The report describes the Exploitation and Business Plan to be implemented by the partners in order to guarantee sustainability of the project over the time.

As the partners are commercial companies, it is important to implement revenues stream in the future for the sustainability of the project.

Several different scenarios and hypothesis have been considered and all the major issues related to the Business model (market segmentation, value proposition, delivery channels, customer relationship, revenue stream, key resources, key activities, key partnerships, cost structure) are presented here. The business model presented in the report is based on the "Business Model generation" methodology recommended by Europeana.

1 “Business Model Generation” Written by Alexander Osterwalder & Yves Pigneur

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# Revision History and Statement of Originality

## Revision History

<table>
<thead>
<tr>
<th>Revision</th>
<th>Date</th>
<th>Author</th>
<th>Organization</th>
<th>Description</th>
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<td>1</td>
<td>October 2012</td>
<td>ANSA, BELGA, EFE, Scanpix</td>
<td>Partner Agencies (Business Plan Working Group)</td>
<td>Report (Draft)</td>
</tr>
<tr>
<td>2</td>
<td>November 2012</td>
<td>All partner</td>
<td>Suggestions and improvements</td>
<td>Final Report</td>
</tr>
</tbody>
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## Statement of originality:

This deliverable contains original unpublished work except where clearly indicated otherwise. Acknowledgement of previously published material and of the work of others has been made through appropriate citation, quotation or both.
1 Executive summary

D7.3 contains the description of the exploitation and Business Plan that aims at making the project sustainable over the time.

In order to prepare the Plan a two step approach has been adopted:

- First of all a survey among partners has been carried out in order to consider different business models, according to the current business scenario in the photographic market;

- At the second step a methodology recommended by Europeana for business models have been adopted, considering major related issues: market segmentation, value proposition, delivery channels, customer relationship, revenue stream, key resources, key activities, key partnerships, cost structure. Synergies with Europeana and with the current partners’ business have been considered as well.

According to the results of the analysis, the partners are confident that the project sustainability could be reached over the time.
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<th>Work Package 7: “Sustainability and Dissemination”</th>
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<tr>
<td>ANSA, BELGA, DPA, EFE, EPA, EXPSYS, LUSA, MTI, PAP, SCANPIX</td>
<td>EURO-Photo project’s participants (10 national news agencies and 1 technical partner)</td>
</tr>
<tr>
<td>ICT- PSP</td>
<td>The ICT Policy Support Program (ICT PSP) under the Competitiveness and Innovation Programme (CIP) aims at stimulating innovation and competitiveness through the wider uptake and best use of ICT by citizens, governments and businesses, particularly Small and Medium-sized Enterprises</td>
</tr>
<tr>
<td>Europeana</td>
<td>Europeana is an internet portal that acts as an interface to millions of books, paintings, films, museum objects and archival records that have been digitised throughout Europe. Among professionals in the heritage sector, Europeana is also a platform for knowledge exchange that promotes collaboration between librarians, curators, archivists and the creative industries.</td>
</tr>
<tr>
<td>“Historical” photographic archive</td>
<td>In EURO-Photo project an “Historical” photographic archive consists of only pictures taken in the past using analogue technologies (negatives, slides), before digital cameras (approximately until middle ’90s). All those pictures have been digitalized and enriched with metadata by the partner agencies during the project or before it.</td>
</tr>
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</table>
3 WP7: activities, project’s objectives, connections with other WPs and results achieved

3.1 Work package 7 “Sustainability and dissemination”

WP7 aims to develop the activities needed to guarantee the sustainability of the EURO-Photo initiative after the completion of the project and to disseminate knowledge about the project, more specifically:

- develop a Exploitation and Business Plan addressing both economic and organisational aspects of the roll-out of a EURO-Photo professional service based on the EURO-Photo interoperability framework;
- start-up, for business model validation purpose, a EURO-Photo pilot service;
- cooperate with Europeana in order to disseminate to as many users as possible. Building awareness about the EURO-Photo content in Europeana;
- involve other news agencies that could join EURO-Photo and Europeana after the project.

The deliverables to be submitted with reference to WP7 are:

- D7.1 Project web site
- D7.2 Dissemination Plan and communications tools
- D7.3 Exploitation and Business Plan
- D7.4 EURO-Photo pilot service validation
- D7.5 Report on dissemination activities carried out
4 A three-step analysis for the Business Plan

In order to reach a common position about the business model to be adopted by the partner agencies, a three-step analysis has been carried out:

1. The starting point for the Business Plan has been a survey among partners, in order to consider their business needs and what do they expect from the project in terms of business;
2. Afterwards three different options have been considered and discussed during several meetings;
3. Following the discussion, a business model has been adopted and is described in this report, considering all the related issues.

All agencies have participated in the discussion and at the end the result has been satisfactory for each of them.

4.1 The current scenario

First of all, in order to evaluate the EURO-Photo Business Plan, it is important to understand what are “historical archives” are, according to partner agencies.

In the EURO-Photo project an “Historical” photographic archive consists only of pictures taken in the past using analogue technologies (plates, negatives, slides – back&white or colour), before digital cameras (which were widely used from the middle ’90s). All those pictures have been digitalized and enriched with metadata by the partner agencies during the project or before it.

The following analysis applies only to this kind of archives and not to the most recent ones, nor to the daily photo services the agencies offer to their current clients as well.

The partner agencies are commercial / for-profit companies currently involved in the photo business; most of them offer both their daily photo service and their archives (historical and more recent); in many cases they also distribute third party archives in their country also.

The overall revenues from the photo business vary from one partner to another (from some hundred thousand to a few million), in most cases it comes mostly from their domestic market (but there are some exceptions).
The current customer base is mostly made up of national and international media (newspapers, magazines, TV Stations, new media as web portals) and book publishers. Nowadays agencies are facing a market crisis with falling prices both in domestic markets and abroad.

4.2 The starting point: the survey among partners

The starting point for the Business Plan has been a survey among partners, in order to consider their business needs and what do they expect from the project in terms of business.

Hereafter the most important results of the survey.
State of art of commercial activities

Current market for historical pictures sales

- Newspapers: 2,50%
- Magazines: 6%
- Book Publishers: 10,50%
- Advertising: 6,50%
- Websites: 34%
- Exhibitions: 27%
- Others: 13,50%

Current business model for historical pictures sales

- Subscription: 80%
- By request: 9%
- Pay per download: 11%

Sales of historical pictures mean a 11% of our total revenues

Max. 30%
Min. Less than 1%
Potential market

Estimation of sales

- 5 among 9 agencies
- forecast 0% of benefits
- increase for 2012
- Min. 60,000 €
- Max. 500,000 €

Business model

Objectives of the Euro-Photo Portal

- Expand business by selling your historical pictures to other agencies’ customers
  
  Not important 1 2 3 4 5 Very important

- Expand business by selling pictures of other agencies to your customers
  
  Not important 1 2 3 4 5 Very important

- Expand business through the involvement of new online customers
  
  Not important 1 2 3 4 5 Very important

- Availability of a technical tool to sell and deliver pictures to domestic and international new customers
  
  Not important 1 2 3 4 5 Very important
Segmentation of the market

- EURO-Photo should preserve the current market (domestic and international) of each agency which will continue to manage its current customers
  
  don’t agree 1 _____ 2 _____ 3 _____ 4 _____ 5 Fully agree

- Segmentation of the EURO-Photo potential market among partners should be done on a national basis. An agency could not make a contract with a customer coming from a country of another agency
  
  don’t agree 1 _____ 2 _____ 3 _____ 4 _____ 5 Fully agree

- Each agency will open EURO-Photo to domestic customers in order to sell pictures of other agencies
  
  don’t agree 1 _____ 2 _____ 3 _____ 4 _____ 5 Fully agree

Business model

Segmentation of the market

- In the case we base on national basis share: agency who own the customer should have a fair % of the revenue
  
  don’t agree 1 _____ 2 _____ 3 _____ 4 _____ 5 Fully agree

- In the case we base on national basis share: whatever customer downloads a picture, the Agency who has the copyright should have a fair % of the revenue
  
  don’t agree 1 _____ 2 _____ 3 _____ 4 _____ 5 Fully agree

- New customers brought by an agency will be commercially managed by same agency who will guarantee a % of revenues to agency’s copyright owner.
  
  don’t agree 1 _____ 2 _____ 3 _____ 4 _____ 5 Fully agree

- EURO-Photo should increase the number of Web customers
  
  don’t agree 1 _____ 2 _____ 3 _____ 4 _____ 5 Fully agree
4.3 The three different business models and the common position

According to the survey results, three different business models and scenarios have been discussed by the agencies during several project meetings.

The steps of the analysis in order to reach a common decision were:

- Selection of three different business models and scenarios
- Evaluation of strengths and weaknesses of each of them, according to Agencies’ needs
- Estimation of costs for each model
- Discussion of different points of view
- Final common decision

The three scenarios are:
1. **EURO-Photo Portal as a “showcase”**
   - The portal available for online customers for searches on all partners’ archives
   - Not download or purchase possibilities, directly from the portal
   - Clients interested in a picture will be redirected to the copyright holder’s commercial desk

2. **EURO-Photo Portal as a payment site for middle resolution images (+ showcase for high res.)**
   - Autonomous download of mid resolution images
   - Potential clients: web publishers
   - Restrictions and conditions should be clearly specified and agreed by the buyer before downloading
   - Online payment (Credit card, Paypal...)
   - Link/email to copyright holder to buy the high resolution
   - Price for mid res to be agreed by all members

3) **EURO-Photo as a fully integrated sales portal**
   - E-commerce framework to sell to any customers in mid or full res
   - Requires a more complex agreement among all partners (costs and revenues sharing)
   - Market segmentation to be defined
   - A general pricing list to be established for all markets (newspapers, magazines, book publishers)

Hereafter a short summary of the discussion among partners, taking into accounts of plus and minus of each option.
Business Plan Analysis

Positives / Negatives

1) EURO-Photo Portal Showcase

**POSITIVES**
- Easy to implement
- Scalable model: First step to further scenarios
- No business management needed
- Low cost
- Full control of the product/copyright

**NEGATIVES**
- Not helpful to represent a global partnership
- Hinders the idea of the portal as a European reference model
- Not easy to buy images from different agencies
- This process of multiple purchase may give bad impression to the client

2) EURO-Photo Payment Portal for mid res.

**POSITIVES**
- Unassisted purchase for a specific market
- Direct upgrade from business model 1
- First experience together in the market without involving high res pictures
- Simple management in an e-commerce framework
- Lighter agreement to be dealt

**NEGATIVES**
- Shared revenues to be defined
- Extra-fixed costs will be generated
- Mid res. market not strong enough
- An e-commerce platform to be specified and developed (=extra time and money)
Business Plan Analysis

**Positives / Negatives**

3) EURO-Photo fully integrated Portal

**POSITIVES**
- Opens a new business opportunity
- Extracts a major performance of the portal
- Benefits for all partners to be presented as European brand
- Easier purchase for the customer
- Could bring new clients outside the European market
- Future partners could be joined

**NEGATIVES**
- The most complex business model
- Implies more complex agreements (revenues, prices, etc)
- Higher fixed costs will be generated
- Maintenance of the platform to be more exhaustive
- Further technical development
- More expensive implementation
- Less control of the product/copyright
- Extra operating costs related to the management of the e-commerce platform

---

Estimate costs for each option

1) EURO-Photo Portal as a “showcase”
   - Hosting: 10.000€ per year
   - Web maintenance and reporting: 10-12.000€ per year

2) EURO-Photo Portal as a payment site for middle resolution images
   - Hosting: 10.000€ per year
   - Web maintenance: 12-16.000€ per year
   - E-commerce integration: 8-10.000€ una tantum
   - Bank fee: 5% of transactions (could vary, depending on banks)
   - Back and front office: 1-2 people

3) EURO-Photo as a fully integrated sales portal
   - Hosting: 20.000€ per year
   - Web maintenance: 18-20.000€ per year
   - E-commerce integration: 10-15.000€ una tantum
   - Bank fee: 5% of transactions (could vary, depending on banks)
   - Back and front office: 2-3 people
The Final conclusion: agencies will start with business model 1 and rethink the other models according to the sales which will come up through EURO-Photo portal. The portal will be on line in primis for international “on line” prospects and for Europeana users who will be redirected to the EURO-Photo portal.

4.3.1 The new market conditions

Market conditions have changed significantly in recent years. Before 2005, the picture market consisted of a few international brands (Getty, Corbis, etc.), many national and regional specialist and niche companies as well as many strong national news and picture agencies. Prices per images were relatively high, where especially creative agencies commanded high prices for creative images, European economies and media were doing well, so image customers were happy shopping around and acquiring images from many suppliers, and prices per images were relatively high. The upside of this meant that there was significant market opportunities for a strong, international historical collection, working independently on the global picture market.

Since then the whole image business has undergone a transformation: professional digital photography equipment has become accessible for millions of people globally, social media and Google have become a repository and source for billions of images, user generated content is now an integrated part of media content. At the same time, traditional media faces a steady decline as customers move away from print towards digital, while digital media products are not yet able to generate enough income to replace the drop from income from print media.

The business has also changed, the current economic climate has put severe pressure on all sectors of the economy, and especially on traditional media, who have been heavy users of editorial photography and the source of almost all income for picture agencies. The market for creative images has been especially hard hit, eg. Scanpix research shows that the value of sales of creative images has declined by up to 90% in Denmark since 2006, due to the
rise of microstock subscriptions, etc. (millions of semi professional images available at down to 1€ per image).

This has lead to a combination of consolidation and severe price pressure, market research among the EURO-Photo partners show the same story across the board: customers acquire the vast majority of their images as part of fixed price or subscription deals with few select suppliers, usually a couple of national companies and one of the major international agencies, eg. Getty Images. This means that there are less market opportunities for new international image aggregators, and an important part of sales are generated by national picture agencies.

This is the reason why bilateral agreements will be done among partners in order to distribute historical pictures to their current customers through their systems as well, increasing the total visibility of EURO-Photo archives and related revenues.

The business model is presented in details the following chapters.
5 The proposed Business model

5.1 “Business Model Generation” methodology

The business model presented in the report is based on the “Business Model generation” methodology recommended by Europeana in order to present projects’ business model. The choice of this methodology allows Europeana to compare different projects that involve several content providing using the same conceptual framework.

According to the authors “A business model describes the rationale of how an organization creates, delivers and captures value”. This is the shared Business Model concept adopted as the starting point of the analysis carried out in this report.

---

2 “Business Model Generation” Written by Alexander Osterwalder & Yves Pigneur
© 2009 Alexander Osterwalder & Yves Pigneur
The adopted methodology considers 9 different "Building Blocks" that show the logic of how a company intends to manage its business in order to make it sustainable over the time. The nine blocks cover the four main areas of a business:

- customers
- offer
- infrastructure
- financial viability.

The 9 "Building Blocks" are:

1. **Customer segments** (Who are your target audiences?)
2. **Value propositions** (What is your promise your target audience? What can you sell?)
3. **Channels** (How to deliver products and services?)
4. **Customer relationships** (The type of relationship with customer segments)
5. **Revenue Streams** (How does your project generates cash?)
6. **Key resources** (The resources - human, financial, physical and intellectual - that are necessary to create value for the end user)
7. **Key activities** (What are most important activities to be carried out?)
8. **Key partnerships** (Who are your key partner?)
9. **Cost structures** (Which costs are you going to incur?)
6 Customer segments

“Different groups of people or organizations the project aims to reach and serve”

Customer groups have been identify considering:

- Their needs and if they require and justify a distinct offer
- The different Distribution Channels to reach them
- The different types of relationships they require
- Their different profitability
- Their willingness to pay for different aspects of the offer

Considering the EURO-Photo project, customers will be basically professional photo buyers (MEDIA):

- Newspapers, Magazines, Televisions, New media
- Book publishers

That could be:

- Current customers
- Prospects

And:

- International
- National

Through Europeana also non professional targets will be reached (European citizens). The presence of EURO-Photo pictures on the Europeana portal is considered an opportunity both for promotion (be there to be better well-known) and for revenues that could be generated.

3 Idem
when potential customers using Europeana will be redirected to EURO-Photo portal to purchase pictures.

The main customers for editorial images are: Newspapers and news media, both print and digital, book and magazine publishers, public sector and non-profits, corporate and advertising, and trade publishers. As the content of the EURO-Photo images originates mostly from news agencies and newspaper archives, the images are of most relevance for use in a historical and editorial context, by book publishers, historical and current affairs magazines, as well as news media (both print and digital).

Book Publishers:
These have traditionally been the major users of historical images, as public interest in history remains strong, and their remains a need for historical images in educational publications. This sector is moving towards a transformation, as e-books gain in popularity, and digital/internet based education tools are popular. Still, they are and will continue to be active users of images.

In the current market, they are under pressure, they need cheaper images and are forced to do more with less, meaning that they need assistance in picture researching and editing. Therefore they are best served by a local agency, who has an overall service contract with fixed prices and assistance in research and data quality, i.e. agencies they know and trust to ensure the quality of their images. The development of prospects, is especially as newer publishers arise, especially in the multimedia area, the focus here is to ensure optimal communications to these, so that all will be aware of the agency/EURO-Photo, as well as open and flexible pricing models. Currently experimentation has been made with profit share models, where the customer pays the agency a share of their profits. Also subscription models for digital publications, where the customer pays regular fees for the images in the publication as long as it exists and with room for steady development and new images replacing old as articles are edited and replaced (in an analog world, this was done by new and revised editions of older books).
Magazine publishers:
Here the major magazine publishers are in a similar situation to book publishers. Magazine circulations in most countries are under severe downward pressure, with the success stories few and rare. Currently many across the world are experimenting with tablet versions of their publications, therefore they also need to be serviced firstly by image deals that reflect their need to be integrated into a digital publication and also in term give the option to be integrated with online universes.

News media: By news media, we mean newspapers, online newspapers, TV-stations, their websites, and all other websites, both aggregators (such as Yahoo!) and independent websites. This is to reflect the fact that this business is moving from analog to digital, and the borders between the different products is being erased (web TV, integrated TV stations and their websites with TV, articles and images, download of films and TV on demand, newspapers with no print versions etc.

All the above are under pressure and are forced to differentiate themselves from the spread of breaking news and newswire headlines, and also provide a more trustworthy analysis of events and perspectives. On a daily basis, their needs are for vast numbers of mostly news images around the clock. Most of these images are pushed out by national and international news agencies, as a subscription agreement. They also need access to historical images, to describe and celebrate historical events, analyze the future in light of the past etc. Their needs must therefore be met by trusted image providers, who can deliver high resolution images on a 24-7 basis, guarantee quality of image, editorial data and service, at a very low price per image, e.g. a news website easily uses 5,000+ images a month, and cannot afford to pay 100€ per image!

The above customers will probably prefer to access images from their existing network of image providers. It is an integral part of all agencies to be in communication with the customers, and requires a local presence in order to do so. In this day and age of mass customization, international customers try to act locally on their markets, using their
international presence to broker international deals with a combination of the biggest international providers as well as local agencies in their places of business.

Considering the EURO-Photo project, the main image buyers should be existing customers or prospects who already are aware of who the agent is, very few should be totally unaware of the agencies and their offerings.

The interesting part is the potential for new customers from Europeana. As Europeana grows, and expands the metadata and content as part of SEO, the result will be a higher ranked on searches, and more image searches will come this way. This in turn means that Europhoto will be able to branch out to cultural heritage and education professionals, who already work on Europeana and are involved with the topics illustrated in the Europhoto collection, as well as to potential customers, who are not yet in contact with the consortium members or their international network of agents.

Therefore the proposition is to start by ensuring that all requests are handled as follows: if the customer is based in one of the agencies territories: they are sent directly to the agencies website or customer service email. If not, they should be sent to the copyright owner.
7 Value propositions

“The bundle of products and services that create value for a specific Customer Segment” (to satisfy customers’ needs).

The Value Proposition is the reason why customers turn to one company over another. It solves a customer problem or satisfies a customer need. Each Value Proposition consists of a selected bundle of products and/or services that caters to the requirements of a specific Customer Segment. In this sense, the Value Proposition is an aggregation, or bundle, of benefits that a company offers customers.”

With reference to EURO-Photo project:

- EURO-Photo aims to be the reference archive for historical journalistic pictures of the 20th century.
- Huge numbers, transnational (European) point of view, completeness and quality.
- The first time so important agencies are linked together with a common offer.

Regardless of the existence and the future of the Europhoto portal, it is self evident for all members of the consortium, that in the current market, an infusion of a new, edited historical collection of 150,000 images, combined with a digital back catalogue of 850,000 other images, is a truly unique collection. The uniqueness of the collection is that it consists of the best news images throughout Europe, from periods of turmoil, tragedy and change. The images are selected and edited based on a list of events and important subjects, which in turn was compiled in close dialogue with our clients and partners. Other existing and competing collections have a national, singular point of view or are from collections of single photographers, haphazardly combined in collections.

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4 Idem
The benefit for the customer is that they now gain access to new and relevant images, provided by their existing and trusted suppliers. This gives them the opportunity to illustrate topics previously hard to do. Secondly, as the amount of historical images that are digitised are relatively few (even if some millions of historical images exist, this is far from the untold billions of digital images available today. Therefore more digital images of relevant topics mean that instead of having to use the same images to illustrate certain topics, customers can now use different and "new" images, giving them the opportunity to differentiate their products from others. Thirdly, as all members of the consortium are news and newsphoto agencies, this means in turn that we all have a much higher focus on intellectual, private & property rights, as well as metadata issues (i.e. the image captions and keywords). The reason is that all images in our archives were produced for immediate use in newspapers etc., and therefore under public scrutiny, from the beginning. Many other available historical images are not from news purposes and not with the same awareness of these issues.

**Our pay off: “Remember us, Remember history”**
8 Channels

“How a company communicates with and reaches its Customer Segments to deliver a Value Proposition”

“Communication, distribution, and sales Channels comprise a company’s interface with customers. Channels are customer touch points that play an important role in the customer experience. Channels serve several functions, including:

- Raising awareness among customers about a company’s products and services
- Helping customers evaluate a company’s Value Proposition
- Allowing customers to purchase specific products and services
- Delivering a Value Proposition to customers
- Providing post-purchase customer support”

With reference to EURO-Photo project:

PURCHASING & DELIVERING
- Current customers: Agencies’ delivering systems
- Prospects: EURO-Photo Portal (only showcase)
- Non professional: Europeana Portal

COMMUNICATE
- Agencies’ own channels (web site, newsletters, news...)
- Partners’ channels (Europeana, cultural institutions, business associations ...)

All agencies have their own normal communication tools to their clients as B2B customers, now we have the opportunity to present the EURO-Photo collection, as a new brand we represent to our customers and also have the EURO-Photo website as a showcase to show

5 Idem
the collection to existing and potential customers throughout the world. We have created a brand identity, content and logo, as well as the "pay off: Remember us, remember history". As part of the project and according to the DoW, the consortium is expected to invest a total of about 64 working months in the sustainability and dissemination part of the project. A part of this has been dedicated to ensuring the development of the EURO-Photo brand and communication material promoting this brand. This is being done on a national level by all partners already, at different book fairs already and will be continued in the future. Another main point of communication is that as the images are shown on Europeana, they are reaching out to a new group of consumers. This gives an opportunity to share our images with a wider audience, communicate who we are and create a potential new customer base. Communication activities will both be done directly from the consortium, but also through the Europeana Portal, where the content will be shown to all.

Therefore it is necessary to ensure a seamless transition from Europeana to the EURO-Photo website, and ensure that the consumer experiences a seamless route from seeing the images and on to a website where they can purchase the images. The quickest part is to identify them by location, and send their inquiries on to their local agency, or to the copyright holder.

All sales and delivery of images will be done by the agencies directly from their websites, as part of their usual business. As all are parties to a series of bilateral agreements (developed as part of this project), this ensures that all will share in revenue generation, as all revenues are split between the agencies.
9 Customer relationships

“Types of relationship a company establishes with specific Customer Segments”

The customer relationship have considered three different stages of its live:

- Customer Acquisition
- Customer retention
- Boosting sales (upselling)...

With reference to EURO-Photo project:

- Mainly based on Agencies’ CRM (Customer Relationship Management)
- Contact points in EURO-Photo portal
- Newsletters, social networks at a second stage if business would begin to raise
- Based on Europeana for non-professionals

The members of the EURO-Photo consortium are all among the top local agencies in their regions, and are represented by top agencies globally. This means that most existing and potential customers are either directly or indirectly already customers.

Europeana and the EURO-Photo portal, are an integral part of customer acquisition, as this is a channel to reach new customers directly and via the Europeana Portal.

---

6Idem
10 Revenue Streams

"Cash generated from each Customer Segment”

With reference to EURO-Photo project:

CURRENT AGENCIES’ CUSTOMERS

➢ Pricing according to each agency’s commercial policy (subscription fees, pay per use, licensing for non-media actors)
➢ Bilateral agreements with other agencies with revenue share

NEW CUSTOMER THROUGH EURO-PHOTO PORTAL

➢ Selling managed by copyright holder
➢ Pricing segmented according to national markets and agencies’ commercial policy

TOTAL REVENUES

The objective is to reach the break-even point after two years (start up period) – 30,000 € per year from EURO-Photo Portal

We see 2 main customer segments which can generate revenue

➢ New and existing agencies customers

Each of the agencies have a wide existing customer base and with the new digitised content they are likely to attract new ones.

Prices are based according to each agency’s commercial policy (subscription fees, pay per use, licensing for non-media actors). Bilateral agreements with the other agencies are based on a revenue share model.

---

7 Idem
New customers through EURO-Photo portal

The sales will be managed by the copyright holder. As a consequence the pricing will be segmented according to national markets and agencies’ commercial policy. New customers are likely to be individuals and organisations getting to know the portal via searches on the internet, through Europeana, EURO-Photo or other means.

Certainly in a first phase we do expect the majority of revenue coming from the first segment, but it's a reasonable assumption that once the portal is gaining in popularity, that revenue through that segment will increase.

Revenue scenario

The price of a single image differs heavily between countries and usage (e.g. book, online, print, advertisement. In order to avoid complex calculations and seen the evolution of the market (high pressure on prices) it's fair to say that a picture is sold for an average price of 20€.

The following table shows the revenue depending on the number of sold images. We also take into account that for each sold picture a percentage goes to the original photographer (by average 25%).

<table>
<thead>
<tr>
<th># images/day</th>
<th># images/year</th>
<th>average price (€)</th>
<th>brute yearly revenue (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>1.825</td>
<td>20</td>
<td>36.500</td>
</tr>
<tr>
<td>10</td>
<td>3.650</td>
<td>20</td>
<td>73.000</td>
</tr>
<tr>
<td>20</td>
<td>7.300</td>
<td>20</td>
<td>146.000</td>
</tr>
<tr>
<td>50</td>
<td>18.250</td>
<td>20</td>
<td>365.000</td>
</tr>
</tbody>
</table>

The simulation is basic, but certainly gives a good idea.

Seen the estimated costs (see chapter on cost structure), it is clear that even with a very low number of sales (5 to 10 images per day is hardly 1 image per agency per day), that the revenue covers the costs.

Our first objective to reach the break-even point after two years (start up period) should therefore pose no problems.
11 Key resources

"The most important assets required to make a business model work”

"Every business model requires Key Resources. These resources allow an enterprise to create and offer a Value Proposition, reach markets, maintain relationships with Customer Segments, and earn revenues. Different Key Resources are needed depending on the type of business model. A microchip manufacturer requires capital-intensive production facilities, whereas a microchip designer focuses more on human resources.

Key resources can be physical, financial, intellectual, or human.

Key resources can be owned or leased by the company or acquired from key partners.\(^\text{8}\)

With reference to EURO-Photo project:

- Copyrights on pictures
- Technical infrastructure
- Commercial desks / departments
- Number of historical pictures to be increased over the time
- .....................

We see several important assets

- Copyrights on pictures
  
  All of the agencies are 100% owner of their images. This is a true asset since it means that for every sale, the revenue stays for 100% with the partners.

- Technical infrastructure
  
  Hosting and searching through 1M images requires a solid platform with a guaranteed uptime and SLA. With a 99.90% uptime guaranteed by the technical partner we are

\(^{8}\) Idem
convinced to have such an infrastructure. The available knowledge and skills will also ensure that the platform won’t become obsolete and evolves with the market evolution.

- **Commercial desks / departments**
  Since the portal acts as a showcase, clients request will be redirected to the commercial desks of the copyright holder. The personnel on these desks do this type of sales work every day and all have a maximum of experience in managing the customer in the most optimal and professional way. As a consequence there’s no need at all to put any effort in setting up and training new sales teams, which can often be a very intensive and expensive work.

- **Number of historical pictures to be increased over time**
  Even after the EURO-Photo-project, each of the agencies will keep on digitising additional historical images. Probably not at the same level as during the project, but the new images will be inserted in the database. Even more important is that these will often follow market demands and are thus more likely to generate extra revenue

- **The involved partners**
  This aspect is elaborated more in the section of partnerships, but it’s key to stress out that all partners have been working together for years both on the level of sales as for the exchange of ideas. This aspect ensures that even after the project ending, there will remain plenty of opportunities to answer as a solid group to any business demands.
12 Key activities

"Most important things to do to make the business model work"9

With reference to EURO-Photo project:

- Portal technical Maintenance
- Content improvements
- Hosting
- Communication
- Customer relationship management

We consider the following key activities: the portal and everything related to it, the marketing/communication/sales activities and finally the content itself.

- The portal

Customers familiar with the existing agencies sales portals are maybe unlikely to select a new one, but the EURO-Photo portal will be the key entry point for those potential customers meeting us through Europeana, Google searches and so on. So uptime and easy of use are key factors here. The same is valid for the correct exchange with Europeana and the errorless redirection of interested clients directly to the copyright’s holder’s commercial desk.

- The marketing/communication/sales activities

Each agency knows best how to address its own market. All of us invest yearly tens of thousands of euros in better methods for prospection/sales, stats and reporting, updating our platforms, customer satisfaction and relationship management and so on.

Since we expect the majority of our revenue to come out of the local market, it’s crucial that we keep on doing this.

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9 Idem
However... putting all our focus on the local market might risk losing a more international market. Therefore it’s important that all partners keep on seeing each other on a regular basis and foresee discussion moments not to miss any international opportunities. Participation to events on which all of us go anyway are ideal occasions to share ideas and thoughts, see whether we can participate in new tenders.... Addressing the world is difficult but targeted actions and a well chosen SEO and SEA approach seem key elements to succeed.

These moments will also enable us to judge our approach during and after the first 2 years.

- The content

Our main strong point is that we have unique content. However... it’s difficult to judge the value of this content. Historically yes, but to put a value on it is more difficult. We might have material, but when there’s no need in the market there’s no sales. Therefore it’s important to keep adding content to the database anticipating on nearly real-time market demands. The process of adding new material is a daily routine for each agency, but it’s important that we set up a communication mechanism to alert each other on customer demands and newly available material.

Another element is the searchability of the often multilingual material. The multilingual search provided in the system will tackle this partly, but this remains an element to pay attention to.
13 Key partnerships

"The network of supplier and partners that make the business work”

Companies forge partnerships for many reasons, and partnerships are becoming a cornerstone of many business models. Companies create alliances to optimize their business models, reduce risk, or acquire resources.

We can distinguish between four different types of partnerships:

- Strategic alliances between non-competitors
- Coopetition: strategic partnerships between competitors
- Joint ventures to develop new businesses
- Buyer-supplier relationships to assure reliable supplies

With reference to EURO-Photo project:

- Agreement among Partners
- Agreement with Technical partner
- Involvement of new content providers
- Partnership and DEA with Europeana
- Relationship with cultural national organizations (institutions)
- Relationship with business associations

We can distinguish different levels of partnerships:

- Relationships with business associations, organisations and institutions

All of the partners in the project are leading national agencies, occupying strong market positions both in their own national market as sometimes international. Their client portfolio is also very diverse, varying from media to government, corporate to consumer and so on. Each of us have been building throughout the years bonds with for instance cultural national organisation/institutions, business associations... ensuring us a direct

\footnote{Idem}
access to all potentially interested parties. So on the local level we are convinced to be the best parties to commercialise all of the available archive material.

- Agreements among partners

Concerning the interregional level, although strategic alliances are rather rare, all agencies have a history of working together as partners. Regardless of the EURO-Photo project, many of them have been working successfully together for years. Often bilateral agreements exist and typical shared revenue agreements are familiar to all. Specifically for this project we managed to establish a multilateral agreement in which all agencies agree to the scope of creation and management of the Euro Photo Portal as a showcase for images. It also ensures that images and metadata are available for the Europeana portal. We also expect that new bilateral agreements will be concluded to further enhance the cooperation among partners.

- Involvement of new content providers

Seen the interest shown during Cepic and Visa, we don’t exclude that new content providers will join. Many of us have gained experience in Minds International, which also started as initiative from 11 agencies, but which has grown in the last years to a true international platform for exchanging ideas and experiences with now double the amount of partners. To anticipate, all of our agreements are structured in such a way that the addition of new partners is easily doable with a minimum of administrative overhead.

- Partnership and DEA with Europeana

We believe that our partnership and DEA with Europeana is a cornerstone factor in maximising our business value. As indicated earlier, the interesting part is the potential for new customers from Europeana. As Europeana grows and uses the expanse of metadata and content as SEO, and thereby generating a higher ranked result on searches, more image searches will come this way.
• Agreement with technical partner

The technical partner has offered the technical platform and support at a market conform price. For this a high SLA and +99.90% uptime is guaranteed by the technical partner.
14 Cost structure

"All costs incurred to operate a business model"11

All cost categories and characteristics have been considered:

- Fixed costs
- Variable costs
- Economies of scale
- Economies of scope

With reference to EURO-Photo project:

- Hosting
- Technical maintenance
- Communication

Selecting the showcase scenario allows us to start on a low cost base. This is an important consideration since revenue is unsure. The cost categories remaining can therefore be determined quite precisely.

We can distinguish in gross 2 types of costs: those related to the technical platform and those related to the communication on and sales/marketing of the concerned images.

- Technical platform costs (hosting & technical maintenance)

In order to fit commercial standards, the technical platform should come with a very high SLA and +99.90% uptime to be guaranteed by the technical partner.

Based on the offer of the technical partner the costs involved for such a service are 19.500€ for 2013 and 15.000€ for 2014, making a total of 34.500€ fixed costs over the covered period. These costs will be shared by all 9 participating agencies.

11 Idem
Variable costs are unlikely to occur, since the platform covers currently all necessary features for the desired business model. However, if additional costs are needed, these will be offer based and chargeable at 100€ per hour. A rough estimate of 5 days spread over 2 years would thus invoke a maximal additional cost of 4.000€.

- Communication and sales/marketing costs

The main workflow when ordering images from the EURO-Photo portal will be in redirecting the customer request to the copyright holder’s commercial desk. In practice this means that email is used as the main communication mean to interlink the customer with the agency. This is a zero cost operation.

It’s more difficult to define the sales costs. Our estimation is that certainly in a first phase the treatment of this sales process is just an extra activity in the daily work of each agencies commercial staff. Since we don’t expect that sales volumes will be high at the start, we set this cost to zero. Each agency has the FTE’s anyway and our estimation is that no additional resources are to be searched and hired.

So far we decided to put the marketing focus of the portal on the individual agency which decides how to go to market with the archive material. However, being nine leading agencies joining together is a valid sales argument, so it’s a good approach to consider additional costs to promote the archive material as the result of a joint effort. This cost will be part of the overall marketing and communication costs each agency will decide to manage in the next years, in co-ordination with the other agencies (at this stage an extra cost of about 10.000 euro yearly could be assumed in total). This cost covers participation in events, printing of marketing material, travel costs...

Putting all costs together, for the first 2 year period, the total cost structure is estimated at 62.500€ (or a yearly cost of 31.250€)

It’s up to each individual agency to upload additional images after the project ending. Most agencies still have digitising activities which is an integrated part of their daily business. As a consequence we expect that the archive content will grow in the upcoming years.
Since the uploading mechanism is available, we don’t see the upload of these extra images as an additional cost. (but from a revenue part it’s of course interesting that content is refreshed)
15 The Business Model Canvas

**Key Partners**
- Agreement among Partners
- Agreement with Technical partners
- Involvement of new content providers
- Partnership and DEA with Europeana
- Relationship with cultural national organizations
- Relationship with business associations

**Key Activities**
- Portal technical Maintenance
- Content improvements
- Hosting
- Communication
- CRM

**Value Propositions**
- The reference archive for historical journalistic pictures of the XX century.
- Huge numbers, transnational (European) point of view, completeness and quality.
- Important agencies linked together

**Customer Relationships**
- Agencies’ CRM
- Contact points in EURO-Photo portal
- Newsletters, social networks
- Europeana

**Customer Segments**
- Newspapers
- Magazines
- Televisions
- New media
- Book publishers

**Channels**
- Current customers: Agencies’ delivering systems
- Prospects: EURO-Photo Portal (only showcase)
- Europeana Portal
- Associations

**Cost Structure**
- Hosting
- Technical maintenance
- Communication

**Revenue Streams**
- CURRENT AGENCIES’ CUSTOMERS
  - Pricing according to each agency’s commercial policy
  - Bilateral agreements with other agencies with revenue share
  - NEW CUSTOMER THROUGH EURO-PHOTO PORTAL
- Selling managed by copyright holder
- Agencies’ commercial policy