

# V&A Images: Image Licensing at a Cultural Heritage Institution

Victoria and Albert Museum, London, UK

[www.vandaimages.com](http://www.vandaimages.com)



For many museums and cultural institutions, the digital environment provides an exciting opportunity to expand access to their collections and enhance their brand. At the same time, the high costs of creating and maintaining digital collections lead some organisations to think about ways to generate revenue from these assets. V&A Images, a department of the Victoria and Albert Museum's commercial trading company, licenses photographs of objects in the museum's collection for commercial, educational and personal use. The unit is tasked with the sometimes competing goals of generating profits for the museum while also encouraging access to the collections and fostering scholarship in the field of art and design. Its challenges are to compete successfully in a crowded commercial licensing marketplace, to cover costs and to balance revenue-generating imperatives with the museum's other digitisation efforts. This case study will focus specifically on V&A Images, while contextualising its activities within the museum's broader digitisation programmes. It will highlight some of the factors that are important to the success of an image licensing operation, and will discuss challenges related to balancing market imperatives and mission-based goals.

## Introduction

The Victoria and Albert Museum (V&A), in South Kensington, London, is the world's largest museum of decorative arts and design. Founded in 1852, the collection includes 'ceramics, furniture, fashion, glass, jewellery, metalwork, photographs, sculpture, textiles and paintings'.<sup>1</sup> Like many museums, the V&A is increasingly emphasising digital access to its collections. It is rapidly expanding the number of images that are available on its public website, and thus far has made over 50,000 high-resolution images freely available through its Search the Collections portal. The V&A's strategic plan describes the museum's vision of a website that is 'the best in the world for art and design and a model for user participation'. The museum hopes to use the



web as a marketing and branding tool and to increase access to the collections. Goals include increasing annual web traffic to 34 million visits a year by 2012 (for comparison, in 2007–2008 there were 24 million visits to the website) and continuing the systematic digitisation of the collections.<sup>2</sup>

Progress towards these website goals is a component of the museum's funding agreement with the Department for Culture, Media and Sport (DCMS).<sup>3</sup> While the museum relies heavily on these government funds – GIA (grant-in-aid) from the DCMS comprised about 60% of the museum's income in 2007–2008 – its most recent strategic plan acknowledges that this source 'is far from adequate to meet the museum's real needs, let alone our ambitions for the future'.<sup>4</sup> To supplement its income, the museum uses its assets to generate funds through a for-profit commercial subsidiary called V&A Enterprises (VAE). VAE accomplishes this goal through five separate business units, each with a different focus: V&A Licensing, V&A Publishing, V&A Retail, V&A Corporate Events and V&A Images.<sup>5</sup>

<sup>1</sup> Victoria and Albert Museum, 'Your Visit – V&A Museums', [www.vam.ac.uk/your\\_visit/va\\_museums](http://www.vam.ac.uk/your_visit/va_museums)

<sup>2</sup> Victoria and Albert Museum, 'Strategic Plan 2007–2012:2008/09', [www.vam.ac.uk/files/file\\_upload/46398\\_file.pdf](http://www.vam.ac.uk/files/file_upload/46398_file.pdf)

<sup>3</sup> Victoria and Albert Museum, 'DCMS/V&A Funding Agreement 2005/06 – 2007/08', [26 April 2006], [www.culture.gov.uk/images/publications/fa\\_va\\_0506\\_0607.pdf](http://www.culture.gov.uk/images/publications/fa_va_0506_0607.pdf)

<sup>4</sup> Victoria and Albert Museum, 'Strategic Plan'.

<sup>5</sup> V&A Licensing is responsible for merchandise produced under the V&A brand. V&A Images licenses images for non-branded use.

The focus of this case study is V&A Images, which licenses photographs of objects in the museum's collection for a variety of commercial, educational and personal uses. The museum has a long history of generating revenue from images of its collection: photographic reproductions have been sold by the V&A since 1858. Only recently has image licensing activity been part of the museum's commercial division, however; until 2003, V&A Images was known as the V&A Picture Library and was operated as a part of the Photographic Studio, a division of the Collections Services Department. V&A Images currently offers approximately 20,000 digital images through its online catalogue and provides custom services for clients needing images not available in that collection. The audience for these services includes commercial clients who are willing to pay market rates for licensed content, as well as scholars from whom the division may not generate much revenue, but who are important to the museum's mission. As this case study will demonstrate, because V&A Images' core business relates to the distribution of images of the museum's collections – the museum's most valuable asset – mission-focused and revenue-generating objectives must be balanced carefully.

## Sustainability model

### Goals and strategy

The goal of V&A Images is to generate revenue to cover the direct costs of its operations, while providing valuable internal and external image-related services and safeguarding the museum's intellectual property.<sup>6</sup> The unit generates revenue in a variety of ways, including image licensing for commercial clients, custom photography and research services, and on-demand generation of prints.

“While the goal of V&A Images...is to generate profits to support museum activities, its revenue-generating activities are balanced by, and sometimes in conflict with, its not-for-profit mission as part of a museum.”

While V&A Images shares with all the other V&A business units the goal of generating profits to support museum activities, its revenue-generating activities are balanced by, and sometimes in conflict with, its not-for-profit mission as part of a museum. This inherent tension is captured in the way V&A Images describes its objectives: to 'use the museum's brand, collections and international exhibition programme...to maximise revenue for the

V&A, covenanting our profits back in full to the museum at the end of each financial year, whilst at the same time reflecting the wider aims of the V&A in terms of access, education, diversity, outreach, presence and the promotion of creative design.'<sup>7</sup> As Jo Prosser, managing director of V&A Images, said, 'We are here to maximise commercial value to the institution, but always with an eye towards the non-commercial objectives. The goal is to generate revenue for a purpose over and above just making money.'<sup>8</sup> Each business unit makes decisions that attempt to balance market requirements with mission imperatives; V&A Corporate Events, for example, rents out space to high-paying clients less frequently than it could, because it is important for the mission of the institution that it to be able to host its own events as well.

This balancing act shapes the operations of V&A Images even more than it does the operations of the other V&A departments, in large part because of the museum's current strategic focus on enhancing online access to its collections. Decisions to prioritise access to and use of the museum's image collections affect V&A Images' bottom line in significant ways. In early 2007, for example, the Trustees of the V&A Museum decided to eliminate the licensing fees that V&A Images had been charging scholars for use of images from the V&A collection because supporting research and education is part of the museum's mission. According to Mark Jones, the director of the museum, 'We want to respond to the needs of the academic and education community by making collection images available with greater convenience and minimum costs. High charges have acted as a barrier to spreading knowledge, and we want to play a part in removing this.'<sup>9</sup> Academics may still be charged fees for services, custom photography and research, but as long as their intended use of an image meets certain criteria, permission fees no longer apply.<sup>10</sup> This decision was based on a 'philosophical case, not a business case', according to Andrea Stern, head of V&A Images, who estimated that the department lost approximately 25% of its annual academic revenue because of this decision. Thus, in fulfilling its not-for-profit mission, the museum makes decisions that constrain its revenue-generating potential in favour of increasing access to its collections.

The tension between V&A Images' revenue-generating and mission-focused goals is also reflected in the fact that, unlike V&A's other units, it frequently has difficulty covering its direct operational costs, much less generating profit for the museum. Research suggests that this is characteristic of many museum image licensing programmes. In his 2004 report *Reproduction Charging Models and Rights Policy for Digital Images in American Art Museums*, Simon Tanner writes, 'everyone interviewed wants to recoup costs but almost none claimed to actually achieve or expected to achieve this...Commercial transactions are therefore vital to offset the costs of providing discounted

<sup>7</sup> V&A Prints, 'About Us', [www.vandaprints.com/aboutus.php](http://www.vandaprints.com/aboutus.php)

<sup>8</sup> Unless otherwise noted, all quotations from staff members and other individuals associated with V&A Images are drawn from interviews conducted as part of this case study during December 2008 and January 2009. A full list of interviewees is included in Appendix A.

<sup>9</sup> Caroline Lewis, 24 Hour Museum, 'V&A Scraps Image Reproduction Feeds for Academic Publications', [www.24hourmuseum.org.uk/nwh\\_gfx\\_en/ART41936.html](http://www.24hourmuseum.org.uk/nwh_gfx_en/ART41936.html)

<sup>10</sup> In order to avoid licensing fees, an image must be used in an academic, educational or scholarly publication, for private study or critical editorial use, or in a newsletter for a charity, society or trust. An image may not be used on a publication's cover, may not be manipulated beyond simple cropping, may not appear in a print run of over 4,000, may not appear larger than 210 x 148.5 mm, and may not be used in an electronic format (although waivers may be granted on a case-by-case basis, for electronic editions of scholarly journals, for example).

<sup>6</sup> Andrea Stern, 'Revenue or Bust', Presentation to the ACE, October 2008, in London, UK.

services to education and non-profit sectors.<sup>11</sup> Prosser and Stern describe V&A Images as 'profit-neutral'. (In 2007–2008, direct costs for V&A Images, as reported in the V&A Strategic Plan, ran to £405,000. This figure falls short of reported revenues by £57,000.<sup>12</sup> However, these reported costs include the salary of an archivist in the Photographic Studio who does not report to V&A Images. Stern's department is not responsible for generating funds to cover this expense, so the unit is considered to have met its revenue target.) Although the department does not turn a profit for the museum, it does provide a variety of valuable services to other units within V&A and to the museum as a whole. For example, V&A Images prepares pictures for some of the books produced by the publishing division. V&A Images rarely cross-bills other museum units to recoup costs for these activities. Prosser said that it is not worth the staff time to cross-bill for some of these internal services.

### Costs

The vast majority of V&A Images' costs – between 85 and 90% of its annual expenses – go to support salaries for the division's 8.4 paid staff members. The remaining 10 to 15% support the unit's marketing budget, general office expenses, legal fees, a contribution to V&A accounting fees, up-front costs for print-on-demand kiosks, and some technology fees including hosting for its website, which is independent of the museum's website and is hosted overseas.<sup>13</sup>

“High staff costs are due to the labour-intensive nature of supporting both commercial and academic audiences.”

High staff costs are due to the labour-intensive nature of supporting both commercial and academic audiences. The Academic and Education Rights sub-unit of V&A Images includes a manager and two researchers, as well as one unpaid intern. While scholars and students are free to independently search for and use images from the Search the Collections public site, when academics have enquiries that require hands-on support this sub-unit serves their needs. The goal of the group is to provide a valuable service to its clients; fees for research assistance are designed to cover costs, not to generate surplus revenue for the institution. This unit does no marketing or outreach; indeed, it is a challenge for the team to keep on top of the large numbers of requests that come in and to eliminate the backlog.

The Reproduction Rights/Commercial Requests sub-unit, which is responsible for generating and responding to licence-fee-generating requests, includes a sales manager, two account managers and one unpaid intern. Unlike the Academic Unit, which tries only to cover costs for providing a valuable service,

<sup>11</sup> Simon Tanner, 'Reproduction Charging Models & Rights Policy for Digital Images in American Art Museums: A Mellon Foundation Study' (2004), 35, [www.kdcs.kcl.ac.uk/USart.htm](http://www.kdcs.kcl.ac.uk/USart.htm)

<sup>12</sup> Cost estimate based on turnover and profit figures from V&A Museum, 'Strategic Plan'.

<sup>13</sup> All financial data were either supplied by project leaders or drawn from external sources cited in the text. For further detail on the financial data presented in this report, please see Appendix B: Summary of revenues and costs.



the Commercial Unit's efforts are designed to maximise revenue. In addition to staff costs, this unit also has costs associated with marketing efforts, including direct email, client visits, advertising in trade magazines, travel to trade shows and promotional gifts.

The Production sub-unit is responsible for content development of the V&A Images database; this unit has one full-time staff member and a cadre of six unpaid interns. Most of their work involves scouring the V&A's content management system, known as VADAR, for already-digitised images that might be suitable, based on content and image quality, for inclusion in the V&A Images catalogue. They also create metadata suitable for commercial purposes (explained in more detail below) and search the museum's photography archive – an extensive resource that includes hard copies of images created by the museum from 1856 to the present – for images with commercial potential. Approximately half the content in the V&A Images catalogue was found in VADAR or the archive, and about half was scanned specifically for the division. In addition, one part-time staff member is responsible for all requests for personal prints – both those requiring custom photography, and those through print-on-demand kiosks.

It is important to note that most of the costs associated with the creation of the high-quality digital images licensed by V&A Images – both the digitisation of photographs from the image archive and the creation of a significant number of new photographs – are covered by other museum units. For example, V&A Images often relies on the services of the museum's Photographic Studio (which is part of a separate division, outside V&A), with its 12 photographers and several €35,000 cameras.<sup>14</sup>

<sup>14</sup> James Stevenson, 'Digitisation Programmes in the V&A', in *Digital Heritage: Applying Digital Imaging to Cultural Heritage*, ed. Lindsay MacDonald (Amsterdam, etc: Butterworth-Heinemann/Elsevier, 2006), pp. 69–92.



Because the Photographic Studio is tasked with supporting the image-creation needs of a wide variety of museum units, V&A Images does not need to reimburse it for the costs of its work. The curatorial departments, and the divisions responsible for object transport are not compensated for their time either. 'We're all part of the same institution in the end,' said Stern, so there is little cross-billing between museum units. In addition, most of V&A Images' overhead costs are covered by the museum; for example, because V&A Images is housed in the museum's South Kensington campus, the unit is not responsible for any rent or utilities. Basic accounting and legal fees, however, are not covered by the parent institution; V&A Images and V&A Images are responsible for these.

V&A Images is also able to realise significant cost savings through the volunteer efforts of a large team of interns. Because the unit engages in substantive work that requires knowledge, attention and skill, V&A Images must ensure that it is able to recruit, train and keep highly qualified interns. To this end, the unit has developed a formalised internship programme requiring meaningful training and a significant time commitment (depending on the sub-unit, either several days a week or full time over the course of several months). The programme ensures that the interns have an enriching experience: 'they get V&A on their CV, and get a variety of skills they can transfer and use later,' Stern said. Without their crucial contributions, V&A Images would have even greater difficulty covering its costs.

## Revenues

V&A Images generates revenue in a variety of ways, including image licensing for commercial clients (both directly and through picture licensing agencies), custom photography and research services, and on-demand generation of prints. In 2007–2008, V&A Images collected £348,000 in revenue; in 2008–2009, projected revenues are £350,000. (After covering costs, however, no profit is returned to the museum from V&A Images' activities.)<sup>15</sup> The unit expects that in 2008–2009, 13% of its revenue will come from academic publishing; 23% from commercial publishing; 26% from commercial uses such as advertising and design; 13% from agencies; 6% through on-demand print generation and other public uses; 15% from other museums and institutions in conjunction with loans of V&A objects; and 4% from research institutes and heritage societies.

<sup>15</sup> During this period, V&A Images delivered £1,945,000 in profit to the museum. These funds are the pooled profits of all the V&A business units, after covering their own operating costs. The most profitable unit was V&A Retail, which provided the museum with £1,005,000; the second-most profitable was V&A Corporate Events, which brought in a profit of £449,000 for the museum from rental of museum space (Victoria and Albert Museum, V&A Strategic Plan).

*“ Much of the licensing revenue comes from publishing companies who rely on V&A imagery in the design of book covers or DVD and CD covers. ”*

The bulk of these revenues come from the licensing fees charged by V&A Images for the use of its content. These fees are levied for all forms of commercial usage, as well as for scholarly and educational books with print runs of over 4,000 or which use a V&A image on their cover. The Commercial Unit invoiced for around 120 image requests in November 2008. Licensing fees vary, but are based roughly on industry standards, and are negotiated based on factors including the number of images and range of rights desired. Much of the licensing revenue comes from publishing companies who rely on V&A imagery in the design of book covers or DVD and CD covers.<sup>16</sup> V&A Images is engaged in a variety of marketing and outreach efforts to expand non-publishing commercial uses of their content – for example, on product packaging; such uses have grown from 10% in 2002–2003 to (as described above) to an expected 26% in 2008–2009. While V&A Images would have worked to expand this market sector regardless of other events, the decision described above to waive licensing fees for academic publications made this concern even more pressing, according to Stern.

V&A Images generates additional business (about 13% of total revenue, as described above) through placing images with a variety of commercial stock photography agencies. For example, a collection of 1,124 images is available through Alamy; the agency takes a 40% commission on all images it licenses, turning the rest of the revenue over to V&A Images.<sup>17</sup> Although V&A Images generates less revenue per image licensed through a stock photography agency than it does for images licensed directly to a client, working with these agencies allows V&A Images to reach new international markets that would be difficult to penetrate on its own. Also, staff do not have to expend time on supporting these clients directly; staff time is required, however, to prepare images for each agency, and to monitor and administer these relationships. The department is currently engaged in a review of stock photography contracts and revenues to ensure that each is worthwhile.

In addition to licensing fees, V&A Images charges service fees for custom photography. Publicly listed sample prices for custom photography range from £40 for a book page to £165 for a large three-dimensional object, although discounts are often negotiated for bulk requests. These custom photography fees, along with additional service and research fees, are the costs that V&A Images recoups from academic clients. Academics might question having to pay to use an image in a scholarly article, but

<sup>16</sup> These opportunities are somewhat restricted by the breakdown of responsibilities between V&A Images and V&A Licensing. As mentioned earlier, V&A Images generates no revenue from products branded with the V&A name.

<sup>17</sup> Alamy, 'Alamy stock photography – Submit images', [www.alamy.com/contributors](http://www.alamy.com/contributors). Alamy does not charge content contributors placement or data-storage fees, though many stock photography agencies do.

they understand the need to cover the cost of locating, creating and delivering that image, according to Stern. In November 2008 alone, the Academic Unit of V&A Images responded to over 140 requests, resulting in 64 contracts for over 350 images, including 102 requests for new photography (a single request might be for one image, or for dozens of images). In 88 cases in November 2008 these fees were waived, because the use was to be so restricted or because the scholar had limited ability to pay.

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A large amount of V&A Images' licensing revenue comes from a relatively small number of its most commercially valuable images – principally those in which the V&A retains the primary copyright. The museum is known for its rich holdings of patterns, William Morris designs and 1960s fashion photography; this content is a significant revenue driver for the division, so V&A Images promotes it heavily. Unlike in the commercial market, where V&A Images can anticipate and support trends in popular content, image needs in the academic sector are harder to

predict. An academic may be studying 'an absolutely obscure chair that no one has ever heard of before, and they want images of the bolts on the back,' Stern said; the uniqueness and specificity of these requests makes images generated for academic purposes difficult to reuse or repurpose.

## Key factors influencing the success of the sustainability model

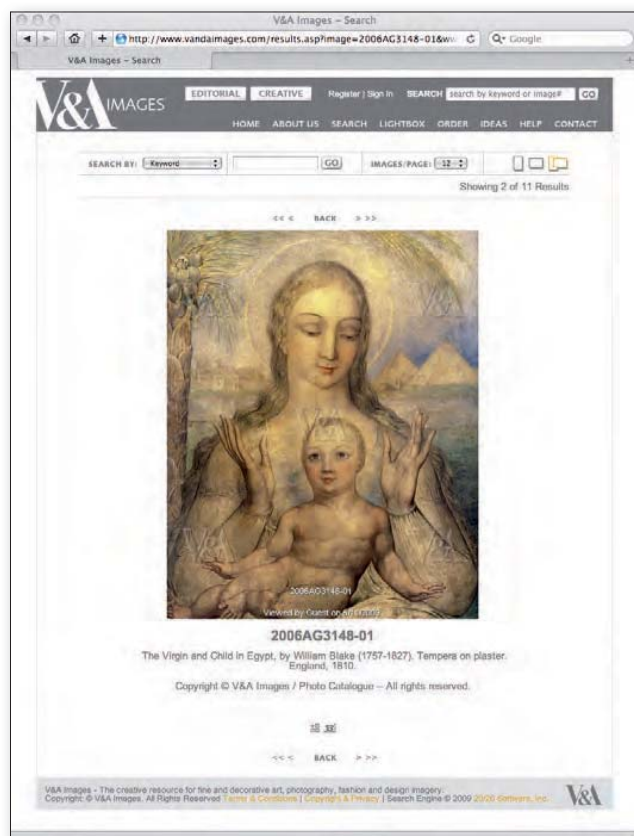
### Understanding users

V&A Images expends significant resources on understanding the needs of its commercial clients. (Although academic clients are also an important audience from a mission perspective, they tend to have highly idiosyncratic needs that are difficult to predict, as described above. In addition, they do not bring in surplus revenue to support the institution.) For example, the staff monitors website traffic and catalogue queries of the images database, as well as data from agencies about frequently licensed images, so they can identify trends in user interests and add more content in popular areas. In addition, V&A Images must respond to commercial demand for high-quality, high-resolution files. Although both Search the Collections and V&A Images can pull images from VADAR, in some cases the legacy images created by the Photographic Studio are of unsuitable quality for V&A Images' needs. Stern said that the industry standard for files is at least 50MB. The picture licensing agencies V&A Images works with do not accept images that fail to meet this standard, and the commercial clients that the unit serves directly have similar requirements. Some of the legacy images in VADAR, created for other areas of the museum or created when standards were different, may not be of sufficient size, resolution, or quality for V&A Images. In these cases, the department may have to request re-photography of an object.

An understanding of user needs is also reflected in the custom metadata V&A Images creates for its online catalogue, which commercial clients use to search for images to license. The curatorial metadata associated with museum objects, which may only describe what an object is and when it was made, is often insufficient to support the discovery needs and search styles of these clients. "'Jug' won't do it," Andrea Stern said. A potential client might need a picture that represents a certain emotion; a museum curator would not describe an object in that way, so V&A Images staff have to supply this metadata. Other clients might search for an image representing a specific period or style. Because of scholarly debate about the precise definition of artistic movements, curatorial staff at the museum sometimes avoid applying such labels to objects, but for commercial purposes the V&A Images team may have to assign them. This metadata-creation process is labour-intensive, but is a critical investment in meeting customer needs.

### Governance and organisational culture

V&A Images has a great deal of independence, allowing it to make quick decisions and compete in a marketplace dominated by big commercial players. All V&A units, including V&A Images, have leaders empowered to make entrepreneurial decisions for their units. Stern was recruited because of her experience in the private sector: she ran her own commercial picture licensing agency before being hired to lead the new enterprise unit. Some decisions must be coordinated with her supervisor, the director



of VAE, who is responsible for coordinating the efforts of the different units, setting financial targets and acting as a liaison to the rest of the museum. Also, some decisions must be referred to a higher level: for example, advertising materials must be approved by the museum's administration, because they relate to institutional branding. However, day-to-day decisions can be made in rapid fashion by the head of V&A Images.

This relative independence enables V&A Images to operate in a fast and flexible fashion that is responsive to customer needs. It can also lead to challenges, however, when dealing with changes in the rest of the organisation; some of the museum's strategic, mission-related decisions may conflict with the needs of a revenue-generating unit like V&A Images, and the unit has to work hard to ensure that it has a seat at the table when relevant discussions are occurring. For example, when the decision was made to stop charging academic users licensing fees for V&A content in their publications, Stern argued that the function of serving academic users should be taken out of V&A Images. As there was no other logical unit to adopt this function, however, a decision was made to keep academic services in the unit, even though a major source of revenue generated from this group was taken away. In addition, Stern had to make a strong case for the inclusion of certain restrictions in the licence agreement for the free images available through Search the Collections, related to the uses that would be considered 'academic or educational', and the information that would be collected about users. The museum, through its Digital Future Plan group, is attempting to develop a centralised, integrated strategy to help coordinate the institution's wide range of digital activities, but currently some confusion still exists between various museum departments about the use and distribution of digital images, particularly as it relates to free versus licensed access.

*Intellectual property issues have serious implications for V&A Images' business, and the expansion of freely available content on the museum's public website may negatively impact its bottom line.*

### Intellectual property

Intellectual property issues have serious implications for V&A Images' business, and the expansion of freely available content on the museum's public website may negatively impact its bottom line. The Search the Collections website makes high-resolution images freely available for academic, not-for-profit, educational and personal uses. Beyond a basic online registration form, however, there are few formal procedures and little staff capacity to follow up with users to ensure that the email addresses and personal information they provide are accurate, and that they abide by the terms of these licences. This is a big concern for Stern; 'once [a digital image] is gone,' she commented, 'there's no way to call it back'. In addition to piracy,

branding is a concern. While V&A Images can ensure through licence terms and follow-up that its clients do not use images in a way that could in some way be damaging to the museum (ie cropping, editing or altering a photograph in an unflattering, unscrupulous or salacious way), the institution has no such control over the high-resolution images distributed through the Search the Collections website. In addition, it can be difficult to ensure that Search the Collections users appropriately credit the Victoria and Albert Museum for use of the images, which could have mission-related impacts on building awareness of the museum's collection.

Rights management is also an issue. Freely available digital collections make it difficult for V&A Images to assure commercial clients that they have exclusive use of the images they are interested in licensing (or to be able to tell them definitively, at least, about prior licences of the same image). Although the terms of use for Search the Collections preclude commercial use, if those terms are not respected it would have the long-term effect of lowering the commercial value of the museum's assets, and therefore its ability to earn revenue from them. For this reason, V&A Images requests that the team responsible for adding content to Search the Collections refrain from including the most commercially valuable content in the public database.

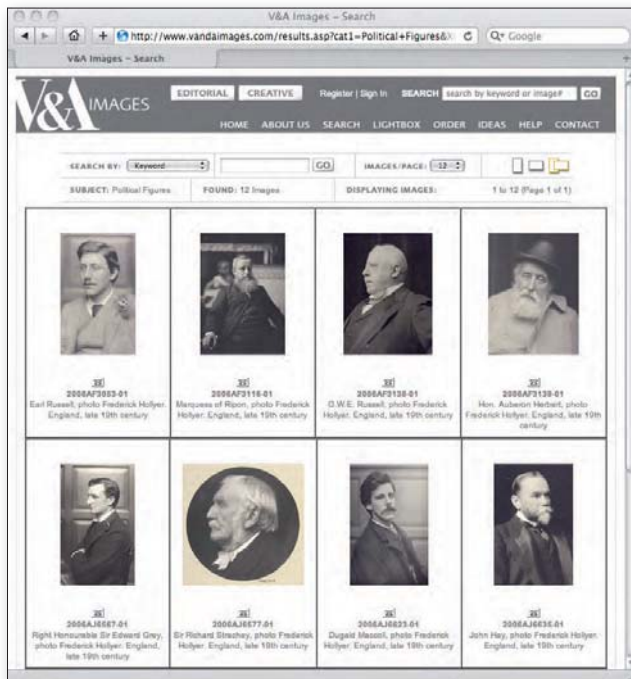
## Benefits and challenges

The revenue generated through V&A Images' licensing activities covers most of the direct costs of the image-related services the unit provides to commercial clients and scholars who use V&A content, as well as to other museums to which V&A objects have been loaned, and to in-house colleagues working on publishing projects. In addition, the division enables outreach to a wide range of commercial audiences, helping to further the museum's mission to inspire the next generation of design.

V&A Images would find it impossible, however, to be fully self-sustaining without access to the services of other museum units such as the Photographic Studio. Although it is true that cross-billing for services between museum units would, in essence, just move money around in the same budget, not doing so makes it difficult for V&A Images to estimate the true costs of its activities and the value of the services it provides. Even given the reduced costs of digitisation activity due to institutional support, the unit has difficulty breaking even on the direct costs of distribution and outreach; it does not currently generate surplus revenue to support other activities at the museum, unlike the other VAE units.

*Rather than looking solely to financial returns, V&A Images must demonstrate its value to the museum in alternative ways...*

Rather than looking solely to financial returns, V&A Images must demonstrate its value to the museum in alternative ways, through providing services to other internal units and through



emphasising the importance of its activities to the scholarly and educational communities. This is particularly important given the limits placed on its revenue-generating activities by the museum's mission-driven goals. Maintaining a clear understanding of the ways in which a museum's overall goals for its digital collections affect commercial opportunities is critical for evaluating the success of a content-licensing operation.

In this respect, the Victoria and Albert Museum's experience is similar to that of other museums. In his report on licensing programmes in American museums, Tanner writes: 'A museum does not carry out image creation or rights and reproduction activity because of its profitability. These services exist because of the internal need for image creation and rights clearance matching up with an external desire to publish and use museum images. The need to promote the museum collections, to gain appropriate credit and to honour the artist and their work are the real driving factors that underlie these services.'<sup>18</sup> In its strategic plan, the V&A recognises that 'the images commercial market remains challenging'. V&A Images' sustainability, then, hinges not only on the revenue it generates to defray the costs of its services, but also on its ability to demonstrate that it merits institutional support because of the ways in which it helps advance the institution's aims.

The experience of V&A Images also highlights the significant expenses associated with providing its services. Supporting the image-related needs of scholars is an important part of the museum's mission, but it is an expensive, labour-intensive service for which it is challenging to recoup costs even when charging service, licensing and photography fees. Some additional activity can be supported through commercially generated revenue but, as other studies of licensing programmes at not-for-profit institutions emphasise, even for institutions with a strong brand, it can become difficult to become a 'destination site' for image licensing.<sup>19</sup> A successful

image licensing operation entails marketing and outreach to attract and work with commercial clients directly, as well as efforts to prepare images for and analyse the success of contracts with third-party picture licensing agencies. It also involves the labour-intensive process of creating new metadata. Given the fact that not-for-profit institutions interested in image licensing, like the Victoria and Albert, are participating in a highly competitive market with a number of large commercial players, it is important for project staff members to have experience in the field and a keen understanding of the needs of their audience – which may be very different from those of other groups the institution serves.

## Broader implications for other projects

*Evaluating the trade-offs between mission-related decisions and revenue-generating activities is critical.* The Victoria and Albert Museum views its collections as a public good, and it strives to make them available as broadly as possible to academics and to the public. Particularly in a digital environment, this mission-related goal can restrict the potential of a commercial unit like V&A Images to generate revenue. Developing a clear sense of this trade-off not only informs business-related decisions, but helps projects demonstrate their value to a parent organisation in terms of both revenue and supporting the institution's mission.

*Cross-subsidisation of services within the institution is important to evaluate when thinking about sustainability.* V&A Images' sustainability is dependent not just on direct costs and revenues, but also on its integration into the work of the museum. The unit exists in an institutional context in which it receives a variety of services, such as photography, for which it does not pay, and in which it provides a range of services – support for curatorial departments, a search tool for other V&A departments, and others – for which it does not charge. Although contributions like these may be difficult to quantify, projects need to evaluate the degree to which their sustainability model relies on this kind of institutional cross-subsidisation to help understand the true costs of the services they provide.

*Commercial and academic users may have different needs, and different ability to pay.* Academic researchers working with V&A Images often have narrowly defined interests that require labour-intensive support and offer limited revenue-generating potential, while commercial clients have greater ability to pay but also have highly specific needs related to content type and quality. Projects may not be able to provide support for both audiences using the same service model or schedule of fees.

## Appendix A: Interviewees

**Jo Prosser**, Managing Director of V&A Enterprises, 22 December 2008

**Andrea Stern**, Head of V&A Images, 3 December 2008 and 28 January 2009

<sup>18</sup> Tanner, 'Reproduction Charging Models and Rights Policy', 40.

<sup>19</sup> Ricky Erway, 'Seeking Sustainability' (2008), 4, OCLC Online Computer Library Center, [www.oclc.org/programs/publications/reports/2008-03.pdf](http://www.oclc.org/programs/publications/reports/2008-03.pdf)

## Appendix B: Summary of revenues and costs

### V&A Images

Revenue Category	Description	Est. amount (08-09) (% of budget)
Commercial image licensing fees	Includes fees from agencies	62%
Academic/non-profit image licensing fees		17%
Fees related to loans to museums		15%
Other fees	eg public print-on-demand	6%

Cost Category	Budgeted Costs (2007-2008)			In-kind/volunteer contributions
	Description	FTE	Included in budget?	
<b>Personnel</b>				
Management	1 FT unit head	1	yes	
Content selection & production	Production (1 FTE); Print requests (0.4 FTE)	1.4	yes	6 unpaid interns in Production unit
Sales & marketing	Academic & Education Rights (3 FTE); Reprod. Rights/Commercial Requests (3 FTE)	6	yes	1 unpaid intern in Academic & Educ. Rights; 1 unpaid intern in Reprod. Rights/ Commercial Requests
Technology	No dedicated staff, but Prod. unit works with back-end database	0	no	Support for VADAR content management system provided by V&A Museum
<b>Total personnel costs</b>		8.4		<b>85-90% of budget</b>
<b>Non-personnel costs</b>			Included in budget?	
Administration & overhead	Budget covers courier fees, some general office expenses, & legal fees.		partial	Office space provided by V&A Museum; accounting services are shared among VAE units.
Scanning, metadata, etc.	Not currently a cost; some scanning & keywording outsourced in early years		no	Digitisation services provided by V&A Museum's photography studio
Hosting & technology infrastructure	Budget includes overseas hosting service & limited IT assistance		partial	Basic IT support provided by V&A Museum
Other	Travel to trade shows, advertising, & other expenses		yes	
<b>Total non-personnel costs</b>				<b>10-15% of budget</b>

### Explanatory note

The information presented in this table is intended as a broad picture of revenues and costs associated with the project, not as a detailed financial report. The financial data, which are presented in the currency in which the project reported the information, were compiled as part of the interview process with project leaders and staff, and in some cases were supplemented with publicly available documents, such as annual reports. Project leaders were asked to review the information prior to publication. The column labelled 'Included in budget?' indicates whether or not the organisation includes that category of cost in its own definition of its budget. In many cases, the information was difficult for project leaders to provide because their institution does not record information in these categories, or because the project was combined with other projects in a larger department or unit. As a result, many of the figures are rounded or best estimates. Some leaders preferred not to offer figures at all, but suggested percentages instead. Frequently, certain types of costs are provided as in-kind contributions by the host institution. Although we did not attempt to place a value on these contributions, we felt it was important to highlight the significant role they play in many projects. Because of the variability in the way each institution estimated the various categories of revenues and costs, the information presented in the table is of limited value for detailed cross-project comparisons.