

CEPIC Video Seminar: New Business Opportunities



A report on the CEPIC Seminar in Dresden, June 2009
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The Panel — In the back (from left to right), Stephan Bleek, Lionel Faucher and Gary Morgan. In the front (from left to right) Franck Perrier, Christina Vaughan and Mattias Josefsson

Moving images are everywhere. Traditional static signage and outdoor advertisement are replaced with large screens displaying moving images. Automatic tellers and vending machines have their simple button or text based user interfaces replaced by full colour touch screens. Cell phone displays now covers the whole front. With mobile Internet they transform into mobile multimedia devices capable of showing live broadcast or video on demand. There are already people broadcasting news, live from cell phones via services like Bambuser. The use and demand for moving image content is exploding. How can our industry benefit from this? How does this industry differ from traditional stock and editorial still image business? Is it to late to get onboard? This was the topic of a really interesting and popular panel discussion during CEPIC 2009.

Franck Perrier did a great job as moderator for this panel discussion. The selection of participants that he had gathered showed the variety of business models in the moving image industry. Selling archival material is no new business, but the digital era changes the distribution and sales process. Franck pointed out that this transition from only a few large broadcast companies and movie producers to the current situation where anybody can start a TV-channel totally changes the market for stock footage and ready-made shows. Many of those situations where we used to have a still image, now require a moving image to make impact. Franck and the panel gave us a guided tour of this emerging market and how the image agencies now should do the transition from just being a still image supplier to being a cross-media supplier.

Footage – the equivalent of stock photos

Films are built up by shorter clips. Those short raw clips are called footage and they are the building blocks of a film. As a distributor you can either deal with the complete film, or you can deal with the footage.

If you make a documentary or a commercial film and need an establishing helicopter clip this is really expensive. By buying this footage, that might origin from another film, or was shot with the purpose of being sold as footage, you can save great money and increase your production value. Stephan talked about the usage of footage in feature films, documentaries and commercial film production “wherever you look budgets are shortened, by this the need of footage is coming up because you need visual impact to bring your message around”. Footage is a growing business.

Ready-made shows and short stories

Some of the companies represented by the panel also sell ready-made short stories and shows, mainly for web publishing. This can be TV-style celebrity shows like what Splash News provide, but there is also a market for short minute long stories on almost any subject. Those are sold to editorial websites. Many newspapers have Web-TV on their web sites and they buy those short stories to blend in with their own material. Short stories are also popular for digital signage to get more attention by passing viewers.

New media emerging

There are now a lot of new video enabled media platforms. Video is already big on the web, but it's still fresh and few earn any money here yet. Cell phones are a really fresh market, but with great potential. Nokia and Apple already have portals for selling applications and content. Gary told us that traditional jukeboxes are now digitized and extended with functions for selling content to portable media players. In Asia there are now kiosks in the street where people pay to watch short clips. You can't tell the future, but this gives video a huge potential market.

Today you can set up a TV-channel on the web for as low as 1000 €. But you need content, and you have to pay for it. The problem is that many of those new small channels don't have the money to pay for copyrighted material. Stephan raises an issue regarding this “what will happen in a world where copyright is extremely often violated with You-Tube and other platforms? Will we still survive as professionals?” Well, the panel didn't seem to be worried about this, but it highlights the need for distribution and payment systems.

The difference to the still image market

Gary: “Traditionally Copic is about picture agencies, but we have to realize we are all now cross platform content providers”. Stephan explained the editorial market. There are some websites buying short news from broadcasters or ready-made packages from companies like Splash News. The main set of customers is still in the editorial industry, feature film or TV-production. Then Stephan continued; “Advertisers often work with both still and moving images. So on that market the difference is smaller, but it's usually not the same department that produce video and print.”

Christina talked about the ongoing convergence of media. An ad is not only run in just print or TV. Communication today goes in multiple layers of media. The same campaigns goes in print, web and TV. She also stated that Image Source are not abandoning the still image business, they are just adding video to their current business model.



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Technological challenge

The required technology differs between still image and video. With still images you only need to handle a few file formats and conversion is simple. In video there are many formats and media types that you must be able to handle. You must be able to transcode between formats, each client has their specific requirements. You also need high bandwidth to transfer uncompressed video.

This year's Photo Metadata Conference focused on video. There it was highlighted that moving images have different and more complex needs when it comes to metadata. The interesting sequence might be in the middle of a several minute long clip. Because of this there must be indexes to what happens when. There are also several overlapping metadata standards to handle.

You must also handle sound. Audio quality is often more important than image quality.

A lot of broadcast companies are now starting to use HD (high definition) which contains eight times more information. There are a lot of consumer HD cameras but they can't be used for broadcast production, since they use heavy compression and have a lousy dynamic range. To be able to colour correct video you need to use professional formats with good colour resolution and low compression. So for the high-end market you still need expensive equipment and expensive storage solutions. Even though it's much cheaper than only ten years ago.

How to earn money

Stephan estimated that the stock image market is about 2 billion dollars, of this the footage is only between 200 and 300 million dollars. So it's up until now comparably small. But this is of course not the total film market. Only the Hollywood feature film market is about 40 billion dollars. Lionel estimates that the whole broadcast industry is about 200 billion dollars.

Mathias said "if we look at our traditional clients the advertising agencies, it seems like they are interested, they say it looks fine and everything. But it's quite hard sometimes to get them to use the footage. So I think one important thing we have to inform, or educate clients about, is how great this product is."

Lionel compared broadcast clients with web clients or IP-TV channels. When you sell an exclusive video to a National TV station they pay about € 1000 - 2000 / minute for one run. The new type of players, such as IP-TV channels have budgets of € 3000 per program per month. It can be hotels, airlines or cell phone companies. Akamedia recently sold material red carpet of Cannes Film Festival to a hotel that paid more than what a normal TV-channel would do. For Akamedia about 40 % of the licensing revenue is from TV-stations, 40 % are from web companies and the rest from new type of players.

Producing video for the web is cheap. But Gary told us that the high cost comes when you start doing it in several languages. For their 45 minutes of show that they produce weekly, 80 % of the cost is translation. They recently had to drop some languages, like Dutch, to keep the cost down. The rest of the production can be done with a small team and little equipment. When it comes to monetizing on it, in USA everybody wants it for free or to fund it with ads on their web site. But that doesn't work. There is little money in that type of advertising. In Europe people are more willing to pay for a subscription. Regarding market maturity, Lionel compared with the music industry "at the moment, for video, we are now at the time where there is Napster but no iTunes". We urgently need easy-to-use ways to legally distribute films to consumers.



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Grow with your clients

Lionel talked about that you should have a mix of content with some premium content to sell with exclusive rights, and a large volume of non-exclusive material at lower prices. The later is important to serve smaller clients with tight budget.

Gary suggested that for ready-made programs (shows) you should have a pricing model that scales with you clients. New, small and recently started websites can't afford high fees for content. But if the price scale with number of viewers you can grow with your clients. Splash News are now developing their own video player for embedding in client websites. Splash News are at the same time partnering with advertisers to embed commercials and get full control of the revenue chain.

Lessons learned from the still image market

Christina pointed out that to protect your investment in stock footage you must produce material that is defensible. Content that not everybody else can produce. The cost of camera equipment is going down. If your material is simple for anybody to produce then you end up competing with user generated content. Christina "If you are going in to this sector you really got to think about the style of the content. What it actually looks like. You have to look at what's out there already". She talked about the amazing material from sources like National Geographic, how are you going to compete with that? If you produce footage you must clear all rights and have proper model and property releases so you can sell to any client - commercial or editorial. To get people to pay for material, it must be well crafted, they expect value for their money.

You must also make it really easy to find, and buy, your material. The microstock segment was basically a technical revolution. The same will soon happen on the video market. You must use the new technology to drive your business instead of viewing it as a threat. Use Google and You-Tube to drive customers to your site, but don't give them the full material.

In the still image market we have lost control over the content.

Conclusion

There are still great opportunities even for new companies in this segment. It's definitely not too late to get onboard. But don't expect fast money, there are still few that make money from video on the web or in cell phones. We as an industry need to co-operate to find distribution and sales models where we keep control over the material, to not repeat mistakes from the still image business. There is still a lot to do when it comes to efficient distribution and transactions.

Moving images can be a great complement to still image business, it can even be produced in parallel. Cross media is not only a buzz word, it's now our reality.

Panel

Franck Perrier, CEO, IDAOS— The seminar was moderated by Frank Perrier who has a long experience in the stock business. He used to run Corbis in France but he is now running his own consulting firm. He is also the founder of Eyeka, which is an online platform for sourcing user generated photo and video material for commercial use.

<http://www.franckperrier.com/>

Mattias Josefsson, Managing Director, Johnér — Johnér is a complete content provider offering stock images and footage, as well as full-range assignment services. Johnér is a Scandinavian stock footage provider with a high end



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collection of nearly 10 000 clips. They produce still and moving images at the same time, enabling their clients to build campaigns with both still and moving content.

<http://www.johner.se/>

Gary Morgan, CEO, Splash News — Their niche is celebrity and paparazzi material. They started with still image photography in Los Angeles in 1992 and end begun producing video from red carpet events in 1993. With a daily production of sixty short clips per day video now stands for 10% of their turnover. Splash News library holds 80 000 clips.

<http://www.splashnews.com/>

Lional Faucher, CEO, Akamedia — Akamedia provides a distribution platform for footage and runs a market place for news clips newpusher.com. Newpusher offers 500 new clips per day and a collection of about 100 000 clips. Akamedia's clients range from TV stations to small web sites.

<http://www.akamedia.net/>

Dr. Stephan Bleek, CEO, Framepool AG — Framepool collects footage from TV and film producers worldwide. Large extents of the material are "leftovers" from feature films, documentaries and TV-programs. This footage is then resold to other projects on the same market. Framepool has a library of 500 000 clips, about 50% of those are in HD. They focus mainly on the high-end film and broadcast market, but they have a small and growing cross media market.

<http://www.framepool.com>

Christina Vaughan, CEO, Image Source — Image Source launched their Cross-Media pack during Copic. Currently they are focusing on their distribution partners with customer sales anticipated to launch this fall. Christina is also the newly elected President of Copic.

<http://www.imagesource.com>

We talked about embedding samples from Johnér and Splash News to show to very different business models.

Here is a sample of the ready-made celebrity news shows that are produced daily by Spash News.

<http://splashnews.com/celebuzz.com/videoarchive/2009/06/sntv---britneys-new-man.php>



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