

## The History of German Picture Agencies

### Part Two

# The Doers. Challenge: Digitalisation

by Klaus Plaumann, CEPIC Vice-President

Erwin Fey and Anton Dentler were two exceptional business men in the German picture industry in the 1990s. They shaped the positioning and success of the agencies *ZEFA* and *Bavaria*.

In 1995, Erwin Fey took over *ZEFA* (Zentrale Farbbild-Agentur, central colour picture agency), an ageing family-owned business from Düsseldorf that still managed to generate 7 million euros each year. Fey invested in *ZEFA* with the financial help of a British private equity business. Within a few years, he led *ZEFA* to the top of the European picture agencies with a yearly revenue of 32 million Euro.

### What were his ambitions?

With the help of industry professional Tomas Speight, who had successfully established the European dependence of *The Stock Market* as Co-CEO, Fey changed the face of the agency. He gave it a new corporate identity, a new corporate design, a new name and a new language of images supported a successful marketing.

The agency, then called *Zefa Visual Media*, attracted old as well as new clients. Innovative ideas pushed the agency to the top. A higher quality of stock photography was produced as compared to other competitors. Photographers were asked to create new motifs and to design pictures differently; they created worlds of pictures which differ from the mainstream and which are, surprisingly, enigmatic and fascinating. It is worth having a look at *Corbis'* website by searching for "Symbols Zefa".

In 2004, *Corbis* bought *Zefa Visual Media* for 56 million euros. Fey, who owned 51% of the business, earned 28 million euros and was able to triple his investment.

In the meantime, *The Stock Market* had been swallowed by *Corbis*. Today, Tomas Speight is the CEO of the German *Masterfile* branch. What is Fey doing now? Just recently he founded a publishing house with an easy to remember name: *Feymedia*. He publishes books about modern art and artists, including photography.

### The number of people who can produce usable photography has increased dramatically

How do these stakeholders in the picture industry regard the increasingly complicated picture business?

Erwin Fey: "I would try again to offer the market a level of quality and power that differs from that of my competitors. The agencies' ability to develop their business model constantly and in proximity to recent trends is decisive for success."



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His former collaborator Tomas Speight feels that the picture industry is influenced by too many trends at the moment, like micro payments, subscriptions and the economic crisis. He says:

“On the one hand, more pictures than ever before are being purchased. On the other hand, traditional beliefs regarding values and prices are under pressure ... Because of the rapid distribution of high quality digital cameras and the radical decrease of the learning curve as well as the learning costs, the number of people who can produce usable images has increased.”

Anton Dentler, who owned the universal agency *Bavaria* in Gauting, Upper Bavaria, recognized signs of change in the industry early enough. It was clear to him that the costs of digitalisation and indexation for the millions of analogue stocks would be much too high for many picture agencies during the '90s.

However, Anton Dentler decided to retreat from the market because of the globalisation of the picture offerings and the focus on only a few players. He did not like the idea of depending on big players and not being able to become a global player himself. Therefore, Dentler sold his business to the British Visual Communication Group, VCG, for an estimated amount of 20 million DM (10 Million euros).

VCG bought picture agencies quietly: *Clorific*, *Planet Earth*, *The Telegraph Colour Library*, *FPG* and *Photo Source*. Sheldon Marshal, CEO of VCG, was one of the most important men pulling the strings in the picture market. At the end of the nineties, his collection of agencies was eventually sold to *Getty Images* for 220 million dollars.

Dentler, however, did not turn his back on the market. Instead, he started anew after a break. The business graduate can pull many strings in the background which are rarely seen. His business *Bavarian Consult GmbH* has a majority holding in the picture agencies *I Love Images*, *Juice Images* (London) and *Denkou Images* in Hamburg. Moreover, Dentler co-created the agency *Image 100* which was sold to *Corbis* in 2005. However, these are only activities within the Royalty-Free market. Regarding the Rights-Managed market, Dentler was involved in agencies like *The Copyright Group*, *Panstock*, *altrendo images* (exclusively at *Getty*) and *Creasource*. How does he see future developments?

“In five years many of the actual producers will have disappeared from the market“, says Dentler, “and for new ones it will be increasingly difficult to operate successfully. Hopefully, at some point there will be a strong investor with great ideas who is ready to finance a new branch of production that won't be sold easily.”

## Radically Digital

Digitalisation was an important factor for change within the picture industry. For many agencies, expenses were too high and consequently many agencies withdrew. The reason for digitalisation lies in fast and constantly developing technology - technology that made it possible to save pictures in databases and to distribute them on the internet. This development increased the pressure for everyone involved in this type business. Everyone was hectically looking for service providers that offered perfect and cost-efficient work flows.

In the early '90s, a flood of production had been sent either to Poland or India in



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order to safe costs. Only a decade ago, the price for the digitalisation of a single image cost up to 10 euros. Hundreds of thousands of images would have cost half a million euro to produce. The prices for digitalisation steadily decreased from year to year. However, in the meantime, stock images, except those with historical themes, were no longer up-to-date for the market. Today, your prints – if you still use prints – can be scanned for 2 euros a piece.



Until the 2002, *Corbis* scanned 225,000 pictures belonging to the legendary *Bettmann Archive*. The remaining 14 million pictures were brought to a mine in Pennsylvania. They were brought there for storage and can be accessed if needed for digitalisation.

*Corbis* owner Bill Gates pushed development considerably and controlled the speed with which technology benefits agencies and photographers. *Getty* recognized this development and decided consequently to follow this new trend. Small agencies could not cope with the costs of mechanisation, which meant an advantage for bigger companies. Even though at that time there were still enough editorial offices and advertising agencies, the pressure on picture distributors was steadily increasing.

However, a lot of money had to be invested in the pre-digital age for copies – in order to guarantee global marketing. Here, especially the Americans and the British were on the front lines. Agencies like *The Image Bank* and *Tony Stone* offered partial copies in 70mm format. This, of course; secured them a competitive advantage.

Further, the keywording of images should not be forgotten. Assuming that the keywording would be three euros per picture, the keywording for masses of pictures would be far too expensive. Even today, many picture agencies store a vast number of slides which are scanned in-house and sent to customers as a file. It is eventually the end buyer who has to decide if he still likes the quality of these pictures.

Even in the late 1990s, photographers had to fight those changes because this development of the camera industry was still slow. Why no longer take pictures with a Nikon or a Canon camera if they still produce high-quality images? The first cameras with 2 or 3 mega pixels were of a quality that at this point has become standard for mobile phones.

Technical development has increased considerably since the year 2000, and of course, it is still a pleasure to hold a Baryt copy or a bigger slide in one's hands. However, in the meantime, many cameras already provide professional quality. This new techniques have simplified the photographer's work and editing can be done with the help of the camera's display. In conjunction with notebook computers, pictures can be sent around the world to an editors' office using the designated format.

Many picture agencies faced extreme challenges: new changes led to high costs for scanning, keywording, investing in a computer and databases, and know-how. This was a long process which many could not participate in because of high costs or doubts regarding the new developments.

Today's generation can hardly follow imagine the age of analogue. Today, picture agencies save millions of pictures in their databases. Costs for disc space have strongly decreased since hardware and software can be bought at good prices. However, the industry is more difficult than 20 years ago. Back then, there was no brutal competition dominated by buyouts of large suppliers and the millions of

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amateurs who upload pictures to the databases of microstock agencies.

### The innovator: Konrad Dienst and APIS

Konrad Dienst's APIS-System was the first development which helped picture agencies save pictures and be able to sell them to customers. This system was created in 1983. Instead of working with pictures it worked with numbers of pictures. The first APIS version was sold to the Munich picture agency *Set* on November 19<sup>th</sup>, 1983.

According to Konrad Dienst, the first pictures were saved on „analogue discs“ in 1988, and they “were shown on a screen next to the computer“. At the end of 1983 the first APIS browser was sold to the *Gong* publishing house with the working name 'Restaurant'. A Hamburg agency stored the new APIS server in the ladies room because the climate was suitable for the sensitive technology.

This picture portal allowed editors to quickly access the holdings of millions of pictures agencies. Through the present, this technology has proven itself. *Picturemaxx* developed APIS further and the number of participants in the German market increased. Today, the massive holdings of *Corbis*, *Getty* and *Fotolia* are now part of APIS.

### How does APIS work – then and now

In the past, the APIS was compatible with APIS systems but not with any other systems. Consequently, a picture agency had to buy an APIS system in order to offer their images digitally and they needed further APIS programmes. *Picturemaxx* further developed software called BACKSTAGE which is completely web-based and can therefore be used with flexibility. Now, APIS programmes are no longer needed; a web browser is sufficient.

Picture editors and an increasing number of advertising agencies use *Picturemaxx*'s software and search the databases of all participating picture agencies without having to register.

A decade before the spread of the internet, Konrad Dienst used his software in the picture industry and this is why he became one of the industries' most important innovators of the industry. His software lead the way to the future.

Today, Dienst heads the agency *Confess Media* and developed the software *Communication Server*. He created the online portal *compasspix.com* for international direct marketing of photographers' and agencies' content. His business is oriented towards the US market. There, editorial offices are offered picture material from German picture suppliers.

A dozen of small agencies are connected to his *Confessmedia* system. Right now, he is working on a system for visual search „within the network of several agencies at the same time. Some people will be amazed about the possibilities.“



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