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from editorial to market

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**Publishing in Flux – Winning in the New World
Publishers and service providers are rethinking
their business strategies**

How can you ensure that your content will be found online? Where and how
will this content subsequently be processed or 'consumed' by the end-user?
What new pricing models are required to allow access to content? Are today's
publishing houses tomorrow's content suppliers? Participants of the 5th Pro-
duction in Publishing forum, hosted by Klopotek and arvato systems, worked
on answering these questions and discussed how to create new concepts for
the publishing marketplace.

Mass customize newspaper production, make use of print on demand services, think of books as information databases, focus on e-papers or rely on the Internet's advertising potential: examples for ideas that work presented by Gregor Dorsch, Suzanne Wilson-Higgins, Max Schireson, Ralph Kissner and Ralf Szymanski (from left to right).

Embrace the transition to an increasingly digital world

Many segments of the publishing marketplace that were until recently very profitable are now under pressure to change their business models. These new business models across the entire value chain require new ways of content processing and product creation. There are three core challenges to publishers generated by the growing importance of digital products and distribution channels: Digital content has to be structured and formatted correctly. Existing business models must be challenged. And the market segments we all operate in need to be redefined and retargeted.

New pricing models are required

There are business concepts for new distribution channels and different ways of product creation that are already in operation. In support of these concepts, the title of Gregor Dorsch's presentation was "Ideas that Work". Gregor Dorsch is Managing Director Syntops and winner of the young entrepreneurs award Weconomy 2007. Syntops combines efficient and cost-effective digital printing with a fully automated software solution, which supports the entire value chain. Newspaper readers can now find a personalized printed newspaper in their mailbox every morning that is tailored to their individual interests. "Mass customization is possible," Dorsch explained. "All obstacles for producing individualized newspapers in mass production processes have been removed."

Business models in publishing are being challenged

"How publishers operate, their business models if you will, are currently being challenged," said Ulrich Klopotek von Glowczewski, CEO Klopotek, in his opening remarks. "What some publishers have done is to pull out of part of their existing markets in order to redesign and refocus their business. Some even opt for a complete repositioning in the market," he added.

As in previous years, arvato systems hosted the forum at the Bertelsmann-Repräsentanz in Berlin. Jürgen Lewek, Head of Publishing Solutions, said that the publishing marketplace has been changing since 2004. Over 20,000 individual titles can now be read on Amazon's Kindle. Google Book Search and libreka! are already established in the industry. "Random House started selling individual chapters of books in 2008. We must address these challenges," Lewek stressed.

Digital publishing is publishing on demand

New business models focus on digital distribution of content. Products are only printed if specifically requested by the customer. The Ingram Content Companies (Lightning Source, Ingram Digital and Ingram Book Group) are specializing in distributing digital content into different markets and using digital content to enable print on demand books. "We don't live in an either/or but in an either/and world," argued Suzanne Wilson-Higgins, Commercial Director EMEA Lightning Source. There is now "e publishing", but there is still "print publishing". She advised publishers to continue selling books using offset printing but to add new services to their existing portfolio such as print on demand for reprints as well as individual chapters and subscriptions.

Digitization has a great potential for content distribution

In his presentation, Rolfe Swinton, COO of CPI Publishing Solutions, described what he believes is "The Future of Printers". "The e-book market is growing and will continue to do so. Creating e-books requires complex digital workflows. You need the tools to underpin production, as it is not easy to make fantastic e-books", he said. Real savings could be achieved by

Rolfe Swinton, CPI, pictured here with Gregor Wolf (middle) and Helmut von Berg (left), discussed the great potential the digital supply chain offers. Costs and time can be saved by integrating printing companies into the workflow, by automating processes and by introducing new technology and flexible distribution channels such as 'mobile retailing'.

integrating digital printing, provided by partners of publishers, into the supply chain.

"Fuel Your Publishing": Max Schireson, Senior Vice President of Customer Solutions, Mark Logic Corporation, also looked at how things need to change. In introducing the term "content agility", Schireson established his key idea. To enable dynamic publishing, content should be delivered to multiple formats easily. In order to do so, several questions need to be answered. How will content be packaged? How will you slice and dice it? How will it be consumed on different devices? How can you enable user interaction with content? "Publishing is becoming similar to developing software. A book should no longer be a finished product divided into chapters but a database of information that your customers can benefit from the way they want to."

Will printed products be replaced entirely by e-papers in some segments of the publishing marketplace? Ralph Kissner, Founder of Six Offene Systeme, stressed that not only many newspapers but also a growing number of magazines are published as complete e-paper editions.

How to make money online

Traditional pricing models are based on selling physical products. DIRECTMEDIA Publishing started creating the "Digitale Bibliothek" (Digital Library) in 1997, which is going to be the largest full text collection in the German-speaking world. The project zeno.org was started in October 2007, making most texts of the digital library freely accessible online. "Can you get everything for free in the future?" asked Ralf Szymanski, Managing Director of DIRECTMEDIA. Publishers should focus their strategic initiatives on the potential of the Internet to generate profits through advertising, he argued, even though it is still unclear how sufficient profits can be made if content is available for free. "We don't know yet where to install the cashpoint machine", he added.

"Will there be an iPod for books?" By asking this question, Mike Röttgen, Management Consultant Publishing Solutions for arvato systems, summed up the feeling of many in the industry toward online content. While there are risks associated with the impact of content mobility, there are also interesting opportunities. In his workshop, Röttgen presented the goals of BIC Media, "the platform for digital content", and services to publishers. Discussions focused on topics such as 'viral marketing', affiliate programs, full-text search and user-generated content.

Focus on target groups rather than on product lines

Internet distribution of content is not a one-way street. In the world of the 'Web 2.0', i.e. in wikis, blogs and forums, online customers can be critics, writers and designers. Publishers must react to this by becoming 'Publishers 3.0', explained consultant Ehrhardt F. Heinold, Managing Director Heinold, Spiller & Partner. "Content digitization is not the only reason why publishers must rethink their business models. It is even more important that readers and amateur authors can now be, and want to be, writers of content. Publishers should adapt their strategies by focusing on what the individual customer wants rather than on how new product lines can be established."

A workshop on the topic of e-books asked the question 'what works for whom?'. Frans Wildenborg, Senior Publisher at Kluwer, Robert Görlich, Managing Director juni.com, and Silvia Görlach, Marketing juni.com, explained that not every digital publishing strategy will work for every target group. In the areas of special interest and academic publishing, e-books are becoming increasingly accepted by readers. Trade publishers however still focus on selling printed products, but digital publishing can assist in selling physical books, e.g. by making available online excerpts from books and/or marketing-related information.

Knowledge and information management is crucial for publishing houses, argued Matthias Ort, CEO ORTEC, and Stephan Profitlich, Chief Developer CMS, ORTEC. Content has to be made searchable in a better way, Ort stressed. "This is why information should no longer be regarded as what a book consists of, but as a

Switching from simply selling products to specifically addressing target groups: Are publishers turning into content providers? Are such providers of information still publishers? Ehrhardt F. Heinold (middle, pictured here with Ulrike Störrle, member of the Berlin Production Workshop) presented his view of the 'Publisher 3.0', which is a networked content and community managing company.

"Publish all articles by X Y about the topic of Z written from 2003-2008" – being able to submit such search requests would be very useful to online customers of publishers. To make this happen, the quality of metadata has to be improved, argued Matthias Ort and Stephan Profitlich. Among other factors, this will contribute to making information better accessible for search engines and, thus, to enabling real content-oriented knowledge management.

At Kluwer, the customer makes decisions: An e-book ordered through the company's webshop, to be read and worked with online only, costs just 70 percent of the printed version. Frans Wildenborg (top left), Silvia Görlach and Robert Görlich discussed new business models for special interest and trade publishers.

component or unit of content which customers should have direct access to."

Ensure process reliability from the very beginning of a project

A workflow-oriented tool for planning new products in editorial departments was presented by Gregor Wolf, CTO Klopotek. It is easy to outline and check concepts with the Klopotek Editorial Planner from early concept stages to a reliable calculation. This software, which is already being tested in a pilot project at Taylor & Francis Group, supports planning processes in a completely new way. It is freely configurable and very user-friendly. No interfaces are required, and all planning processes and adaptions are completed in one continuous work step. Using the new tool ensures that editors always work with "my view on my projects", Wolf explained, rather than with inflexible products that require substantial data entry when being created in a comprehensive publishing system. This allows process reliability to be ensured from the very beginning, even though it may not be clear initially if one product, several products or a product family will be brought to market. The Editorial Planner utilizes a standard list of component prices, which is why only a few basic data elements are required for completing a calculation. This calculation is accurate, even though multiple pricing models, which would require much data entry, are omitted. Users can change the currency on the fly, and they can also integrate their Outlook calendars with the tool. Wolf added that the Editorial Planner is part of a series of solutions targeted at specific stages in the supply chain. The overall goal is that professionals in publishing can "become productive in a quicker and more cost-effective way". Other solutions which Klopotek is currently working on are an ASP service to increase productivity between publishers and printers and an ONIX-based data exchange system.

About 160 representatives from publishers, universities and colleges as well as service providers took part in the two-day event, participating in plenary sessions and workshops.

Winning in the New World: the roles in publishing are changing – and so are the characteristics of what a publisher does

What is the future of publishing? Presentations and discussions on the second day of the event focused on prospective changes in the business relationships as well as emerging new roles and ways of working. "At the end of the 19th century, many individuals used to laugh about people in earlier centuries who believed that the earth was flat. In some ways, we resemble our ancestors, clinging to the 'Gutenberg disc' we know while uneasily staring at the stars of the digital universe," said Helmut von Berg, Director Klopotek, in his opening remarks. He stressed that in an increasingly digital world it is critical to broaden perspectives and to create new business concepts for content distribution.

Exploit the full potential of automation

There are new and promising approaches to automatically transforming complex content into types of products that until now can only be produced with a great amount of individual effort. One example was presented at the forum: a simple audio book for daily reminders such as patient information providing instructions that 'talk' to the customer. What may sound strange at first could have a huge positive impact on the lives of many people, especially old people and the blind and visually impaired. Markus Müller-Trabucchi, Project Leader Satz-Rechen-Zentrum, and Martina Ried, Speaker for the Youth of the German Federation of Blind and Visually Impaired People, presented a new perspective for single source publishing: the need for, the current stage of development and possible extensions of automated text to speech conversion. Müller-Trabucchi and Ried discussed to what extent this type of audio content could be used in the area of rich media publications and/or for making information available to visually impaired people.

The benefits of media and format independent marketing

Not only professionals in production but also in other departments of publishing houses need to acquire new skills in the field of information and process management. "Huge marketing cost savings can be achieved by streamlining processes," said Dr. André Klahold, Managing Director InterRed, who delivered a presentation on "Cross-media Marketing for Publishers" with Mike Röttgen. Both speakers explained that marketing content should be managed digitally; it should be media and format independent, and it should be held centrally. This data can then easily be used for creating all sorts of different marketing material, such as printed catalogs, website content, book covers, content for Amazon or other online retailers – and for distribution channels that may be relevant in the future but are not yet developed. Another benefit is that marketing data

Elsevier is in the process of implementing an end-to-end digital editorial-production workflow for books. Jan Visser discussed "some of the principles and ingredients underlining this workflow", such as processes, functional system architecture, suppliers interaction, organization and specifications. "Klopotek's PPM will play an essential role in this infrastructure," he added.

will always be incorporated in its latest version, and there is no need to edit it manually.

Processes vs formats: Think in workflows rather than in products

It is increasingly important to think in processes, which ensure that content can be delivered to customers the way they want it, rather than simply in formats tailored to making specific products, such as audio, video, e-book or print. Michael Pott, Head of Media Solutions / Print, arvato systems, addressed this topic by providing "thought-provoking impulses to publishers and printers regarding the way they communicate with each other". He argued that both publishers and printers must standardize their business processes as well as create an environment for reliable digital communication.

Elsevier, a world-leading publisher of scientific, technical and medical information products and services, is in the process of restructuring and reformatting their databases in order to implement an end-to-end digital editorial production workflow for books. Jan Visser, Director Electronic Production, presented the e-workflow Elsevier is envisioning, which will be based on XML. Their goal is to make "global processes and systems" more efficient while "reducing time to

market". Elsevier began implementing Klopotek's Product Planning and Management (PPM) system in 2007, and Visser presented the project PEAK (Production, Editorial And Klopotek). He also explained that Reed Elsevier's online revenues already account for 50 percent of the group's total revenues, which is why they see themselves as a "digital" rather than a "printing" company. They also no longer talk about "books" but about "solutions" instead.

Having published a reference book on individual standardized production processes, members of the Berlin Production Workshop are now aiming to agree on best practice examples for managing workflows at production departments. Ulrike Störrle, Deputy Head of Production for MAIRDUMONT, referred to a "workflow library" as the main goal, which will consist of a variety of freely configurable workflow elements that can be arranged as desired at any type of publisher for any kind of published product. "The 'workflow library' we are aiming to create will be a 'construction kit' for creating different types of workflows using the individual standardized production processes that we have published", Störrle explained.

Publishers to become service providers that focus on customers' individual needs

In order to fully embrace the transition to an increasingly digital world, publishing houses need to evolve into information providers where users can download the information that they require and the way they want it: accessible online 24/7 and in a quick, uncomplicated and interactive manner. This transition is not going to be easy. To broaden the perspective of forum participants on the changing role of other industries, Dr. Jörg Dörnemann, Head of Corporate Investment Management for Holtzbrinck Networks, presented a variety of "online business models that work". The Verlagsgruppe Georg von Holtzbrinck is establishing partnerships with start-up companies from different backgrounds that provide a range of digital services to its customers. These services are paid for in many ways: by companies advertising their products on these sites, by users paying for subscriptions and by companies

and/or users paying for successful transactions.

"Why should law professionals log on to 'law-net.eu', a community website for lawyers featuring online databases?" asked Dr. Christoph Herrlich, Manager Business Development IntraWorlds, who established the website in cooperation with 'sellier. european law publishers' in 2007. Dr. Herrlich explained that law-net.eu can make discussion on law issues more up-to-date and more relevant and targeted, as it closes a gap: "There used to be no way to directly contact a writer of an article. If an article is printed in a magazine, it is impossible to discuss it or to tell other readers about possible mistakes as quickly as you would like to." When quizzed about the business model behind

Business models "beyond publishing": Dr. Jörg Dörnemann presented proven ways for generating profits online.

BIC Media, an alternative concept to Google Book Search and libreka! enabling full-text search, was presented by Mike Röttgen.

law-net.eu, Dr. Herrlich said that he believes that the first step is to grow a strong online community. Profits can only be generated once this community has been built, e.g. by introducing subscription models or premium services that need to be paid for, or by licensing parts of the portal to professional bodies.

How will publishers operate in 2015?

The pressure on publishers will increase to streamline business processes, as margins will come under sustained pressure going forward. This is why areas of operation that used to be non-core activities will become key to a company's success, such as planning and organizing, project management and process control skills. All departments will have to embrace this change, people in production (in order to enable content distribution through a variety of channels) just as in editorial departments (in order to obtain information about and to better address target groups). In their workshop, Arnoud de Kemp, Managing Director digiprimo, and Ingrid Maria Spakler, photographer and Co-founder of digiprimo, discussed with participants what publishing will be like in 2015.

David Sommer, Commercial Director MPS Technologies, challenged forum participants to "Be Successful – Control Your Digital Future". As publishers have to be more "creative" in how they deliver content, "tough decisions about

"In 2009, more earnings will be generated from digital than from print," said David Sommer.

the future" have to be faced, he explained: "The risks of getting it wrong are greater than ever, but if you get it right the rewards can be tremendous." Sommer believes that, "being in control of your business models is crucial. Service provision and delivery can be outsourced, but not the thinking about it." Publishers need to understand how users are going to access their content, Sommer said, as they want "Martini Content, any time, any place, any where".

Fionnuala Duggan advised publishers to get more involved in the 'Web 2.0' experience: "optimize your presence in all of the places where the customer is."

It will become increasingly important for publishers to understand what happens in the world of the 'Web 2.0'. "Self-expression is moving online," said Fionnuala Duggan, Director Random House Group Digital, "people spend time on social networking sites; they really linger in these places." In order to better market their books to today's consumers, publishers should find ways to promote their products on these community websites, where currently only music and films are well-presented, she added. "People will not come to you. You need to fish where the fish are."

Dr. Ingo Schiweck, Editor for "Buchreport", and Dr. Stefan Kaufer, PR and Marketing Editor Klopotek, pictured at the forum while speaking about the new edition of "Buchreport Spezial".

Partnership with "Buchreport", a leading German trade paper

"Both the media market and content formats are becoming more granular. Irrespective of whether you believe that this will finally result in a side-by-side coexistence or in convergence, the annual Production in Publishing forum is a key event for understanding how publishing is changing. This conference also provides an opportunity to discuss ideas about how the market should develop and what the

various players on the market need to do to enable these changes to occur. Such a dynamic subject is, of course, also interesting from a journalist's perspective. This is why 'Buchreport' has partnered for the second time with the Production in Publishing forum to publish a 'Special' edition about the topic of production and management."

Dr. Ingo Schiweck, Editor for "Buchreport"

A forum for decision makers: the Executive Lounge

"Exploit your content" was the motto of the first Executive Lounge during the Production in Publishing forum, where decision makers discussed how content should be structured and formatted to be better found on the Web.

David Worlock, Chief Research Fellow for Outsell, hosted the Lounge and delivered a keynote, which touched on 3D and virtual online communities. Those two elements of his presentation indicated that it is vital to think in pictures, i.e. to think in abstract ways, prior to thinking about technical problems and their solu-

tions, such as XML or tags. In order to really "engage with engines", publishers must learn to speak their language, and, more importantly, they also need to change the way they 'express what they want to express'. By means of abstraction and analytical work, it should become easier for publishers to efficiently manage access to the content they are marketing in the online world, which is dominated by search engines. Worlock's key message is that "content + software + community = business process reinvention."

The discussion also focused on metadata quality, which is another important factor for successful online searching. To what extent can the machine-readable 'data about data' assist in making a publisher's content searchable in a more user-friendly way? Executive Lounge participants agreed that more information about as well as input from target groups would be required to tackle this issue. It would be vital to start seeing and experiencing content through the customer's eyes, which is not yet happening but could be a key for improving search quality. One participant even suggested that a way to solve this problem may be to "let customers create the search terms".

For the first time, there was a specific event targeted at executives during the forum. Participants of the Executive Lounge discussed at Hotel Alexander Plaza how thinking in pictures could assist in becoming more customer-oriented. David Worlock (top left, with John Wicker from Klopotek) hosted the Executive Lounge.

Think abstractly about content

In his closing remarks of the 5th Production in Publishing forum, Helmut von Berg mentioned 10 points which he felt were the most important, providing answers to problems while also raising new questions.

1. The publishing marketplace is in a state of flux and change, but it is not yet clear in which direction the market is moving, and how powerful the move will be.

2. There are concepts for new business models that are very promising. But in order to successfully implement them and to response to fresh influences, all participants in the value chain need to start thinking in abstract ways and leave old models behind.

3. Some conceptual barriers need to be overcome prior to efficient use of new business ideas. Content does not become worthless just because it is made available for free. There may be other ways of exploiting content, e.g. by making it available for free in an environment that people want to come to online (and are willing to pay for). During this two-day event, representatives from renowned companies as well as innovative startups demonstrated their enthusiasm for opening up possibilities for new business models. Some traditional publishing houses still seem to lack this courage when it comes to reflecting upon new or different sorts of 'cashpoint machines' for making money through content provision.

4. A number of important terms or phrases to describe challenges and possible solutions recurred several times.

"Automation": This is a really important field to invest in, as publishers must ensure that customers get the product they want as quickly as possible.
"Contextualization": If it is not possible to make money through selling content, it may very well be that you can generate profits by making it available in an environment that people are willing to pay for.
"Know your customer": It is absolutely vital to collect more information about your customer's needs.
"Metadata": How can we create better searchable content? The techniques and the methods behind the search process are only one factor. It is even more important to see and experience content through the customer's eyes, which could be the real key for improving search quality.
"Yes, I want to receive ads": If the information in an advertisement is really relevant to me, then I don't mind receiving it; I will even welcome it.

5. It is the customer (and no longer the publisher) who should decide what the product should look like. To make this happen, companies have to start thinking in "information workflows" rather than in "production workflows", which are only a basis for product planning. Both agility and transparency are the main factors for customer satisfaction. In order to improve in these areas, communication processes in dealing with customer requests have to become much more transparent, which is also a way to improve quality while reducing costs.

6. "To outsource non-core activities" can increase your ability to focus on the core business. But you cannot outsource the thinking about it. If you do so, you lose control over your core business model and the key to your success.

7. "Think 'e' first" is easily said but not easily done – and can we really do it at this stage? Is it not that we are still caught in the trap of traditional industry thinking and behavior?

8. "Slice and dice content" sounds fantastic, but is it achievable now? Many publishers currently do not know what will happen if they start 'rolling the dice' with their content. You can only play this game if you have thought through your options and feel confident that your business processes have been optimized in every detail.

9. "Be in control" is a challenge in many aspects. It is absolutely important to continuously evaluate and redefine business models. Control your workflow, control distribution.

10. We must learn to think in abstract ways and to leave behind traditional ways of doing things. In the future, content will probably no longer be the core business element but only one resource among many others, e.g. such as printing or HTML. It is alright to continue to focus on selling books, but books should no longer be at the center of our thinking. This is why we have to ensure one thing: we have to think about content abstractly.

Discussion at Number One Unter den Linden: Bertelsmann again hosted the Production in Publishing forum at its Berlin-Repräsentanz.