

What's in a scan?

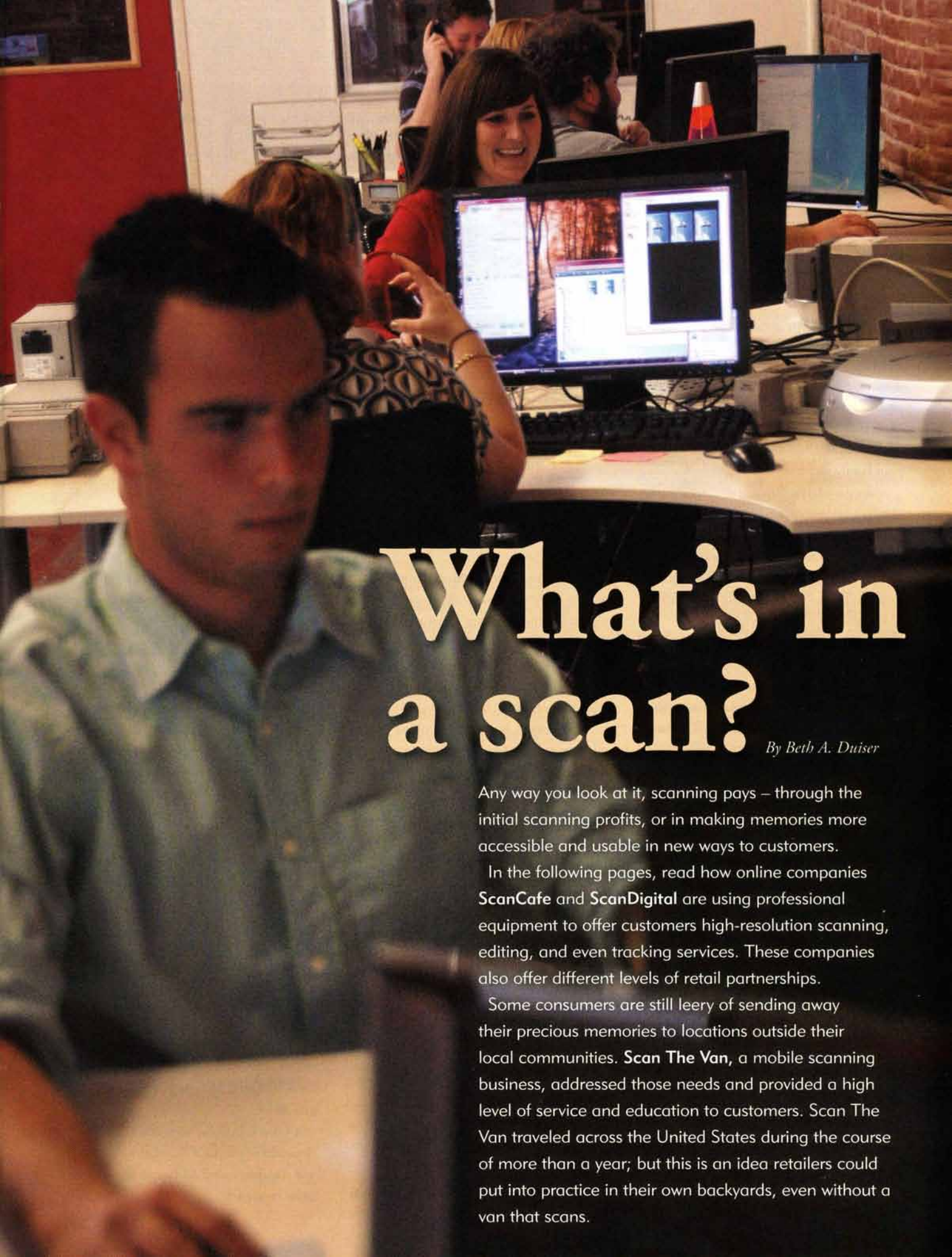
- High-res online services digitize photos
- A van that scans visits customers' homes

The big picture

How to manage employees well

Beyond the book

Borders concept stores mark latest entry into photo services market



What's in a scan?

By Beth A. Duiser

Any way you look at it, scanning pays – through the initial scanning profits, or in making memories more accessible and usable in new ways to customers.

In the following pages, read how online companies **ScanCafe** and **ScanDigital** are using professional equipment to offer customers high-resolution scanning, editing, and even tracking services. These companies also offer different levels of retail partnerships.

Some consumers are still leery of sending away their precious memories to locations outside their local communities. **Scan The Van**, a mobile scanning business, addressed those needs and provided a high level of service and education to customers. Scan The Van traveled across the United States during the course of more than a year; but this is an idea retailers could put into practice in their own backyards, even without a van that scans.

Tale of two scanners

By Jennifer Barr Kruger

Born of necessity, ScanCafe and ScanDigital relieve consumers of a daunting task

One was launched from a sad circumstance and one from a happy occasion – but otherwise, **ScanCafe Inc.** (www.scancafe.com), Burlingame, Calif., and **ScanDigital** (www.scandigital.com), El Segundo, Calif., both came into existence for the same reason: Their founders couldn't find an easy way to scan family pictures.

When the Martin family patriarch died, his children and grandchildren all wanted the family photos. **Laurent Martin** attempted to scan all the family's images so everyone could have them, but quickly discovered the task would take approximately an eternity to complete. He sought a local service, but found the price far too high. A serial entrepreneur, Martin took charge. Along with three friends – **Sam Allen**, **Naren Dubey**, and **Damon Mercadante**, who all met while pursuing MBAs at the **Wharton School of Business** – Martin launched ScanCafe in November 2006.

Cofounder Damon Mercadante says the ScanCafe service saves customers time by allowing them to delete up to 50 percent of images scanned.



ScanDigital not only provides high-resolution scans of prints, negatives, and slides, but also uploads them to an online gallery for sharing and archiving, according to President Anderson Schoenrock.



That Christmas, **Mike Mothner** gave his mother a digital camera. She took several pictures of the festivities and was thrilled to have them moments later on her computer screen. Over dinner, she asked her son how she could get the prints in her photo albums onto her computer, too. His mom expected a simple answer, but Mothner didn't have one. He did some research and discovered a need in the marketplace for scanning

services. So, he approached his friend and fellow entrepreneur **Anderson Schoenrock** with the idea of filling that need. The two came up with a viable business concept, and started ScanDigital.

Both ScanCafe and ScanDigital are Web-based, and both provide high-resolution scanning of prints, negatives, and slides for consumers and professional photographers.

ScanCafe offers a lower-priced solution and allows customers to delete, without charge, up to 50 percent of the images scanned, thus saving users the hassle of having to carefully choose ahead of time which images to send.

The service ScanDigital provides is slightly more expensive, but includes the upload of all images scanned to an online gallery for sharing and permanent archiving, as well as the option to order photo products through a partnership with **Qoop**.

The process

With both services, customers initiate orders online, automatically print a **UPS** shipping label, and send in their prints, negatives, and slides.

At ScanCafe, those images are then sent to the company facility in India, which scans and digitizes them. All images are manually color corrected.



A graphic on the ScanCafe website explains how the service works.



The ScanDigital website demonstrates the entire process.

"Once the images are scanned, the customer goes online and reviews them, deleting up to half if they don't want to keep them," says Mercadante, vice president of Marketing and Business Development. "They pay for 50 percent of the order up front; and if there is a remaining balance, they pay that amount during the checkout process. Once the customer checks out, we send the originals back to them, along with the scanned images on a DVD."

ScanCafe charges 19 cents per negative, 24 cents per slide, and 27 cents per photo. Prints are scanned at 600 dpi; and slides and negatives are scanned at 3,000 dpi.

"Scanning at such high resolution is really important for a person thinking of making a photo book or creating larger prints," Mercadante says. "These are very high-quality scans."

Through every part of the process, ScanCafe carefully tracks each order. "We built a system allowing consumers to track their images from the moment they place the order, starting with the UPS tracking system before the package is delivered," says Mercadante. "Once it arrives, we have an online tracking tool following the order through the scanning queue, to quality assurance, to being uploaded online, to burning the disc and then shipping back to the customer.

"We see a lot of value in that. People just log into their accounts, and they can discover where their images are at any point."

Turnaround time for an average ScanCafe order of 500 to 1,000 images is 4 weeks to 6 weeks.

ScanDigital does all operations at its El Segundo facility, and also places heavy

emphasis on knowing exactly where each order is at all times through its EssentialTracker system, which notifies customers of every step. At any point, they can log into their accounts and see where their photos are.

"Once we receive the customer's package, everything is counted and cataloged. We have taken great steps to ensure everything is appropriately accounted for and secure, and nothing is lost or damaged in the process," says Schoenrock, president.

"Everything is then scanned. The scans are reviewed; and once they are approved, they go on to an editor, who digitally optimizes the images – restoring, removing minor blemishes, and correcting color, image by image. From there, they go to a final quality check, where a third person views the images to ensure a very high level of quality. Then the originals and a DVD of the scans are returned to the customer," he says.

"About a day or so after we ship it out, the images are uploaded into an online gallery under the users' accounts, where they can view the images.

The charge for the labor-intensive ScanDigital process starts at 48 cents per print at 300 dpi, 58 cents per negative at 2,000 dpi, and 68 cents per slide at 2,000 dpi. Higher resolution scans – 600 dpi for prints and 4,000 dpi for slides and negatives – are available for an additional 20 cents per image.

ScanDigital has tried to develop reasonable pricing to balance the large labor component, Schoenrock says. "We don't, for example, offer just the scans. Everything is edited and corrected. There are instances where a customer does not want that done, and we can't accommodate that. It's a

Getting consumers on board

Although the value seems obvious, it's not always easy to get consumers motivated enough to have their images scanned.

"There are a few challenges we face in this business," Anderson Schoenrock of ScanDigital says. "The first is consumer education: Why is it important? Why do I want to digitize my materials? The answers are because materials are decaying, and because there are so many new, exciting things to do with photos once they're digital. We're trying to communicate that to people by putting a lot of information on our website about the process of converting to digital, and why it matters."

Another problem is consumer awareness, he adds. "Simply letting the customer know we exist is a challenge," he notes. "There are people out there who want to have everything digital, but don't know a good way to do it. It's daunting to do this yourself. For someone with 30 years or 40 years of photos, scanning them all would literally be a weekend project for a year. Our job is to raise awareness that we exist, and we are providing this service. We're actively trying to get the word out."

The biggest hurdle, however, is consumer trust, Schoenrock states. "These images are priceless, and people sometimes don't want to part with them. To gain their trust, we have implemented a highly secure process, with every step outlined on our website.

"This is also why word of mouth is so important to us," Schoenrock adds. "There is no better way to gain trust than having someone you know say, 'I sent my pictures to these guys, and they did a great job.'"

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standard practice. We really want to deliver quality digital images.”

To simplify pricing, he notes, ScanDigital introduced package pricing. “Many customers prefer our packages, which even cover all shipping and shipping materials, as they eliminate any guesswork from the process.”

The typical turnaround time for an average size order at ScanDigital is a week. “We understand these are priceless materials, precious memories – so we don’t want to keep them any longer than we have to,” Schoenrock says.

Opportunities for retailers

Both ScanCafe and ScanDigital draw a distinction between their services and “shoebox scanning” offered by some photo retailers using a document imaging scanner. The most obvious difference is these companies scan negatives and slides, not just prints.

“When you scan a print, you are really making a digital copy of a copy printed from the negative; so whenever possible, we prefer to go back to the original development material,” Schoenrock states. “This helps ensure a high-quality digital file.”

Second, of course, is the image correction. Each company will even correct black-and-white slides and negatives, despite the challenges they pose, because **Kodak** Digital ICE dust and scratch removal technology cannot be used on some black-and-white films.

There are a variety of other differences as well. Both ScanDigital and ScanCafe allow customers to send prints still in albums, and slides still in carousels. The companies remove the images, scan them, and replace them in the album or carousel.

“Most people have gone to great lengths to organize their albums, and our assumption is the customer wants the albums back exactly as they were originally organized,” Schoenrock says. “Our pricing for the photos in an album is [20 cents per print] higher, because there is quite a bit of extra time in the process to remove and replace the images.”

ScanDigital does not charge extra for slides in holders or carousels, but, unlike prints in albums, does not guarantee they will be returned in exactly the same order.

ScanCafe charges a flat additional fee of



All work is done on site in the ScanDigital El Segundo, Calif., facility.

\$10 for prints in albums and requires an additional \$3 fee for slides in carousels, but guarantees both prints and slides will be replaced precisely in the same order.

Another difference between traditional shoebox scanning and the services provided by ScanCafe and ScanDigital is the scanning equipment. Both companies use flatbed **Epson** scanners for photos and **Nikon** Coolscan scanners for slides and negatives.

“Very early on, before we even launched, we tested lots of the batch scanners that have photo feeders,” Schoenrock says. “We weren’t comfortable with the level of risk of damage. Things are misfed; images are missed; prints are eaten by the scanner, ripped, and scratched. We wanted to steer clear of anything like that.”

Mercadante echoes this concern. “There are some problems with the autofed scanners some retailers are using,” he says. “One is the likelihood of the image getting torn in the auto feeder. Second, many photos have glue or dust from years in a photo album or on a shelf and, as the glass from the scanner heats up, the glue and dust create streaks across the photos. We think that’s a big problem.”

For retailers interested in offering a higher-end scanning service to their customers, ScanCafe provides a referral program, paying photo retailers 10 percent to 15 percent of orders.

ScanDigital has an affiliate program for local photo labs. “We offer revenue sharing

with our photo retail partners, and we have built an affiliate console through our website, where retailers can track their orders in real time,” Schoenrock says.

“This is a great situation for us, because we love working with photo retailers. It’s great for our affiliates, because this is a service they probably wouldn’t otherwise offer. It’s great for the customer, because they can take their materials to their trusted photo retailer of choice.”

Leave ‘em smiling

One more thing Mercadante and Schoenrock have in common is the joy they take in providing a much-needed, much-appreciated service.

“The best part of this business is just hearing how happy people are about their scans,” Mercadante says. “They really cherish their old memories, and get excited about how life was 20 years ago, 30 years ago, or just 5 years ago. It’s really about the emotions and hearing how excited people are.”

Schoenrock, who emails as many customers as possible after the process is complete, says: “I love hearing back from our customers, because they rave about our service. We’re being entrusted with people’s precious memories, materials that are one of a kind; and when we do a great job with those materials, our customers are so thrilled and happy. That’s really rewarding to me – seeing we’re doing something very helpful and valuable to people.” ■