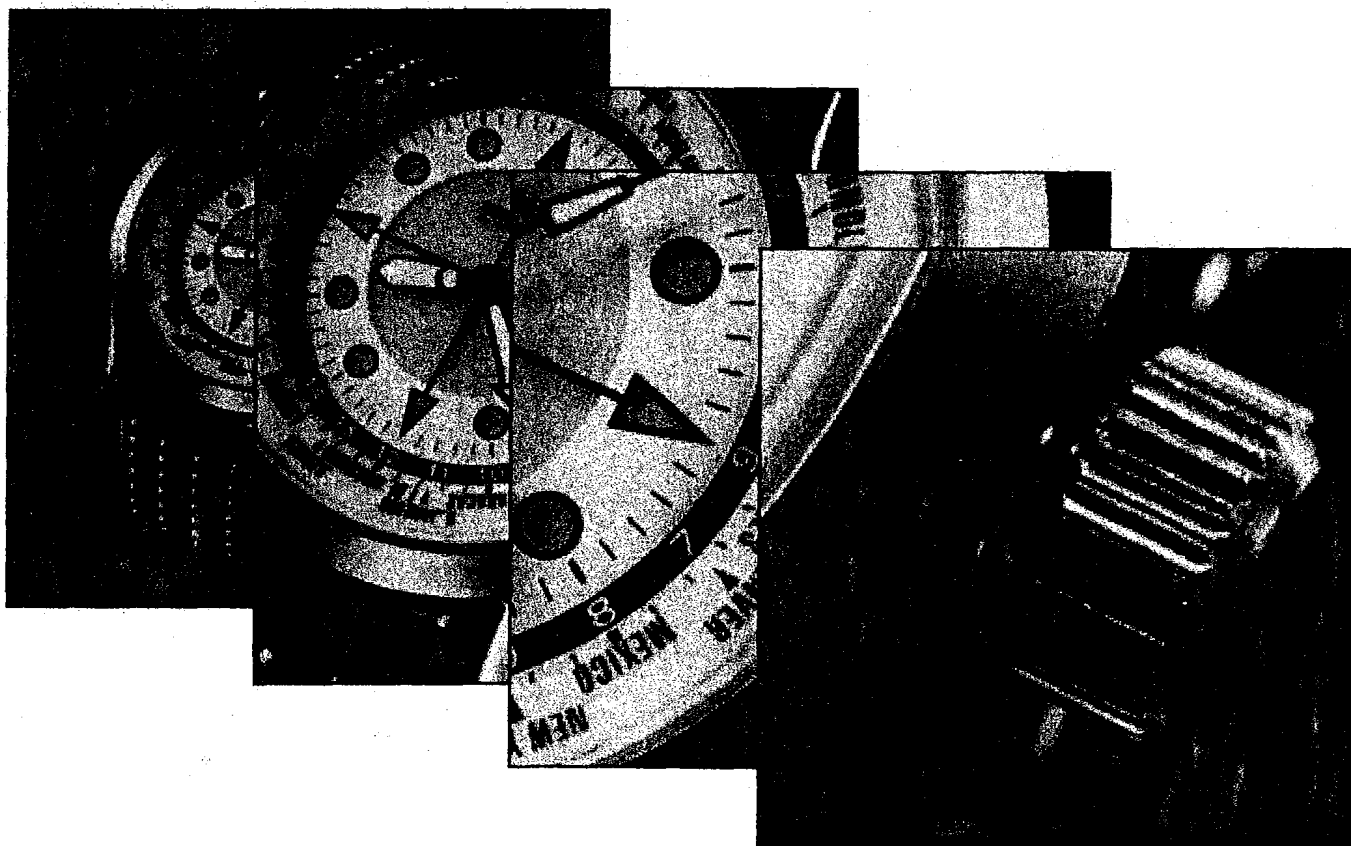


IMAGE SERVERS

EARLY ADOPTER CASE STUDIES



THE **FUTURE IMAGE** REPORT
MARKET RESEARCH STUDY

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EXECUTIVE SUMMARY

Rich (non-textual) content is an increasingly important component of all forms of publishing, but especially those that promote goods and services and provide entertainment. High quality visual content is rapidly becoming more than a key competitive differentiator, it's now a business imperative. At the same time, there is increasing pressure to develop systems that can publish that content anywhere, any time, to any device — a capability now referred to as Network Publishing.

The downside is that creating and preparing images and other rich media for publishing in multiple channels is expensive, labor-intensive, and generally a management nightmare. Dataware Technologies estimates that 12 to 15 percent of a typical corporation's revenues is currently spent on various publishing activities, and the percentage is rising. Web sites in particular are becoming more complex and costlier to maintain because Web pages continue to multiply — from seven billion in 2001 to 40 billion in 2005 (Forrester/A.T. Kearney) — and publishers are finding it difficult to keep up with the growing appetite for better, more timely, more personal content. Network Publishing may be a business imperative, but it's neither simple nor inexpensive.

Enter a new crop of tools that streamline the publishing process and deliver better, more consistent content. These tools — hardware, software, and services — that prepare and serve up visual content are commonly known as image servers and are a vital component of any company's overall publishing strategy. They are the only tools available today that will assist with serving up rich content across multiple access points and scale as required to meet the challenges of a rapidly evolving marketplace.

Accordingly, a number of companies — nearly 20 as of this writing — have in recent years leveraged their technical expertise in imaging to bring to market image server products. [For coverage of those vendors, please see our series of comprehensive company and product profiles: *Image Servers – A Competitive Analysis*.] The market for these image servers today can definitely be characterized as in the formative stage. Use cases are being developed and validated (or invalidated) by early adopters, to the great benefit both of vendors, who can study these experiences to refine their value propositions, and of other users, who can learn from the trailblazers. The data gathered by Future Image reveals that the value propositions for image servers come under two broad headings:

1. In front of the firewall or Top Line

The ability to offer pictures on the Web, to offer higher-resolution pictures that let the user zoom and pan, image editing features, easier content submission, or the ability to offer faster or more consistent image display — all contribute to a better user experience. Digital imaging allows the consumer to zoom in on a picture, pan around, experiment with different options, combinations, colors and patterns, try it on a face or body model that can be made to resemble his/hers, spin an object, or move around inside a space. These activities make the Web experience more tangible and more personal, more like shopping at a store or physically visiting a location. They also make it more interactive, creating a deeper and more lasting impression — the very essence of successful branding.

Delivering more compelling, interactive, and personalized content delivers a better shopping experience, which translates into a better top line for retailers. More shoppers become buyers and those buyers are generally more satisfied with their purchases, which means fewer returns. A study by the National Purchase Diary claims that nearly 30 percent of all apparel items purchased online are returned due to "limitations in pre-sale product information." By comparison, Forrester says the return rate for apparel sales in general is 14 percent. Shoe manufacturer Nine West credits use of MGI Software's interactive imaging technology with decreasing their product returns by nearly 50 percent and increasing their conversion rate significantly. [For more information on MGI, see *Image Servers – A Competitive Analysis*.] For the customers in our study who cited these as the primary benefits, the Web is their primary business channel.

2. Behind the firewall or Bottom Line

Production efficiencies, asset repurposing, brand control, and the like — these are the benefits that accrue behind the firewall. A.T. Kearney estimates that workforce inefficiencies related to publishing will cost organizations around the globe approximately \$750 billion in 2001. Early adopters of image server technology are finding that they can increase the bottom line by reducing costs and making better use of resources. Image servers streamline workflow, shorten time to market, reduce storage requirements, and can either mitigate the effects of downsizing or make existing staff more productive. Creative personnel can spend their time being creative, not doing what image server vendor MediaBin calls "post-creative busywork." [For more information on

MediaBin, see *Image Servers – A Competitive Analysis*.] The customers in our study who cited these benefits exclusively, like Ford and W.W. Grainger, tend to be larger companies for whom the Web is but one aspect of their business or one channel in their distribution strategy.

Our in-depth study of the use cases of seven important early adopters, presented in the following pages, explores these users' purchase motivations, their purchase and implementation process, and their evaluation of the benefits.

DEFINITIONS AND METHODOLOGY

DEFINITIONS

Image Server

In the most general terms, an image server is software that automates otherwise manual image manipulation tasks. The software may run on a dedicated machine or on the Web or app server. In at least one case, the server software is bundled with hardware and delivered as a server appliance. In all cases, the image server is but one component of a network infrastructure.

The functionality provided by the software may be as simple as rendering an image or graphic on the server rather than a desktop computer. The rendering may take place on demand or as part of a batch preparation process (see Dynamic imaging). More often the server software provides for considerably more sophisticated functions like sub-region extraction, zoom and pan, colorization, layer controls, text overlays, easier content submission, and more. Goals common to virtually all image servers are optimized delivery and higher-quality images, regardless of the platform.

Early Adopter

This familiar term, taken from Geoffrey Moore's *Crossing the Chasm*, is used to describe those who embrace new technologies, who can understand and appreciate the benefits of the technology and relate those benefits to their own concerns. They rely on their own intuition and vision when making buying decisions and are key to opening up high-tech market segments. Early adopters tend to be those who will take a new technology that might be characterized by the more conservative segment of the market as immature or "not ready for prime time" and work with the vendor to develop it into a fully-functional solution. They typically derive huge competitive gains from being first to deploy a new solution and their experiences are crucial in crossing the chasm and selling these new products to the more "tech-averse" early majority market.

In front of the firewall benefits

These are benefits generally associated with a Web site and are usually "customer-facing." They tend to improve the user experience in some way and make the site more engaging, more satisfying, and ultimately more valuable to the end-user, and, not coincidentally, the company that has deployed the server. Stickier Web sites, better click-through rates (resulting in a successful transaction), happier, more

loyal customers, and premium services all contribute to the corporate top line.

Behind the firewall benefits

These are the benefits experienced within the corporate environment, including suppliers, collaborators, outside marketing agencies, and other third-party constituents who use the system. Streamlined workflow, shortened time to market, improved productivity, easier repurposing, and tighter control all help to reduce or contain costs and improve the corporate bottom line.

Dynamic imaging

This refers to just-in-time delivery of visual content. Typically a single core asset is retrieved, manipulated to suit the occasion or device, and delivered only when called for. Content served up in this fashion can be personalized and optimized on-the-fly according to database input or a variety of current conditions such as location, time, bandwidth, device, traffic, or user preferences — optional layers can be hidden or made visible or transparent, colors and patterns can be changed, and text can be changed and overlaid. Content becomes interactive, with the user configuring the final image.

Contrasted with dynamic imaging are systems or applications that prepare images in advance, generally as part of a batch process. An example would be a new product shot added to a "hot" folder that is automatically converted from a 300 MB CMYK TIFF suitable for traditional four-color printing for a catalogue to RGB JPEG thumbnails, previews, and full-screen derivatives suitable for a Web site. While most image servers can be deployed for either application, some are focused on the delivery of finished imagery — in multiple resolutions, formats, and details to be sure — but not on last-minute modifications.

METHODOLOGY

The interviews that are the basis for this report were conducted by telephone over a six-week period, starting in June 2001. The companies and contacts interviewed were selected from a list of customer references provided by the image server vendors themselves. The list was prioritized to involve as many different vendors and use cases as possible. Final selection was ultimately based on those criteria as well as willingness and availability to participate.

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