

October 20, 1998

Mr. Gary Dillabough  
eBay Inc.  
2005 Hamilton Avenue  
Suite 350  
San Jose, CA 95125

Dear Gary,

Terry Anderson and I enjoyed meeting you on Friday. We are excited about the opportunity to make adding pictures to eBay easy and accessible for everyone.

Our immediate goals are the following:

1. Make it easy for sellers to put pictures into their ads on eBay
2. Enable all eBay sellers to put pictures in their ads, even if they don't have a digital camera or scanner
3. Host all of the pictures that are in eBay ads
4. Extend eBay's reach by integrating eBay with software that PictureWorks delivers to its OEM partners

We will work closely with eBay to make sure the system is right by integrating what we have learned from our customer research and what eBay learns through researching its own user base.

Please consider the attached proposal as a starting point for our discussions. Our intent is to address the needs we discussed Friday and to structure a solution for those needs. I will follow up with you tomorrow to get your feedback on the proposal and to decide what the next steps should be to carry our discussion forward.

Sincerely,

Scott Lewis  
Manager, Product Strategy  
PictureWorks Technology, Inc.

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# Photo Acquisition and Distribution System for eBay

## Executive Summary

### eBay: current situation

eBay has become established as *the* online trading community. From interactions with millions of customers, eBay has identified the importance of providing its customers with simple ways to get photos into their ads. PictureWorks Technology, Inc. has the technology, experience, and relationships to provide a complete photo solution to eBay and its customers.

## PictureWorks proposed services

- Make it easy to get pictures into ads *from within eBay's ad placement form*
- Process, store and serve all photos appearing in eBay auctions
- Provide photo scanning service to eBay customers
- Provide eBay customers with co-branded film processing mailers with special pricing
- Integrate eBay into digital photo software to be bundled with digital cameras and scanners.
- Provide special pricing on cameras, accessories and software to eBay customers

## Current Situation

### eBay background

Founded in 1995, eBay has established itself as *the* online trading community. With an average of 800,000 items available for sale on any given day and millions of dollars changing hands, eBay has set the benchmark for other web commerce efforts. From interactions with millions of customers, eBay has identified the importance of providing sellers with simple ways to get photos into their auctions. eBay has also recognized the need to extend their reach by developing relationships with digital camera manufacturers and photofinishers. PictureWorks Technology, Inc. has the technology, experience, and relationships to provide a complete photo solution to eBay and its customers.

### Photos in eBay: Seller issues

Specialized hardware, software, skills, and services are currently required to add photos to eBay auctions including:

- User must have a digital capture device
- User must have imaging software
- User must know how to reduce an image down to 25k and convert the file format.
- User must have FTP tools and know how to use them to upload an image to a web site
- User must have their own web site with personal storage space for storing their photos.
- User must capture the exact URL to that image and insert it in eBay.

This "chain of pain" prevents many eBay users from including photos of their items for sale. Since a photo is critical to the success of an auction, the difficult photo-insertion process is hurting eBay's customers' ability to sell.

### Photos in eBay: Buyer issues

- Inconsistent presentation. Some ads have tiny photos that do not provide enough detail while others have huge photos that take too long to load.
- Ads that require too much time to load can become a critical issue at the end of an auction as the user is reloading the page several times in quick succession to refresh bids.
- Many ads do not have photos making it difficult and risky to bid on those items

## Photos in eBay: eBay issues

- Inconsistent presentation reflects negatively on eBay
- Members look to eBay to provide additional products, service, and support
- Need brand exposure in growth markets such as digital camera purchasers

## Opportunity & Objectives

**PictureWorks will offer photo solutions to all of eBay's market segments, from novice to experienced.**

### 1. Sellers with a digital camera or scanner

Sellers filling out the ad form will find a checkbox next to the **Include Picture** line item. After clicking the option, they may then directly insert a picture from their computer into the form. The picture will be immediately displayed in the form. The user does not need to be concerned with formatting issues such as resizing. This happens automatically.

Upon submitting the "sell item" form, the photo is immediately delivered to PictureWorks where it is processed and added to the PictureWorks photo server. Photos are logged by ad ID#.

<<insert Screenshot of UI>>

### 2. Sellers without a digital capture device

Option 1: digital photo finishing to floppy disk

PictureWorks will coordinate and manage a film processing program with one or more major photofinishers that will include custom co-branded photo-mailer envelopes. The program will allow eBay customers to mail off their film and receive prints as well as a floppy disk with digital versions of their images. They can then drag these images directly from the disk into the eBay ad form as described above. Existing eBay customers will be sent mailer envelopes for their convenience.

<<insert picture of eBay mailer>>

Option 2: online photo hosting

As an alternative to delivering a floppy disk of photos, PictureWorks will host low-resolution copies of all processed images online. Users will be e-mailed information about how to get to their photos including a clickable link. Users who use this service can review a slide table of all of their images. By selecting one and clicking the "sell this item" button, they will be launched into the eBay "sell item" form with the selected photo already inserted.

### Option 3: photo scanning service

**PictureWorks will provide eBay sellers with the option of sending in photographic prints for scanning. Pictures received by PictureWorks will be scanned and placed on the PictureWorks photo server. When the photo has been scanned, the seller will receive an email confirmation with a link to their image. Expose new hardware purchasers to eBay through OEM camera & scanner integration [Scott, this part should not be a header]**

PictureWorks has become established as a leader in the field of desktop imaging software. Digital cameras, scanners, color printers, and storage devices around the globe are enabled by PictureWorks software.

PictureWorks hardware partners have traditionally included software with their devices focused on enhancement, card and calendar projects, and photoplay such as stretching and morphing people's faces. PictureWorks has identified a growing need to include software more geared toward helping people use the pictures they have captured, rather than just playing with them.

PictureWorks' desktop application, *Photo Workshop*, meets these objectives. The application integrates the Web at its core, bringing the user a number of new and exciting ways to make use of their new digital capture device. PictureWorks will offer this application to our existing digital imaging hardware partners and new partners as well.

PictureWorks will integrate eBay into this application as the exclusive personal trading community. PictureWorks' web imaging partners will include:

- eBay auction service- submit photos of items you wish to sell in this 24/7 personal trading community
- Reprint service- submit digital photos and have traditional photo prints made and delivered by mail
- Photo novelty service- submit photos and have items created such as t-shirts, mugs, watches, etc.
- Online photo album service- create online albums which can be shared with friends, family, and colleagues.
- *NetCard* service- send electronic postcards with your pictures over the internet

## **Benefits of integrating PictureWorks Picture Acquisition and Distribution System**

### **Benefits for Sellers**

- Simple to include photos with ads
- Addresses sellers with and without digital capability
- Increases sales

- Access to special offers on digital photography equipment and services

### **Benefits to Buyers**

- Raise percentage of ads with photos
- Consistent presentation
- Fast load time

### **Benefits to eBay**

- Satisfied sellers and buyers
- Richer content
- More items sold at higher prices = more revenue
- Reduced support costs
- Exposure with digital camera and scanner purchasers

### **Room to grow**

While PictureWorks is convinced that integrating these services into eBay will add tremendous value today, we're already planning for tomorrow. As eBay's imaging needs grow, PictureWorks is uniquely positioned to fill those needs. Some of the services PictureWorks can provide when eBay and its members are ready include:

- Multiple photo support- allowing the user to include multiple views of the item they are selling
- 360-degree views- allow the buyer to see the wares from all angles
- Zoomable images- allows the buyer to zoom in on the item to look for details and defects
- Email notification system- allows eBay to automatically send a electronic postcard complete with photo and description to members looking for a specific item.