

## DATAQUEST

The Business of Infotech

### Spotlight

## A Little More Online...

The online photo printing services business is about a year old in India. But it was the launch of HP's Snapfish that brought it into limelight

**O**n October 9, 2007 HP launched its online photo services, Snapfish, in India. And, suddenly, the media is abuzz with what new opportunities online photo printing could provide. Though quite a few service providers exist in this space, some doing brisk business, Snapfish will surely give it a little push.

As a concept, online photo printing is not new. In the US, online photo printing portals have existed for quite some time. With Internet access almost ubiquitous, it is very convenient for people to upload photos to a site, edit them the way they want, order prints in any size and number, select the type of paper, and then receive the copies sitting at home.

### NRI Driven

In India, these services started as sites targeting the NRI base. With a large base of young Indian IT professionals in the US—especially with small babies—there was a need to send photos to parents/families in India. It was

much faster and cheaper for the NRIs to upload to a site that has good India-based delivery mechanism, pay for the service, and leave the rest to these sites. On the other hand, for these services to work within India, home users should be able to upload photos with ease—effective broadband is crucial. Also, the need within India is not so critical, as neighborhood studios do the job quite well. Hence, even today, many such sites earn their bread, if not butter, from the NRIs.

"We came across this idea when we tried to send photographs to our parents in India from the US. We realized that it's a real need, and we started working to convert it into a viable business," says Manish Agrawal, who, after spending a couple of years in the US, co-founded Picsquare, one of the leading online photo printing services firms in 2006.

And, since then markets have picked up: "We have seen a dramatic change in the last two years. When we started operations, there were only two portals in this space and

they were not very active. Now there is good and healthy competition with some big players set to enter. The total household digital photo printing market in India was about \$35 mn in 2006, and is growing at a very fast rate," Agrawal adds.

### A Little Differentiation

Between 2006 to 2007, the number of portals offering online printing has shot up from two to ten, according to DQ estimates. Apart from Picsquare, the other well-known names are Itsaveer and Merasnap (For list see box).

As the competition beefs up so do the offerings. The portals branched out into offering more than just photo prints—merchandise like photo mugs, photo albums, calendars, t-shirts, mouse pads, posters, among other things at a price range of Rs 199-599. Cutting edge prices of high quality photo prints, as low as Rs 2.99 for a 4x6 copy (down from about Rs 4.50 a year back), trial prints, and speedy delivery in India attracted customers and helped differentiate portals. Adding to the gamut of features were editing and designing tools that made the whole process fun.

Almost all sites today provide the above-mentioned services, but there have been efforts towards differentiation. Gurgaon-based Itsaveer, run by four IIT Delhi Alumni, takes a lead there.

"A big step has been the development of a browser-based online design tool called Doodlepad, almost a poor man's Photoshop, to create personalized designs," says Ankit Khanna, co-founder, Itsaveer. The Doodlepad allows users to create their own designs by mixing photos, adding clipart, frames and getting them printed on merchandise like mugs and t-shirts.

But what really sets



Picture Perfect: (Left) Founders of Itsaveer: Nishant Kyal, Ashish Goel, Ankit Khanna and Animesh Jain; (Right) Founders of Picsquare: Manish Agrawal and Kartik Jain

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Itasveer apart is that it has got into a deal with Microsoft whereby it is listed in the online print wizard of Windows Vista, the only Indian online photo printer to have that privilege.

Khanna also agrees that the market has seen significant growth in the last two years. "Over time, users have realized the value proposition, mainly convenience, competitive prices, rich online experience and above all, personalization of merchandize." At Itasveer, the ratio of photo prints and merchandize is 3:2, and this trend has been consistent over the last since months.

The bouquet of services does not stop there. Websites like Picasquare and Itasveer.com provide integration with photo sharing websites like Picassa and Flickr, which means you can import your pictures to these photo printing sites for ordering prints.

The time taken to deliver photo prints and merchandize is about 1-4 days depending on the provider. The high quality of prints is maintained mainly due to a semi-automated printing process, like in the case of Picasquare. Data in the form of digital photos are collected at a centralized server from where manual finishing is done before it is finally printed. Itasveer has tie-ups with vendors in different cities, which helps deliver photo prints and merchandize in the shortest time.

### Future Prospects

Having seen significant growth in the past years, both in India and abroad, the market sure looks good. From catering to only NRIs to same day delivery for those in India, the next leap would come when these portals align with the booming mobile phone business. By tie-ups with mobile service providers, these portals can offer direct order prints of photos taken through camera phones. Consumers will find this convenient and simple. According to Gartner, the number of mobile users in India will more than double in the next five years from



185 mn to 462 mn by 2011. As competition heats up, this feature will also help websites differentiate themselves.

ZoomIn, another player in this space providing next day delivery of prints and full features of a photo-sharing site, has already announced plans to tap into this market: "With millions of mobile users getting added every month, we expect to offer services through this channel too in the near future," says Sunny Balijepalli, who founded ZoomIn.

An ambitious target of 20 mn broadband users by 2012 by the DoT, even if fairly achieved, would mean an increase in the demand of innovative online services in India. Couple that with the digital camera market, which is also witnessing unprecedented growth, and one has a golden opportunity.

The latest e-commerce report projects a growth of Rs 92 bn in e-commerce by the next fiscal. While factors like time-saving, convenience of ordering prints online, and vari-

### Those in the Game

- Picasquare
- Itasveer
- Merasnap
- ZoomIn
- PhotoMasti
- Kodak India
- PrintCamp
- Rangeelaphotos
- Snappgalaxy
- Snapfish India

ety of photo printed merchandize are key drivers, quality, concentration of the market in urban areas due to limited Internet access would be the stumbling blocks for now.

### Snapfish Effect

Competition is always good for the customer. And when the challenge comes from none other than HP, which almost rules what should happen to print, it is even better.

Though Snapfish has started with offering some freebies, the real test will be if it can address the most real need—the time to deliver. This is where the neighborhood studios win hands down.

It will be interesting to see if the existing offline studios are made part of the game. With digital cameras becoming ubiquitous, PCs way behind, and high-speed connections still a problem, a local collection center, even a nearby Cybercafe, will increase the reach.

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