Qualifying cost savings of a DAM department

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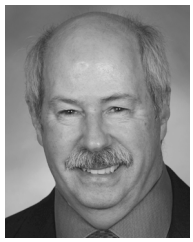

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Abstract There are numerous means to measure the success of a digital asset management system. Asset reuse and the resulting savings or cost avoidance are among the important measures. To properly gauge the size of the savings, one needs to know the media and extent in which the originally requested assets were used. Normally scheduled reporting, while very important, cannot always reveal answers to new questions that an *ad hoc* report or survey can provide. This paper presents a methodology for calculating the potential cost avoidance of visual assets as used in different media. A partial list of topics reviewed includes seasonality, scope and data cleansing. Signs of potential audits are discussed and the methods to address them are shown. Provided are the results of a recent survey using requests for visual assets from Chrysler Group's visual asset management department. This paper is an elaboration of a presentation made by the author at the Henry Stewart Conference in Los Angeles on 2nd November, 2012.

KEYWORDS: digital asset management, measurement, visual asset, use, reuse, cost avoidance, seasonality

INTRODUCTION

There are numerous papers on the potential benefits that digital asset management (DAM) can deliver to a business or an organisation. These cost savings operations may be called by various names, such as digital media management, media asset management, marketing operations management or DAM. All of these endeavours are not equivalent, but what they have in common is the goal to save money, or provide a return on investment, by using the company's digital assets multiple times in multiple venues. At Chrysler, the DAM department is known as visual asset management (VAM). The use of visual assets beyond their original purpose is a form of cost avoidance.

Chrysler's upper management, like those in any other business, needs to know the true cost avoidance produced by a DAM system and its support department. There are several methods to measure a DAM system's success, such as number of assets downloaded, number of searches with results, uptime of the DAM system and number of active users. These measures are all available from the technical areas of a DAM systems. Some answers to questions

pertaining to DAM performance cannot be extracted from a database, but require the use of a survey of the end users.

BACKGROUND

In 2010, Chrysler Group established its VAM department to supervise the process of acquiring, cataloguing and redistributing all visual assets from its increasing number of creative agencies. This action was taken for several reasons: to ensure that the visual assets that Chrysler sponsored were within its control; to enhance the reuse of these visual assets; to be sure that there was a readily available set of visual assets consistent with the persona of each brand. The VAM department's support of Chrysler's marketing operations is global in extent.

Chrysler Group LLC acquires a variety of usage rights for its visual assets. The purchased usage can have geographic, media or time limits for use. As a result, when the VAM coordinator receives a request for a visual asset, they have to verify that the asset usage is sufficient for the proposed use before the high-resolution version can be delivered. Chrysler's DAM cannot be opened to all to download and use at their discretion since assets have varying usage.

Chrysler is moving to a new DAM system to make this step more efficient. As in any business, the importance of measuring the cost savings produced by the activities of the VAM department needs to be measured to verify that its cost savings far exceed its operating costs.

DEFINITIONS

Listed below are the definitions of terms used in this paper:

- *VAM requests.* Using a standardised form, requests are submitted directly to the VAM team with information regarding the planned use of the asset. After checking to verify that proper asset usage is in place, these requests are fulfilled with high-resolution visual assets and delivered by File Transfer Protocol (FTP). Some requests are specific, with the filename provided, while others may be less specific, using the description of the vehicle model year, trim, colour, angle and preferred environment.
- *VAM delivered.* The process of fulfilling VAM requests for visual assets by the VAM department.
- *Self-service requests.* A significant quantity of exports of assets is completed by the requestor themselves directly from Chrysler's current DAM system, ADAM. The assets available by this route have lower resolution (not usable for print) and have sufficient rights for any use.
- *Self-service delivered.* The action of downloading lower-resolution visual assets by an individual, external to the VAM department.
- *Cost avoidance.* The savings obtained in the second and subsequent use of a visual asset instead of creating a new asset.
- *Major, minor and digital media:*
  (a) *Major* 11′ × 17′ or larger at 300 PPI;
  (b) *Minor* at least 8.5′ × 11′ and smaller than major in size;
  (c) *Digital* are smaller than minor in size and are converted to 72–96 DPI.

Chrysler's VAM department delivers visual assets to countries around the world (Figures 1 and 2).

DETERMINING COST AVOIDANCE

In the spring of 2012, Chrysler's marketing management directed the VAM

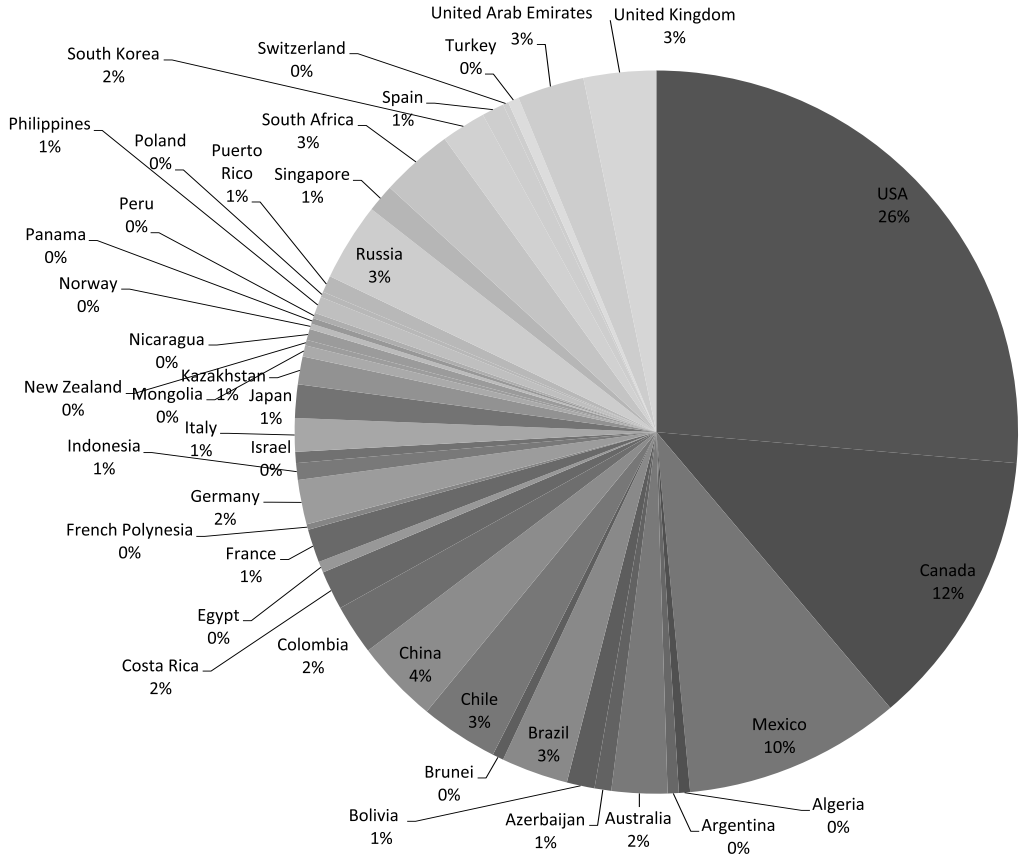


Figure 1: VAM requests by NAFTA country during a two-month period

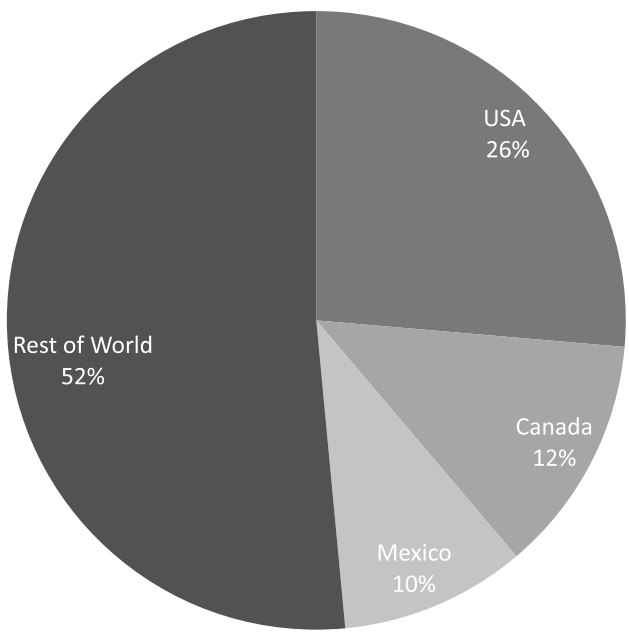


Figure 2: VAM requests by region during a two-month period (simplified version of Figure 1)

department to use a sampling method to obtain the cost avoidance generated by the VAM department. To determine the cost avoidance, the department conducted a survey of its end users and a set of requests from one month were fulfilled by the department and selected for the survey. To select the best month for a survey and represent a baseline of activity, seasonal events have to be identified and their impact reduced or prevented as much as possible.

SEASONALITY

Most industries have an annual seasonality that influences business plans. These events may be holidays such as Christmas, Mother's Day or Halloween or conventions and conferences such as E3, SIGGRAPH, fashion weeks or the National Association of Broadcasters.

The automotive manufacturing community also has its annual seasonality. Most original equipment manufacturers (OEMs) loosely follow the agrarian cycle which also mirrors the school year that starts in the autumn. A large majority of the new vehicle models are launched in the autumn, with an occasional vehicle launched in the spring, which makes the autumn the true start of the new model year.

Following the new model launches in the autumn is a series of major auto shows that start with Los Angeles (November) and continue with NAIAS (Detroit in January), Chicago (February) and New York (April). Of course, there are numerous other shows throughout the year, including many very important international shows. The OEMs often reveal, or provide hints of, the next model year's products at these major auto shows. In this way, the next model year has a nascent start with the reveal of these future products.

A tremendous amount of visual assets are created and distributed during the autumn new model year launches (with an occasional mid-model year launch in the spring) and in support of the major auto shows. Figure 3 shows the images exported directly by self-service from Chrysler's DAM system, ADAM, for the 2012 model year.

To provide accurate results that could be used to extrapolate usage throughout the year, it was necessary to select a baseline month that would represent the normal request process and volume that would have the least amount of impact from factors pertaining to seasonality. The selection of this month would logically contain the fewest number of requests. July was selected to be the base month for the VAM survey. It proved to be a good choice, as shown in the full 2012 model year export numbers shown in Figure 3.

SURVEY PARAMETERS

The purpose of the survey was to determine the category of use of the high-resolution still images provided to users whose requests were received and processed for one month. The month chosen for this study was July 2012, which was identified as having the least amount of seasonal influence. Requests included were from the USA, Canada and Mexico. The model years of 2010–12 were part of the survey. This was not a study on the multiple times an asset was reused or repurposed, but a determination of the category of its intended first use(s).

Requests excluded were: video and audio broadcast assets; images from model years outside of 2010–12; bulk or set exports; images from any automated exports, when quantities were uncertain or undeterminable; requests from outside of the USA, Canada and Mexico; duplicate requests. Video and audio assets were excluded because they are currently distributed in an efficient and effective

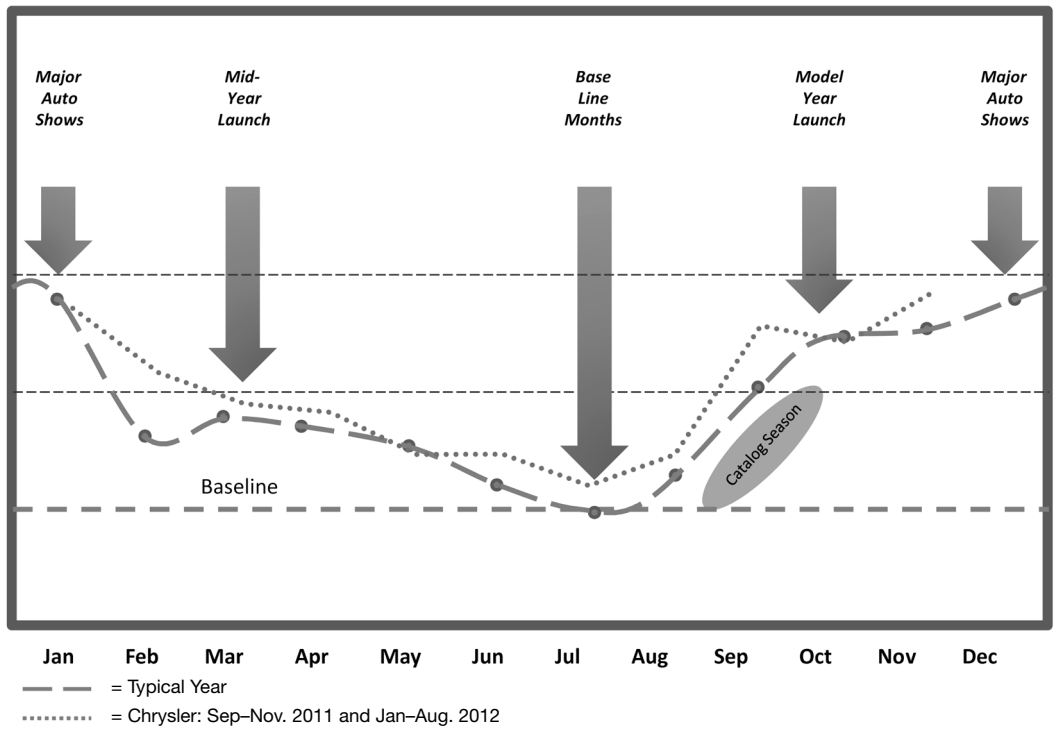


Figure 3: Typical automotive model year asset requests versus to self-service exported visual assets during 2012 model year at Chrysler

pipeline with limited additional cost savings generated by the VAM department.

Countries outside of the USA, Canada and Mexico were excluded as the request process for these countries is not the same. This different request process might have an impact on the results. Possibly a separate survey could be conducted in the future on the image requests from the 'rest of the world' countries.

Methodology

For VAM direct requests, which were included in the study according to following the defined parameters, each had an electronic copy of the original request returned to the requestor so they knew precisely that the request was going to be included in the study. Included with the survey was the explanation of its purpose. The recipient received the original request, for reference, and the instruction on how to complete and return the survey (Figure 4).

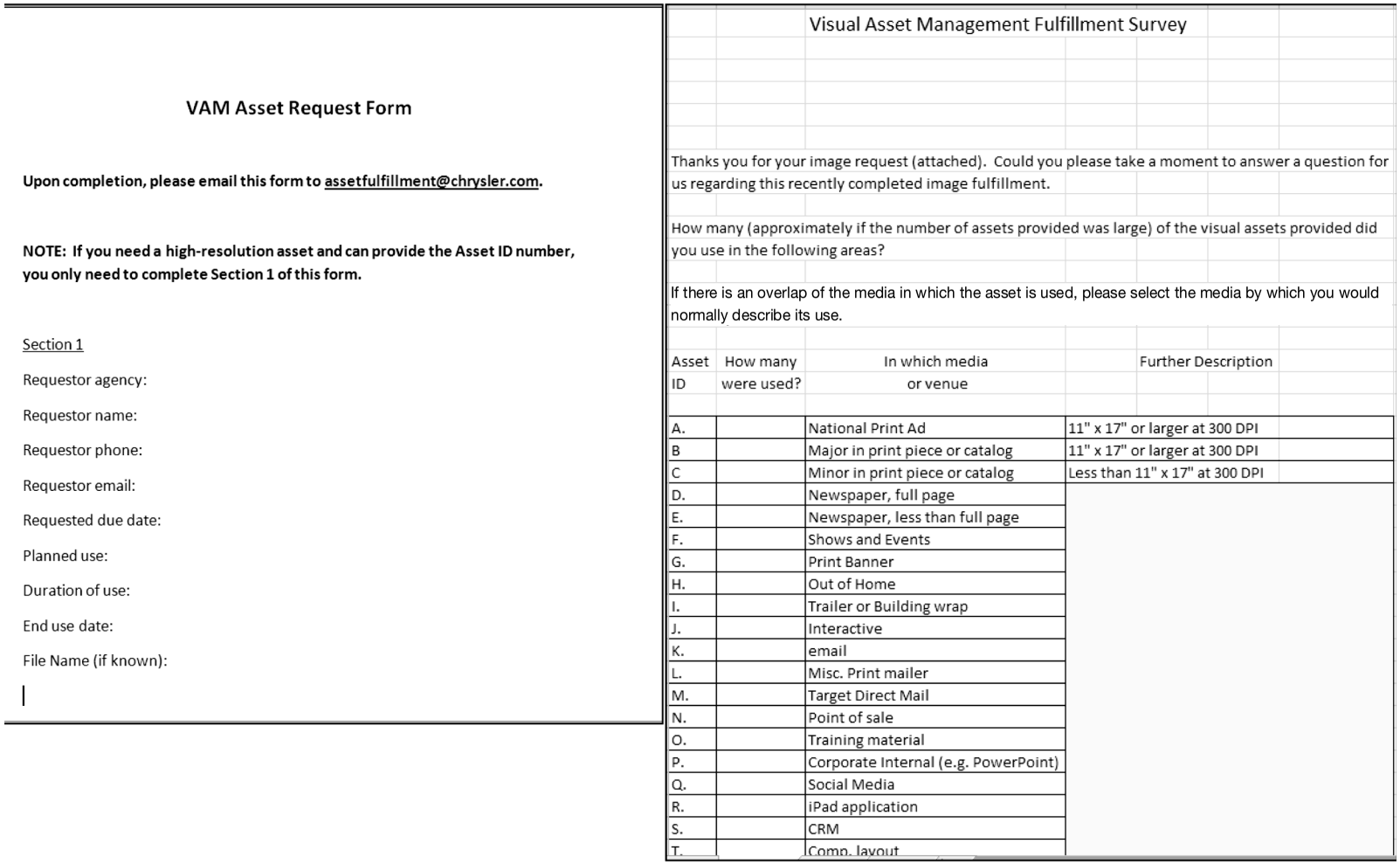
Survey results

The percentages of all the images used by requestors in each category of use are shown in Figure 5. The interactive category is the largest category at 18 per cent. Second at 17 per cent is the category of minor print/catalogue.

The chart shows the same results when the separate categories are combined together into major, minor, digital, other, did not use and duplicate (Figure 6).

CONVERTING CATEGORY PERCENTAGES INTO COST AVOIDANCE

The goal of this exercise was to determine the value of cost avoidance as generated by the DAM and its related department. With the ratios of assets used now known,



VAM Asset Request Form

Upon completion, please email this form to assetfulfillment@chrysler.com.

NOTE: If you need a high-resolution asset and can provide the Asset ID number, you only need to complete Section 1 of this form.

Section 1

Requestor agency:

Requestor name:

Requestor phone:

Requestor email:

Requested due date:

Planned use:

Duration of use:

End use date:

File Name (if known):

Visual Asset Management Fulfillment Survey

Thanks you for your image request (attached). Could you please take a moment to answer a question for us regarding this recently completed image fulfillment.

How many (approximately if the number of assets provided was large) of the visual assets provided did you use in the following areas?

If there is an overlap of the media in which the asset is used, please select the media by which you would normally describe its use.

Asset ID	How many were used?	In which media or venue	Further Description
A.		National Print Ad	11" x 17" or larger at 300 DPI
B		Major in print piece or catalog	11" x 17" or larger at 300 DPI
C		Minor in print piece or catalog	Less than 11" x 17" at 300 DPI
D.		Newspaper, full page	
E.		Newspaper, less than full page	
F.		Shows and Events	
G.		Print Banner	
H.		Out of Home	
I.		Trailer or Building wrap	
J.		Interactive	
K.		email	
L.		Misc. Print mailer	
M.		Target Direct Mail	
N.		Point of sale	
O.		Training material	
P.		Corporate Internal (e.g. PowerPoint)	
Q.		Social Media	
R.		iPad application	
S.		CRM	
T.		Comp. layout	

Figure 4: VAM request form and follow-up survey

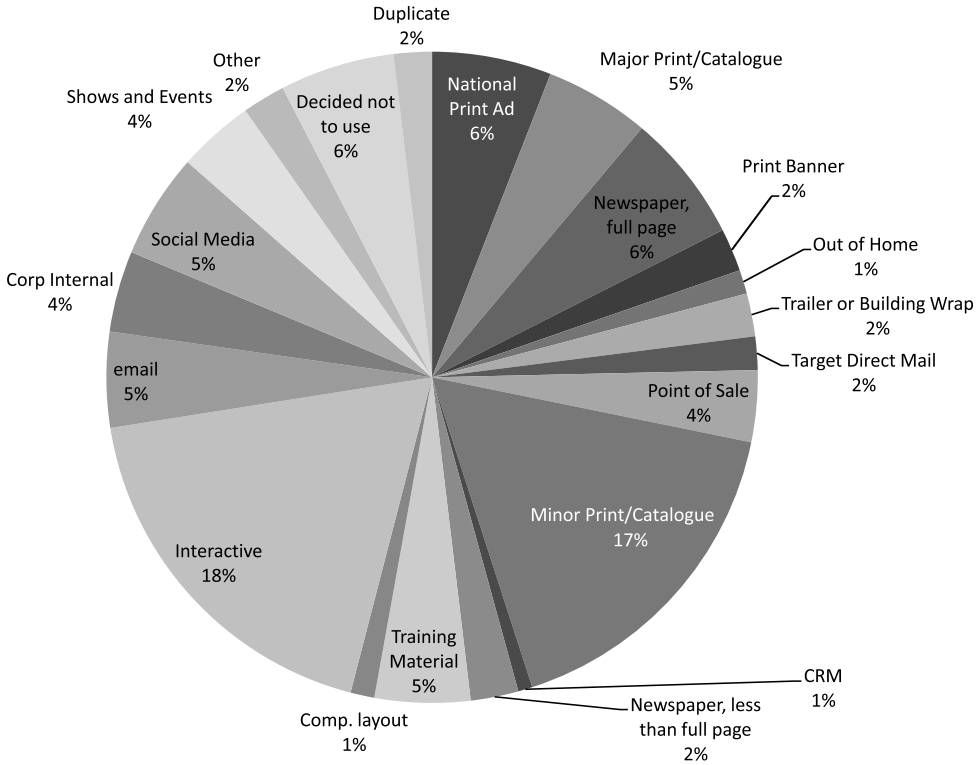


Figure 5: Categories of asset use in one-month survey for USA, Canada and Mexico

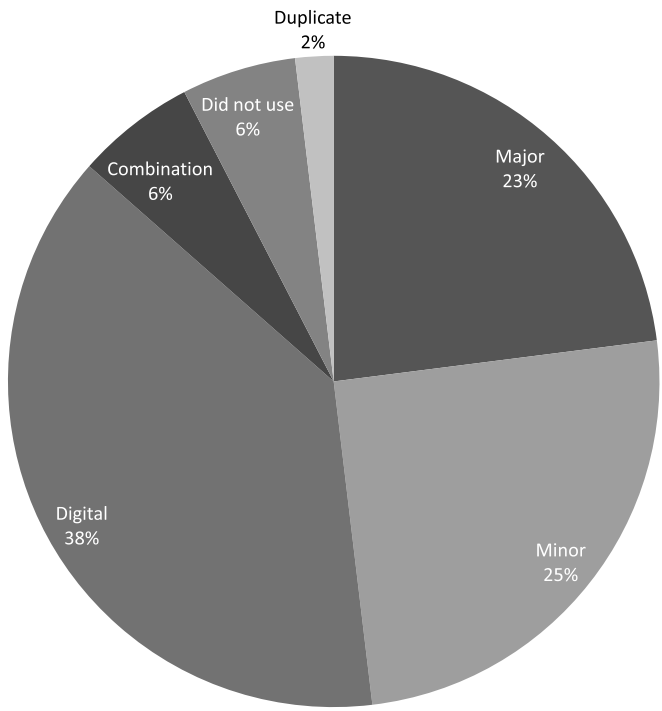


Figure 6: Combined categories of use in one-month survey for USA, Canada and Mexico

		Asset Census				Cost Avoidance	
	a	b	c	d		e	f
1	Assets Type	Percent of Assets Delivered By Media	Number of Assets Delivered	Assets Imported By VAM		Estimated Cost Savings For each Asset Delivered	Total Value by Asset Type For All Assets Delivered
2	Majors	23%	230			$1,000	$230,000
3	Minors	25%	250			$ 500	$125,000
4	Digital, Interactive	18%	180			$ 100	$ 18,000
5	Digital, other	20%	200			$ 100	$ 20,000
6	Shows and Events	4%	40			$ 200	$ 8,000
7	Other	2%	20			$ 100	$ 2,160
8	Decided not to use	6%	60			$ 0	$ 0
9	Duplicates	2%	20			$ 0	$ 0
10	Subtotal # of VAM delivered visual assets		1,000				
11	Total # of assets imported by VAM			820			
12	Self-service delivered (assets low res.)		3,000			$100	$300,000
13	Average value of asset delivered					$176	
14	Total # of assets delivered		4,000				
15	Total Cost Avoidance or Savings						$703,160

Values are for illustration only

Matrix 6

Figure 7: Still imagery — cost avoidance by asset use

establishing a reasonable value to assets in each asset category, and knowing how many assets were delivered, the cost avoidance can be calculated.

The matrix shown in Figure 7 is organised into two major blocks of information: 'asset census' (columns *a–d*); 'cost avoidance' (columns *e* and *f*). To start the cost avoidance calculation, multiply the total number of assets delivered by the percentage of assets in each category (*a2–a9*). For 'majors', multiply *b2* by *c10*, which results in 230 assets (*c2*). Using an established or estimated value that is acceptable to everyone, in this case US$1,000 (*e2*) for each major, the resulting savings would be US$230,000 (*f2*). This computation is repeated for each asset category to determine the total cost avoidance (*f2–f7*).

There are two exceptions to these calculations. For categories 'decided not to use' and 'duplicates', the number of assets from their percentages are shown, but the 'total value by asset type…'(*f1*) for each category is US$0 (*f8*, *f9*). These categories do not provide any 'cost avoidance'.

The information in the columns of 'number of assets delivered'(*c*) and 'total no. of assets imported by VAM' (*d11*) do not reflect actual numbers, but are normalised to the value of 1,000 (*c10*). By normalising the end results, the calculations reflect cost avoidance, (*f*) per 1,000 assets delivered.

As reflected in this spreadsheet, assets are delivered by two different paths at Chrysler. One method is delivery of high-resolution level via FTP by the VAM coordinators in response to a written request, 'VAM delivered'.

The second means of export is by the self-service route by directly downloading the assets from ADAM, 'self-service

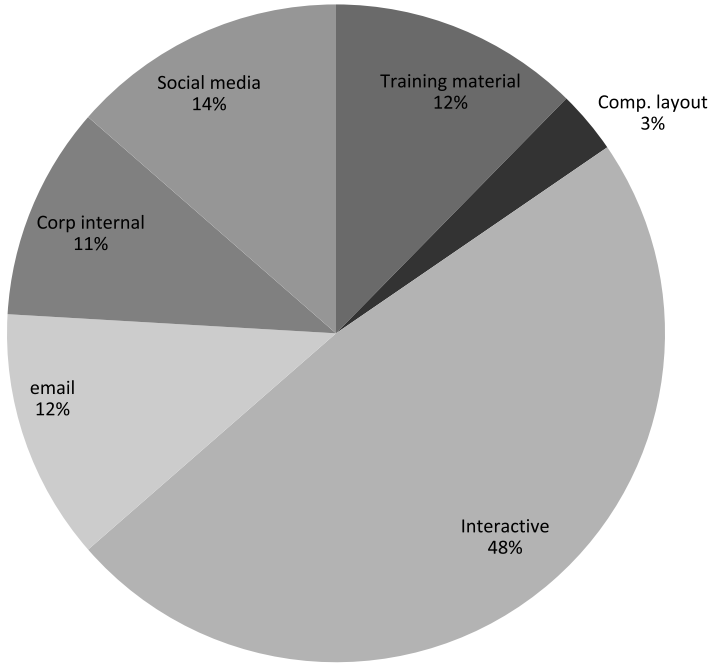


Figure 8: Digital asset use by venue

delivered'. Firm numbers for the exportation of assets in this self-service group are available from the database (*c12*) multiplied by the estimated average value of these assets (*e12*), which provides the total value of US$300,000 (*f12*) for this category. The asset values can be altered to fit a particular situation or understanding for these values, but the matrix calculations still function accurately.

Shown in this example, the average value of self-service delivered is US$100 (*e12*). The resulting value of US$703,160 (*f15*) can be divided by the total number assets exported, 4,000 (*c14*), to find the savings or cost avoidance for every asset delivered, both directly as 'self-service delivered' combined with the 'VAM delivered visual assets,' gives the value of the average savings per asset equals US$176 (*e13*).

RESULTS

The results show that print assets accounted for nearly half of all assets used (48 per cent, of which majors accounted for 23 per cent and minors accounted for 25 per cent). For the digital venues, interactive accounted for 48 per cent of all digital use and a single agency made nearly half of all requests (see Figure 8).

Cost avoidance values can be calculated using the survey percentages with database supplied number of assets delivered by an acceptable amount for the value of each asset. Note, the last number, the value of each asset by category, may be difficult to determine and present a short-lived quandary. Normally, a consensus can be achieved using conservative values while resulting in impressive savings or cost avoidance.

Surprise findings

The survey highlighted some surprise findings. For instance, although duplicate requests were never anticipated, the rate of duplicate requests during the survey period reached 2 per cent.

A well-planned and structured study can often uncover potential additional

areas of investigation. One must evaluate the importance of discovering new findings and their causes as compared with the time it would take to complete the new additional task. There are occasions where something unexpected is uncovered, which may require further research at a later date.

Suggestions

Listed below are some suggestions for anyone thinking of undertaking a survey of this kind:

- Perform a short prototype study to work on form and processes.
- Create a bench line period of time to perform the study that is manageable in size and reflects the least amount of seasonality.
- Keep the boundaries of the study within areas for which one has extensive understanding. For example, if one knows the domestic processes and markets well, but not the international markets, start with the domestic group.
- Automate measurements whenever possible. The first time a study is performed, it may be conducted manually. If the study results appear to be valuable, enquire about having the measurements extracted from a system.
- Do not measure too often. Remember, these are customers and they are very busy. Consider conducting an extensive survey perhaps only once a year.
- Keep an open mind. The discoveries that are inadvertently made may be as, or more, important than the original question that was to be answered.
- Assign someone in the department to serve at least part of the time as the department auditor. This will prepare the department for future official audits.
- Benchmark other companies in other industries to learn how they are performing measurements.
- Whenever possible, design reports that are not linked to the capabilities of the core software that is used for managing assets so that they are independent and can be transferred to or eliminated by any replacement software.

CONCLUSION

Chrysler's VAM department serves a global marketing community with approximately three-quarters of its requests for visual assets coming from outside of the USA. Understanding how visual assets are actually reused, after their initial intended use, may allow Chrysler's VAM department to better quantify the department's value to the company. Some statistics cannot be extracted from the database of a DAM. To measure the cost avoidance generated by the reuse of visual asset, beyond its initial use, it is beneficial to know how assets are used, in which media, and the number of times these visual assets are reused. The answers to the questions may only be provided by a survey. This paper shows how to use a survey methodology to gather information on post request asset use. It also presents a means to calculate the total value of cost avoidance, in a two-tier delivery environment, with visual assets used in multiple media, as found in the Chrysler Group's marketing department.