

How to License Image Processing as a Service (IPaaS)

A Guide for Digital Asset Management and other Software Companies

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Image Processing as a Service (IPaaS): Who needs it and why?

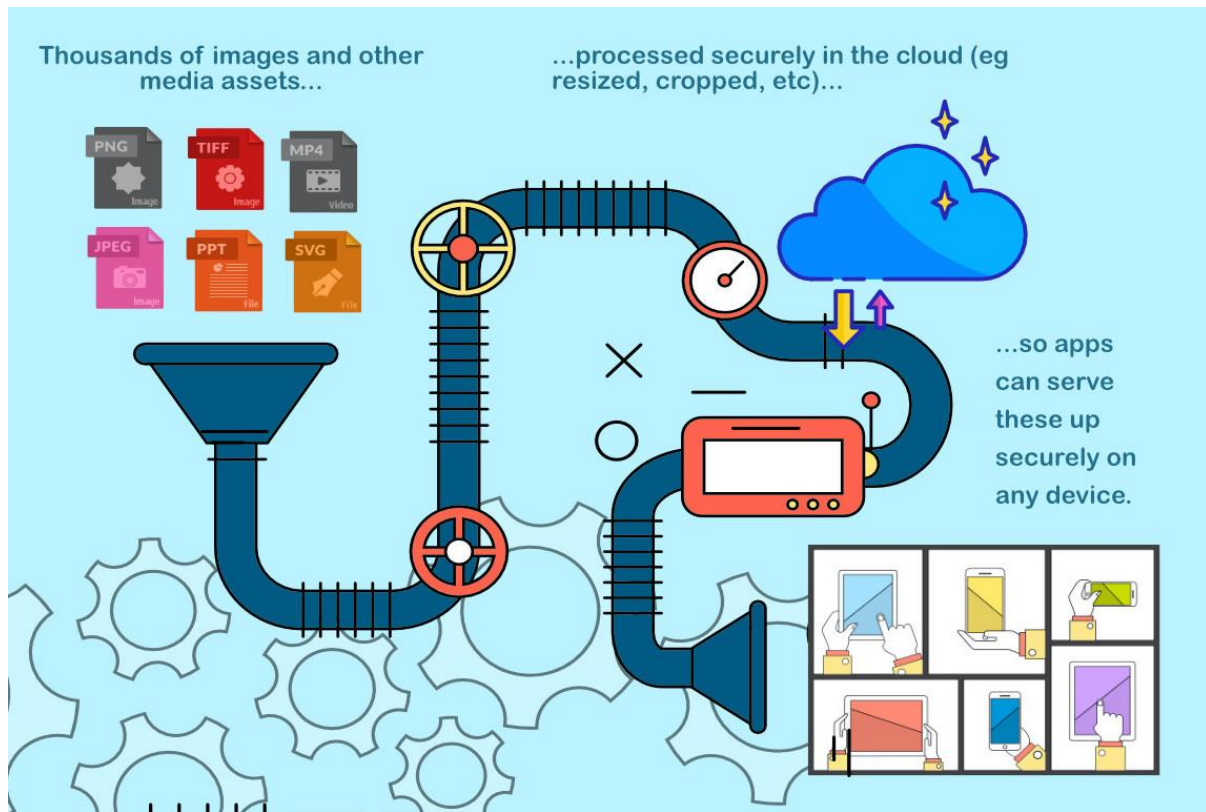


Image processing as a service (IPaaS) is of relevance to any organisation that quickly, reliably and securely needs to process large volumes of images, videos, documents or other files on a continuous basis.

Common use cases include adding captions to videos en masse, simultaneously resizing or manipulating 1000s of images, plus much more. Processing of images and other media in this way via a third-party cloud-based Software as a Service (SaaS) is often the gating factor for ensuring the proper functioning of apps and software products, in addition to ensuring security against hackers. Thus, the SaaS image processing market can be viewed as a subset of the application development space.

Since the trend for businesses to engage customers online continues to strengthen, IPaaS is used “behind the scenes” in industries as diverse as broadcasting, publishing, entertainment, fashion, hospitality, technology, telecommunications, retail, non-profit, education, and others. Digital Asset Management (DAM) firms serving these industries are key users of IPaaS in addition to direct usage by manufacturers and retailers of branded products. The service is relevant to all company sizes, from start-ups to large global organisations.

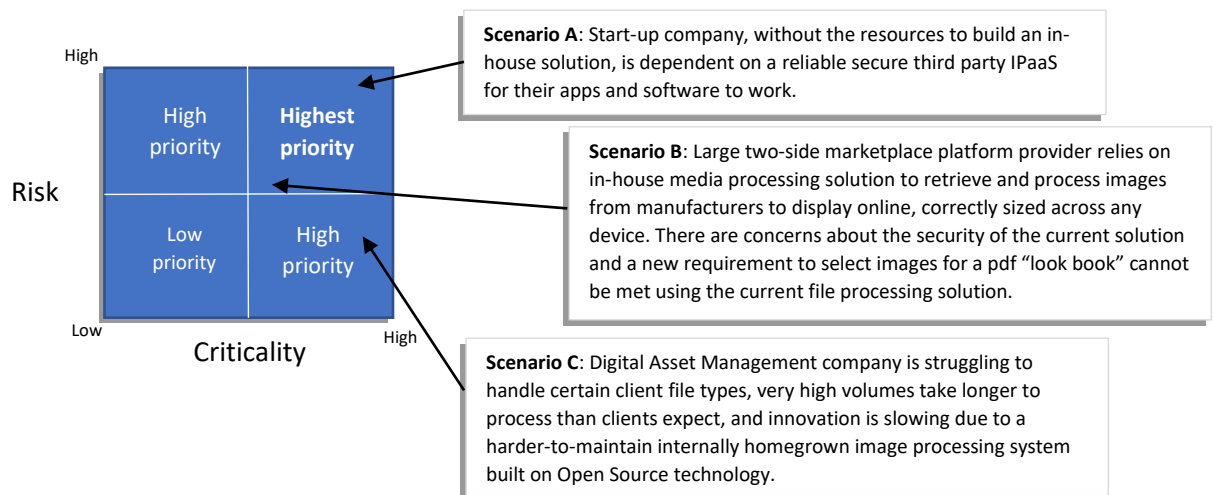
If you are a tech start-up founder, CEO, a Chief Technology Officer (CTO), a VP of Product/Engineering, or a backend software engineer, then consideration is prudent to evaluate or re-evaluate IPaaS as a way of optimizing your operations, security and related spending in this often-overlooked area.

Should you upgrade to an IPaaS *now*?

That depends on the unique situation of your organisation. To help determine how urgent this requirement is, consider the following:

- a) **Business criticality:** How does the quality and speed of image, video and other file processing affect the user experiences of your customers? Does sub-optimal media processing prevent your apps, software, website or e-commerce platform from achieving high performance levels? Is your current file processing solution preventing you from scaling by bottlenecking your ability to innovate and respond to your own customers' needs?
- b) **Business risk:** How long could a disruption caused by failure of your current solution last? What would be the financial and reputational impact? Does your current file processing solution pose a cyber security risk?

The 3 scenarios below show how some companies may view the urgency for sourcing a third party IPaaS solution:



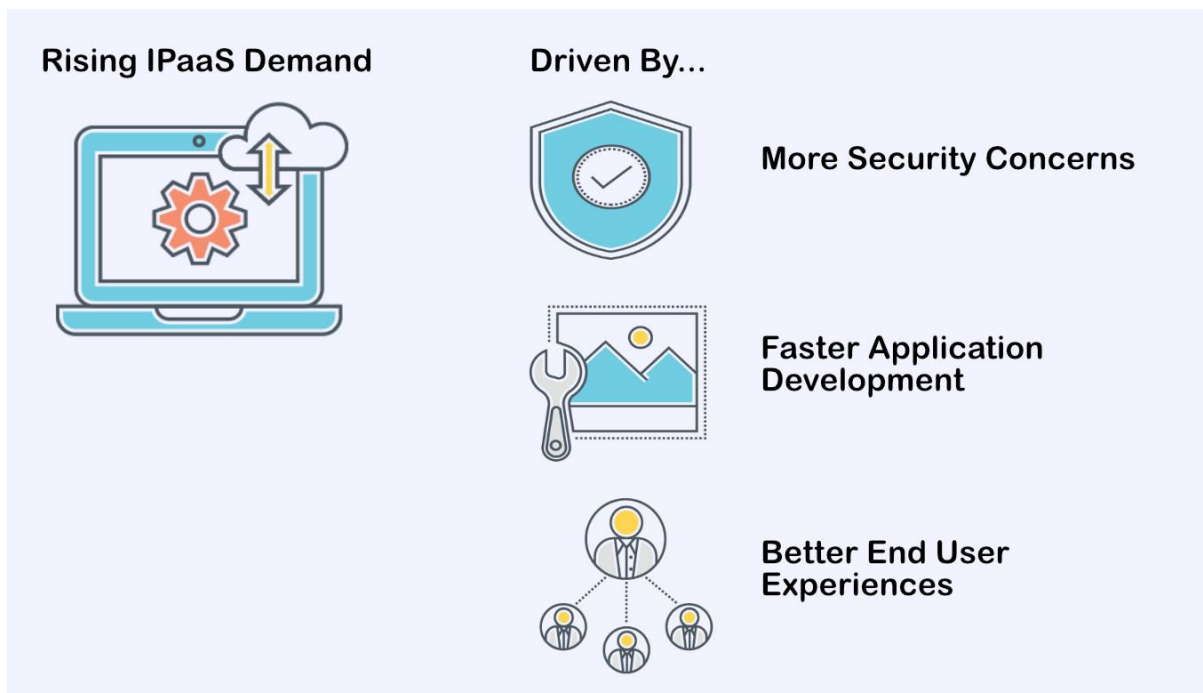
What are the cost implications of upgrading?

Depending on the supplier you choose, you may find that the total monthly fees payable to an IPaaS supplier may be as low as 80% of the cost you currently pay for simply operating your Open Source in-house built system. This is, in particular, the case for Digital Asset Management companies.

In addition to that 20% ongoing cost saving you would also avoid costs associate with developing new functionality that your current in-house system does not have, assuming the IPaaS supplier already has the functionality or is willing to add it.

The opportunity to lower costs, combined with other advantages IPaaS offer over an in-house solution, makes upgrading a very attractive option. These advantages are summarised in the section, *Other Options: Are there any alternatives to IPaaS?*

IPaaS Supply Market Overview



IPaaS is offered by a large number of smaller companies. Even the largest companies in this area are relatively small, selling into some very large global companies. This, combined with the large number of suppliers offering similar and overlapping services, suggest the power balance is tipped in favour of large buyers. The picture is a little different where the customer is a start-up. But even here the choice available favours the buyer.

The financial and technical barriers to entry into the IPaaS market are relatively low. A few of the larger investments needed to become a supplier in this space are knowledge, talent and proven sustainability. Companies are typically set up by groups of developers who have spotted an opportunity. The ability to create brand equity and trust with high worth clients is the largest barrier.

The following macro-economic trends suggest that more players may enter the supply market in the future to meet a rising demand. This, in turn, could lead to intensified competition:

- Rising Cybercrime.** With cybercrime on the increase and the implementation of GDPR legislation in the EU and similar legislation in California, data security remains a big concern for most organisations. In-house built media processing solutions based on Open Source software often represent a significant cyber security risk because of the need to regularly implement security fixes to existing libraries. More companies may seek to mitigate that risk by switching to third-party cloud based IPaaS solutions, which generally provide a much higher level of security and handle the security upgrades seamlessly as part of their service.
- Digital gold rush.** The growth trend of more online business and leisure activities, content consumption and service delivery, has been given an extra boost by the coronavirus. This has a knock-on effect in terms of demand for media processing services.

- **Customers expect more.** The explosion in digital services and content has raised customer expectations. Consumers are becoming less patient with underperforming technology and less forgiving of companies that cannot keep their data secure. Effective media processing often plays an important role in delivering the experience that customers demand.

While the IPaaS supply market is currently characterised by a healthy degree of industry rivalry, suppliers differentiate themselves in a number of ways with respect to price, pricing structure, uptime, functionality, flexibility, security, ease of use, and other important factors. While the suite of services offered by any given supplier will differ, they can roughly be grouped by packaging, supported media types, and processing mechanism:

- **Packaging:** Standalone IPaaS services versus those embedded within a larger platform with other features and capabilities – for example, within a digital asset management solution that is more appropriate for customers that desire a centralized online location for managing and enabling access to branded assets.
- **Supported Media Types:** Image and Video processing only versus solutions (e.g. Blitline, Transloadit) that can process virtually any digital file format such as PDF files, Microsoft Office documents, Adobe files, and others.
- **Processing Mechanism:**
 1. A pure IPaaS solution that uses an API-based approach for dynamic on-demand processing (e.g. interactive online platforms). API-based approaches are optimal for companies whose media assets represent their intellectual property or that want to have direct control over the location where these assets are stored;
 2. URL-based services that are more appropriate for static processing (e.g. retail catalogs); or
 3. Integrated processing within purpose-built platforms (e.g. digital asset management), even though these platforms often rely on IPaaS themselves.

Given the competitive nature of the industry, buyers need to conduct a thorough sourcing and evaluation process to identify a competitively priced service, which meets the unique requirements of the buying organisation.

While there are a large number of suppliers that you could approach, the following are some of the more reputable companies that you should consider taking through the sourcing process:

- Blitline (www.blitline.com)
- BrightCove
- Cloudinary
- Imgix
- Transloadit