned family business. I own 20 percent of the company and 60 percent is owned by my uncle and sole investor, Mike Fischer. The remaining 20 percent of the company is held as share options by Alamy staff members who joined the company in the early days.

From a contributor's point of view your site is quite different.

James—We pay our contributors 65 percent. This payment is the same regardless of whether the image comes from a student who is new to photography or from a well established photo agency.

We ask our contributors to edit and keyword their own images to eliminate much of the costs associated with getting images online. The combination of contributor editing/key wording and our automated processes enables us to return a more generous royalty in comparison to other business models.

We edit in the sense that we quality check digital images to make sure they are of the right standard technically, the right resolution, and free of artifacts, dots, hair etc. We do not make a subjective judgment on the quality of images. The only thing we will object to is pornographic material.

What's new with your online uploads?

James—We would like to make it easier for our contributors to get their images online. Currently we have a 14-day waiting period. At busy times this can take longer. Our goal is to cut the waiting period to hours rather than days. With our contributors increasingly becoming broadband-enabled, many are indicating a preference to upload rather than post images. It is in all our interests to make that change. Uploading images directly to our website will be far quicker than sending images through the post, which can take several days. Presently all submissions to Alamy arrive via post.

Please address the U.S. commercial market.

James—If Alamy is to make a strong impact in the U.S. commercial market, we need to offer a website that gives U.S. commercial picture buyers a searching experience that is relevant to their needs. Because

our collection is so large and continually expanding, we have a lot of editorial material that is not available to the commercial sector. Eventually I would like to have a feature where a commercial client can say: "Only show me images that I am able to use." We are also nearing completion of a 12-month project to review all royalty-free images currently on the Alamy site. Our goal is to ensure that all royalty-free images on Alamy have model and property releases where relevant, are free from brand names/trademarks, and are therefore suitable for all commercial use. We are considering requiring our contributors to submit digital copies of their release with all new submissions.

Have you fended off any suits over these matters yet?

James—We have been involved in a few legal actions, but nothing that ever got to court. We have on occasions intervened on behalf of either the photographer or the customer to resolve misunderstandings. In most cases, the photographers have mistakenly stipulated that an image was released when it was not. Or they may have taken a picture of an object that has restrictions on it that they were not aware of. I see this sort of things as just part of the business of selling pictures.

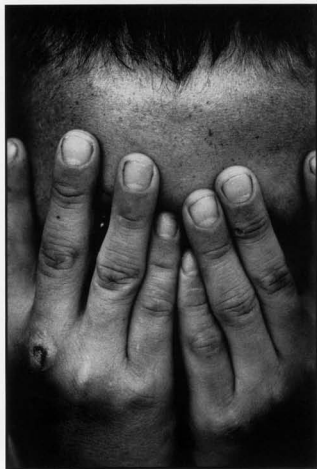
What are your plans for global expansion?

James—We opened the Alamy India office about 18 months ago. This gives us scope for development that would be too costly in the U.K. – such as a five-fold increase in our software development, back office support, and picture research teams. Our business is under pressure to expand, and India makes it possible for us to do that on a scale

that meets the needs of our customers and contributors. Another reason for selecting India is that English is widely spoken throughout compared to other countries offering outsourcing opportunities to foreign organizations. Our office is based in Kerala, which has close to a 100 percent literacy rate. This is a big attraction when recruiting graduates straight out of the university. India is also an exciting emerging market for stock photography, which is another reason why we wanted a presence over there.

We are selling into Eastern Europe, primarily through distributors. We have 39 distributors covering almost 50 countries. They are mainly in territories where we do not have direct sales; South America, East Asia, Southeast Asia, Eastern Europe, and the Middle East.

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What new business models do you see coming?

James—There are a proliferation of ways in which a customer can buy an image today: royalty-free, rights managed, subscription, and more recently micropayment sites where a customer can license an image for a very low fee. One of the challenges for a distribution platform like Alamy is to offer our contributors new ways of selling images as these models develop. To test the market, we may trial some concepts and see what the take-up is among our photographers and customers. This will help us select our strategy going forward.

Initially we launched Alamy in nine languages. Among others, we did Japanese, Portuguese, German, Spanish, and Italian. We found that we were spending more time managing the translations and keeping them up to date than we were moving ahead the business. I still believe that producing foreign language sites will eventually be an essential part of our strategy, but only after we have completed the development of our main markets in the U.S. and the U.K.

Do you have news imagery on your site?

James—We don't have any current affairs, but we do have a lot of images that were once news. We have a lot of archival material - extensive coverage of politicians, sports events and historical events. It's unusual to see an Alamy image on the front page of a newspaper, but it's very common to see our images in the supplement sections.

Can artists see their own number of hits per image?

James—At the moment we record all that data but we don't make it visible. We have a product coming out this year that is currently in the process of a patent application. We are not discussing it in detail yet.

We have a number of patent applications in progress and we see ourselves as a technology company. We are competing with some large corporations with extensive intellectual property portfolios, so it's essential that we have the means to protect our innovations.

Your business model is different than most. Do you feel impacted by the micro companies or the large corporations?

James—Alamy has become successful by identifying new opportunities. When we came along five years ago there was a lot of disruption and uncertainty about where the market was going. Our policy of not editing images, charging a small commission, and leaving the keywording to our contributors has been popular with our customers and contributors.

Microstock companies illustrate a general proliferation in the number of ways in which you can buy an image. It is inevitable that in a market oversupplied with photography there will be a downward pressure on pricing. These new microstock companies have positioned themselves at the extreme end of that trend. I think the real question is: At what point must you price your images in order to return a decent living to your suppliers while at the same time delivering value to your customers? I don't doubt that microstock is here to stay, but I think they will occupy a niche in the market rather than revolutionize it. That is, their customers will largely be people who cannot afford regular prices for stock photos. Microstock companies may well offer new opportunities to photographers, but I think it is unlikely that they can generate enough income on which professional high quality producers can survive. There will

always be a market for high quality photography.

So while I do keep a close eye on what's going on in the market, I don't feel impacted by it. There have been no serious challengers to our business model yet. There have been some weak imitations perhaps, but Alamy holds a unique position that gives us enormous growth potential. We are a young company, and although we have delivered our first major milestones - building a catalog of several million images and becoming profitable - we still have a lot of work to do. We must improve our search engine and continue to innovate. What matters most in this business is getting the customer to the picture they want quickly, so we are focusing on developing the technology and services that makes this possible and not worrying too much about what everyone else is doing.

I enjoy running a private company. We are ambitious, and we don't have to answer to anybody. Several of our suppliers have been subjects of takeovers or mergers, but so far their new owners have chosen to stay with us.

What will the future be?

James—This industry is becoming more sophisticated, and with this sophistication comes tremendous opportunity for producers of imagery. When we started five years ago there were only a few places you could go if you wanted to get your images into the online market. Now there are lots of options. It's a fantastic opportunity for an image producer to experiment with different models, different production techniques, and not to commit to anything until they have established their strength, and their market. It's an extremely exciting time.

I think the recent round of acquisitions we have seen will tail off. It's partly defensive, to block content availability, and partly strategic in order to increase the margins of those agencies, but that is just one aspect of this industry. There are plenty of independent agencies who are offering novel ways for photographers to enter the market. I am upbeat about it. Technological advances continue to make the internet available to a much wider percentage of the population. This means more opportunities for picture producers.

We are busy trying to become the best at what we do and there is a lot left to do!

James West, CEO Alamy

After graduating from college in 1995 with a degree in geography, I worked as a deckhand for a diving expedition team. In 1997 I developed a website called InstantPages.com. You could tell my website software about your business and it would build a website for you. I realized, however, that it was not going to take off without a big investment in technology and marketing. While sharing my experiences with an uncle, Mike Fischer, he shared his idea for a website that sells pictures for photographers. He offered to invest if I agreed to set it up and run it. So Alamy was founded at the end of 1999, and it was a perfect fit—a combination of my interests in photography and technology, as well as an exciting business to be in.

Writer and ASPP member Pat Hunt is vice president of Corporate Relations at Index Stock Imagery, production manager at Hunstock and instructor at Boston University Digital Imaging Division. Pat is a consultant to the industry.