

# 6 from editorial to market



**Publishers' Forum Berlin, 27 - 28 April 2009**

## Embrace the Challenges – Strengthen Your Market Position

This was the slogan of the 6<sup>th</sup> 'from editorial to market' conference, held in Berlin to showcase ideas about how the publishing industry can capitalize on changing market conditions and customer expectations.

**E-books have started hitting the market, accompanied by competing formats. Publishing workflows need to incorporate XML, and they need to be adjusted to support both print and digital products. All of this has to happen now, in tough economic times, as customers' demands are changing rapidly. Streamlining business processes, making use of standardization and best practices, outsourcing costly IT infrastructure and maintenance, becoming more flexible, and, most importantly, coming up with new business models – the 6<sup>th</sup> 'from editorial to market' conference in Berlin presented a variety of ideas.**

Publishing workflow processes need to be adjusted to incorporate digital products. Or in other, perhaps even plainer speech: "All publishing is now digital publishing; you publish digital books that you might also happen to sell in print." At the 2009 Publishers' Forum in Berlin, **Andrew Savikas, Vice President of Digital Initiatives, O'Reilly Media**, stressed, "Readers are changing their habits – mobile reading is taking off, and it's taking off fast."

However, readers are as eager as ever to find – and buy – quality content. But the emerging e-book market is very price sensitive and, by itself, cost-driven pricing does not work anymore. The industry has to rethink their business ideas.

### Reduce costs by optimizing business processes by adopting software applications

"We need to rethink publishing business more or less from scratch," was the message from **Uli Klopotek, CEO at Klopotek**, who opened the event. "Today, technology is fundamentally transforming publishing, with shifts taking place so rapidly that it's a challenge to keep current, let alone create new, profitable opportunities. We need to find solutions how to process and structure content to make markets appreciate and rely on it." What do publishers contribute to tip the scales of customer relationship? By means of what processes and software can that be realized? The message to deal with, he pointed out, is that only process standards reduce costs and optimize publication processes

sustainably. Service providers for publishers, such as IT companies – Klopotek among them – need to find ways to optimize workflows, content structuring and processing, content item management and sales. "We need to come up with new business models," Uli concluded.

### A battle of formats in the e-book sector?

In his opening remarks, **Jürgen Lewek, Head of Publishing Services, arvato systems, a Bertelsmann company**, focused on the emerging German e-book market. There are a growing number of titles becoming available; however, the issue of digital rights management, among a number of other issues, has not been resolved to everyone's satisfaction. "What happens to my e-books if my e-book reader gets broken?" And, more importantly, "Will there be a war of formats?", Jürgen asked. **Mike Röttgen, Management Consultant, arvato systems**, pointed out that "Many publishers are not ready for all e-book formats." It is crucial to implement content and media asset management systems.

## Open standards are part of Adobe's e-book development efforts

Most first generation e-books were PDF files. Today, **Adobe** is part of the IDPF (International Digital Publishing Forum), an international trade and standards association for the e-book and digital publishing industry, comprised of approximately 100 leading publishing, technology, and non-profit com-



"Not just one company should be in control": Bill McCoy, Adobe, supported making EPUB the standard for e-books

panies and organizations. **Bill McCoy, General Manager ePublishing Business**, explained why Adobe supports EPUB, a non-proprietary, open standard for e-books that fully adapts to screen size: "We see open standards as key enablers for a healthy digital publishing ecosystem, and we believe that EPUB complements PDF, which focuses on final-form paginated documents." He stressed "The publishing industry is at the biggest brink since 600 years ago, when Gutenberg developed the first printing press, and standards are part of this." Speaking about Adobe's vision for the future of digital books beyond "traditional print page replica e-books", Bill focused on device-adaptive rendering, integrated rich media, and interactivity.

## EPUB as a standard: The publisher pays for one conversion as opposed to multiple formats

As **Executive Director of the IDPF, Michael Smith** aims to help advance the interests of publishers, technologists, and readers by evangelizing the adoption of IDPF standards for electronic reading applications and products. In his presentation he focused on promoting EPUB, "an XML-based file format designed to reflow text according to screen size." Taking up what Bill said, he pointed out that the new format is open and non-proprietary, "so you can use it at no cost to you and you don't rely on the goodwill of a company." Michael hopes that EPUB will become the standard format for e-books; in his opinion, fewer formats means less costs for publishers.

## What should publishers do to embrace EPUB?

The German perspective on EPUB was presented by **Nina Kreutzfeldt, Managing Director Kreutzfeldt Electronic Publishing**. "EPUB is more than just another e-book format," she stated, "It provides the starting point for major changes in publishing." To fully embrace EPUB, Nina explained, publishers need to change their workflows, which still focus on print products. The goal is to have an XML-based workflow, she specified, but as an intermediate solution she suggested to implement a content management system that can be used for creating EPUBs without changing the print workflow. Another important element in supporting EPUB, she added, is building centralized content archives.

## Stand out in the crowd – utilize XML

EPUB is an XML-based file format. What exactly is the relevance of the Extensible Markup Language to the publishing industry?



Evan Schnittman stressing the essentialness of chunkability of XML for publishers

"How will consumers find your book when the rumored 20,000,000 books that Google will scan at US libraries are made discoverable on Google Book Search?" **Evan Schnittman, Global Vice President of Business Development, Oxford University Press**, spoke about the "needle in a haystack problem". He believes that in a situation where so many books will become available digitally, "starting with XML is the only way to cost-effectively create flexible content, which can be manipulated for any marketing use or message." For instance, specific chunks of content can be displayed below search engine results, which is "much more efficient than relying on the right phrase found via full text search." Evan also pointed out "Semantic tagging can help displace the burden of ubiquity" on the web.

## XML data matters in terms of quality and structure

**Gerrit Imsieke, Managing Director le-tex publishing services**, focused on the quality of XML data. He explained that quality assur-



The 2009 Publishers' Forum attracted more participants than ever before

ance is becoming more important, as a (potentially) large number of documents and/or products are created from this data. "Merely introducing XML is not enough," agreed **consultant Ursula Welsch**. She stated, "An appropriate data structure is necessary so that all output formats can be accommodated automatically – and in the desired quality." Ursula added that XML structures can be used as a basis for developing taxonomies for knowledge organization. "In the area of e-publishing, taxonomies can help building a bridge between content and customer, between publisher and reader," were the words that **Martin Steinbach, Team Leader Indexing for Verlagsgruppe Handelsblatt**, publisher of a major German newspaper, used to describe the relevance of such classifications arranged in a hierarchical structure.

## The benefits of XML-based enterprise component content management systems

The component content management system SCHEMA ST4 uses native XML to structure assemblies and manage text components, which makes it more versatile than document-, text- or HTML-oriented content management systems. In a publishing environment, these capabilities are becoming more and more critical, stated **Stefan Freisler and Marcus Kessler, Managing Directors of SCHEMA**: "XML-based data storage and workflows are crucial to the overall strategy for the future." SCHEMA's capabilities to manage content at the component level significantly enhances the efficiency of complex document creation. Per an agreement, Klopotek will exclusively implement, consult and support SCHEMA ST4 in the publishing industry worldwide. "Integrating SCHEMA ST4 into the Klopotek solution has enabled us to consistently support XML-based workflows at publishing houses," Stefan and Marcus concluded. In his case study presentation on implementing SCHEMA ST4, **Gregor Wolf, CTO at Klopotek**, described how Klopotek managed to achieve substantial gains in pro-

ductivity, cost reduction and time to market at their documentation department.

### Delivering content in context

"There is a fundamental change taking place in the information economy," **Jim Stock, General Manager Germany Mark Logic**, told the audience. Quoting Clay Shirky, Adjunct Professor of the Interactive Telecommunications Program at New York University, he stated that thanks to internet, "The incredible difficulty, complexity, and expense of making something available to the public has stopped being a problem." As a result of this change, there is a vast amount of information online – in many cases too much information. "So delivering the right content in the right context plays a pivotal role in how your customers determine the value of your content," Jim argued. "But what opportunities do publishers have to increase the value of their content by providing it in a way that is most relevant and useful for their customers?"

The issues of content and context interact at many levels, he explained and discussed the examples of device (on a computer? on a mobile phone?), of location (in a specific city or area?), and role (as a manager? as a specialist? in your leisure time?). Jim also stressed that publishers need to ensure that they can adapt quickly to the ever-changing scenarios that their customers demand.

### Context is now king – but how to make it king?

**Svenja Hagenhoff, Senior Researcher at the Department of Application Systems and eBusiness at the University of Göttingen, Germany**, analyzed the field of context

awareness and context adaptivity from a scientific point of view. She pointed out that there is a (potentially) infinite amount of information available on the internet. "Filters are necessary to make this information available to different people with different needs and backgrounds, so context, and no longer content, is king." Svenja focused on two of the many 'context filters', individualization and localization, i.e. what does a specific user want (ask him/her to select topics of interest, compare his profile with the profiles of other users, etc.) and where does this specific user live. "Whatever approach to context



Svenja Hagenhoff giving a lecture on different kinds of context impinging upon customers

adaptivity you choose," she concluded, "the – sometimes costly – services of many companies are required, though the profits are still small." **Ehrhardt F. Heinold**, a consultant to the publishing industry, believes that publishers should start making small content chunks available online, which are designed to meet the ad-hoc needs of users in the specific context of their search for specific information. Books and magazines, whether print or digital, which cater to the needs of big groups of people are no longer enough, he argued, so

publishers should start focusing on metadata and semantic content analysis.

### Making content 'findable': the benefits of digital platforms

It is crucial for publishers to use the internet as another distribution channel that complements their existing business models. "Digital content removes geographic boundaries," said **Rob McPherson, Offshore Operations Director Publishing Technology**, but was quick to add that creating a website is not enough. "Can users find your content?" he asked. According to Rob, success in the online world "relies on brand recognition, industry connections and discoverability of content." In order to get "the maximum revenue for your online assets", he suggested using digital platforms. IngentaConnect, a platform for scholarly research, maximizes publication discoverability and current awareness while getting content online quickly, easily and affordably. It is a fully-outsourced e-publishing service, hosting over 13,000 publications for a range of different publishers, and receiving in excess of 6 million visits each month. It is also integrated with many other scholarly web services and key traffic drivers such as Google. The *byDesign* solution delivers all the functionality of IngentaConnect, but overlaid with a publisher's specific branding and the user experience that visitors to their website will already be familiar with. And there is *pub2web*, a solution that has been designed to address the evolving and diverse online strategies of the 21<sup>st</sup> century's publishing community. It is built on the technology of IngentaConnect and provides publishers with the flexibility to deliver their content at the most granular level. Klopotek and Publishing Technology have

## "Meeting Readers and Users in a New Relationship": Executive Lounge Meeting



Simon Waldman (standing), Guardian: "Collaboration makes you more creative."

What are the implications of rapidly changing customer demands in the online world? For the second time, the Executive Lounge, a meeting

targeted at decision makers, took place during the forum. About 30 participants discussed the topic of "the publisher and the workflow". **Simon Waldman, Director of Digital Strategy and Development for Guardian Media Group**, presented the case study "The Guardian: A Strategy for Digital Regeneration". Work on the advertising interests of the newspaper has led to the development of specialist online activity for business, professional, and education users, and the goal is to further expand into B2B markets. Simon pointed out the "painful truth" that making money from new business models is difficult. He added that everything is in flux – "there is no status quo." According to Simon, the challenge is that something new has

to be created, but profits from these new ways of doing business are still small. He concluded that there is no alternative to this: "People are out there, and you want to reach them." New ways have to be found to reach people in a fast-changing world, even though it may be difficult. **David Worlock, Chief Research Fellow Outsell** added that publishing content is no longer enough. He argued, what users are now looking for is an "integrator of solutions". The goal, he explained, is to become "part of the client's business", i.e. to help people who are looking for information find the right information. "Paradoxically, when 'everything' is present, users want to be guided to 'must read' and content to be avoided," David stated.

formed an alliance to promote IngentaConnect, byDesign and pub2web in the German-speaking and Benelux markets.



Stephan Schierke talking about distribution in a digital world

### The value chain is becoming more extended and vibrant for distributors

**Stephan Schierke, Managing Director arvato services**, heads up Germany's largest distributor, VVA (Vereinigte Verlagsauslieferung). He believes that in a digital world, distributors can expect more clients with more complex needs to be supported. "In many segments of the publishing marketplace, the printed book will remain the most important distribution channel for the next 10 years to come. However, emerging digital distribution channels also need to be supported." Stephan stated that distributors can act as a "one-stop shop" for all traditional and digital requirements.

### Software out of the box, the freemium business model, turning copyright breakers into licensees, implementing a web-to-print workflow

A variety of innovative solutions were presented at the 6<sup>th</sup> 'from editorial to market' event. "Software on demand can help cut costs" – these were the words used by **Werner Fischer, Managing Director at Klopotek**, who presented Klopotek's innovative 'software as a service' portfolio. Publishers can select from a variety of pre-configured standardized processes supported by Klopotek's system as an ASP service – minimizing the need for in-house hardware infrastructure and support staff, which are becoming increasingly expensive. A key element of this 'software out of the box' service is that all pre-configured processes are based on best practice business processes, which are the result of Klopotek's long-term experience

as the preferred software provider to the publishing industry. **PaperC**, an "idea that works" from Germany targeted at university students, enables users to read academic books online for free. However, as pointed out by **Martin Fröhlich** and **Felix Hofmann, Managing Directors** of this startup company, users have to pay €0.05 plus sales tax for each scanned book page if they want to download, print and highlight and/or make notes on the digital material offered by the platform. €0.05 per page is what you have to pay at a traditional copy shop, they explained, so according to their "freemium" business model, users should accept paying this much. How can publishers make money from copyright violations? **Karola Peppinghaus, Head of Content Sales at Verlagsgruppe Handelsblatt**, explained that she and her team started using search engines in 2008 to find websites where scans of Handelsblatt articles are published illegally, i.e. without asking the company for permission to do so. The Content Sales department then writes to these websites' owners with a payment request covering the period of time when the article in question was online, and Handelsblatt includes the offer of future use of copyrighted material. It only took one year for Handelsblatt to double its rights revenues.



Carola Peppinghaus with Martin Steinbach (left), both Verlagsgruppe Handelsblatt (German business newspaper)

A web-to-print workflow solution developed by service provider Bosch-Druck now enables Pearson Education Germany to put together and print their 'sales kit' documents, which are needed by sales representatives, using the internet. Although this solution is designed for internal purposes only, **Barbara Arlt, Head of Production at Pearson**, and **Dr. Rüdiger Schmidt, CEO Bosch-Druck**, pointed out that Pearson is considering using it for creating customized learning materials at some point in the future.

### Get more involved in online communities – focus on staff development

2008 was the first year in which email services were outnumbered by web 2.0 tools, such as blogs and social networks, in terms of the amount of time spent online by users worldwide. **Katja Splichal**, Graduant at **Leipzig University of Applied Sciences**, urged publishers to be more active in the field of social communities and networks, and to enable users to post comments. "If people can give their opinion, they will be more interested in your products; critical remarks is something you can benefit from, it's not a disaster," Katja stated. She went on to say that communities can help publishers attract more users and boost target-oriented advertising, which is likely to result in increased sales. **Dr. Sven Fund, Managing Director Walter de Gruyter**, a renowned academic publisher with offices in Europe and the USA, focused on a different aspect of the transition to an increasingly digital world: "All technology and infrastructure issues aside, what's most important is that publishers invest in their most important asset – people." Speaking about de Gruyter, he stated that all members of staff should be able to adapt to rapidly changing customer demands; "Everyone should have a good grasp of what we're trying to achieve as a company, so product development and innovation is an area that is to affect everyone, not just a few people in the company."

### "Don't sit back and wait – develop innovative ideas!"

In his closing remarks, the forum's organizer **Helmut von Berg, Director at Klopotek**, stressed that taking risks is vital: "You cannot postpone decisions which have to be made now." Summing up the event, he said that in addition to reducing workflow complexity, publishers and service providers need to cooperate and work with partners to put new business models to the test. "We should address the challenges imposed by digitization by being more creative: This is far more important than thinking about which technology to use and which investments to make." Helmut added that there is no alternative to "removing the physical limitation of sales and distribution channels in the digital age." A variety of fresh and innovative approaches was presented during the two day event, he concluded. "The message is be young again, be young at heart and at mind."