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It Is Very Much an “E” and “POD” World

by **David Taylor** (Senior Vice President, Content Acquisition, Ingram Content Group, President, Lightning Source)

Having been involved in the bookselling business since the mid 80s I have done my share of the world's book fairs. **Frankfurt** looms large in my experience and not just because of the strangely unappealing German food, or the moans from the large British contingent about the price of hotels or the impossibility of getting a decent cup of tea.

The thing that always sticks in my head are the endless rounds of seminars, roundtables and presentations where the collective minds of the world's book trade denizens get up on their hind legs, switch on the **PowerPoint** slides and attempt to predict what is going to happen to the book, and the trade that revolves around it.

I know. I am one of those denizens and I too have done my fair share of predicting and more than my fair share of getting it badly wrong. I may be about to do it again in what follows but you and time can be the judges of that.

Anyone who attended the **Frankfurt Book Fair** around the year 2000 will recall the intense and almost feverish excitement that accompanied what might be called the first eBook wave. Disciples of the new technology vied with each other to predict the death of the physical book or “tree ware” as some wag coined paper books. There was also the most fantastically lavish eBook awards ceremony that lasted I think for about three or maybe four years. Lashings of drinkables and plates of clearly very expensive nibbles as the Brits call them, were eagerly consumed before the devotees were ushered into the awards ceremony where a succession of unrecognized authors were awarded prizes for the best eBook fiction and so on. The worth of the content subsumed in the format of its delivery. All very odd I thought. The event petered out after it became clear to all that the expected promised land of a paper book free world was simply not going to turn up and

the **Frankfurt** trenchermen went in search of alternative fodder.

As 2009 draws to a close, eBooks are coming to the fore again, powered by improved technologies, the introduction of devices like the **Kindle** and the **Sony** reader and a more sober and informed understanding by both publishers and booksellers about how content should be packaged for consumers who want to read it. The simultaneous release in both the e-book and print format of **Dan Brown's The Lost Symbol** will probably be looked back on as a key event in this trend, for consumers are being offered that oldest of options: choice. This is all a little different from the early insinuations of the eBook pioneers that consumers should be weaned from their odd notions of wanting to have a paper book. Consumers tend to make up their own minds.

The book trade world of 2009 is not a world that is seeing eBooks as a replacement technology for the vast majority of content that is currently in a physical format, although there are clearly areas of publishing that fit the eBook format better than others such as high end academic and scientific titles. The world of 2009 is one in which content, the stuff that authors produce, is increasingly being offered into the market in both e format and paper format. The major shift however is that the technology of print-on-demand is moving to the very centre of how a publisher offers content in the traditional physical paper form. This shift is happening hand in glove with increasing interest in the offering of content in a variety of different ways. “Either and” has replaced “either or.” This is not an audio cassette being replaced by a CD moment or CD's being replaced by downloads.

I have been involved in the world of print-on-demand (POD) at **Lightning Source** for a little over six years. In that short time, the technology of digital printing

has leapt forward. POD produced books are no longer derided as inferior quality. POD correctly defined is the ability to produce a single copy of a book from a digital file; it is not, despite the best efforts of some digital printers, about ultra short run digital printing because that is still premised upon the production and holding of speculative inventory in the hope that it will be sold. Pure POD allows a book to be sold and then printed, and that has truly radical implications for the book business if you start thinking about it on a global scale.

There is another factor that has played here though. The welding of scalable single copy production capability to large scale global distribution via wholesalers, distributors and Internet booksellers has the potential to effect massive change on the book publishing business. This is the model of supply that has been pioneered by **Ingram** via the marrying up of **Lightning Source** with its wholesaling and book distribution capabilities. It is this combination that is driving some very radical thinking in some of the world's largest publishers and distributors.

The advantages of POD for a traditional publishing business are very well understood: the ability to reduce inventory, to keep books and associated revenue alive, to reduce the risks of over printing and excess inventory and so on. POD has also given rise to whole new types of publishing models from self-publishing, to the resurrection of public domain books that have long been unavailable to buy.

What we are now starting to see is an awakening realization amongst publishers, partly fuelled by the economic downturn that this marriage between POD and global distribution is going to allow a fundamental shift in the very way that they get their content into global markets. Further, the improvements in digital printing and finishing, and the promise of further shifts to come with the advent of digital ink based rather than toner based printing are going to allow even more of their titles to come within the remit of the POD production model. Now we are not just talking about POD allowing long tail titles to remain in print or authors to self-publish; we are talking about a shift from a global book supply chain that is based on warehouses filled with speculative inventory to one based on minimal inventory or no inventory at all. The distribution centre full of books printed speculatively is going to be replaced by much smaller footprint centres only holding those titles in a preprinted format that POD cannot currently manufacture. Increasing numbers of titles are going to be printed only when a sale is made. In addition, the idea of printing books in one location in a large print run and then shipping them around the world to sit in regional warehouses waiting for an order is becoming a defunct one. **Lightning Source** has already demonstrated the attractiveness of this model of production and distribution via

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have been slow to support UTF-8 because it could make the user experience confusing, and most customers don't require it or even have keyboards to support it. The result has been that almost all Web retailers are not global but regional, and there remains no effective and central place for non-Latin-1 language products.

The Middle Way

The work to digitize books in the nooks

and crannies, while remaining economically sustainable, requires more patience than a big box strategy funded to the tune of hundreds of millions of dollars. It requires a more nimble infrastructure, innovation in processes to lower the cost basis of putting up books for sale, and a keen sensitivity to doing win-win deals on a global scale. There are some important forces at play and they require a different type of thinking. Our approach is to build a practical “middle-way” that realizes a task of this magnitude will take time and that places libraries at the center of a “Local Media” movement that can contribute to a global knowledge eco-system. 🌱

its plants in the USA and the UK. Our recent announcement of an entry into the French market in a joint venture with **Hachette** is an indication of strategic intent as well as a clear sign of the importance of POD as a publishing and distribution strategy for the second largest trade publisher in the world.

The shift from a supply chain based on preprinted inventory in regional distribution centres to one that is based on POD plus micro or virtual inventory will not be one that happens overnight. Publishers are typically sitting on very large amounts of books that they have printed. It is a very radical decision indeed to pulp inventory to allow a rapid move out of physical distribution and to a virtual POD based model. Such issues are what my American colleagues like to refer to as legacy issues. I know what they mean every time I go and watch the **Wolverhampton Wanderers** play football (soccer for US readers), and feel the weight of expectation on the team based on the fact that we won three League titles in the mid 1950s.

In addition to existing inventory of titles that could move to a POD model, there are also titles that do not currently fit current POD production capabilities. There is therefore a hybrid model of supply that is starting to emerge which combines the book distribution and warehousing of such titles allied to a POD supply model. As production capabilities improve, more titles come within the reach of POD powered virtual inventory and the publisher has a migration path to reduce the levels of physical inventory. Such a model requires a partner who has both POD and book distribution competencies.

Think about the applications of this model of supply in a market like Australia where many of the world's major publishers have warehouses full of books that they have printed offshore and shipped in. The size of the market and the costs of shipping and holding inventory means that there is a constant tension to both represent the range of a publisher's list, and to keep down costs. POD offers a very elegant solution for that market as it would allow local printing and fulfillment of titles, allowing publishers to not only save large sums of money on transportation and warehousing, but also to grow sales by being able to fulfill rapidly. Expect to see POD's role in that market to be substantive in the years ahead. Expect to see POD penetrate that market deeper and faster than any other solution to date.

There is no doubt that many of the world's biggest publishing groups are waking up to the true potential that POD represents. This is not about printing. It is really about allowing a fundamental shift in the way that publishers manage their business model. Once publishers stop having to worry about how many copies to print and how to get them into the market, I suspect that they will find it rather liberating. It will allow them to focus on the three things that are, it seems to me, at the heart of what publishing is about: finding and creat-

against the grain people profile

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BORN AND LIVED: 1960. Wolverhampton, England. Now live in Freeland, Oxfordshire (about ten miles west of Oxford with an excellent pub).

EARLY LIFE: Grew up in Wolverhampton. **Reading University**, England, 1978-1982, BA and MA in English Literature.

PROFESSIONAL CAREER AND ACTIVITIES: 25 years of experience in the U.K. and international book trades in a wide range of senior management positions including online bookselling, retail bookselling and library supply. Started in bookselling in 1983. Former Director of **Blackwell's** international library supply business. Served on the Booksellers' Association of the UK and Ireland's Council for several years and a former Chairman of the College and University Bookseller's Group and the Internet Bookseller's Group, the latter of which I founded. Regular speaker at book trade conferences and have published a number of articles on the impact that new technologies are having on the book trade supply chain. Member of the Society of Bookmen. Diploma in Management Studies (1988) from the **University of Westminster** and an MBA (1992) from **Oxford Brookes University**.

FAMILY: Married to **Caroline**, two sons, **Harry** (19) and **George** (15).

IN MY SPARE TIME: My wife doesn't normally allow me to have any but when I do, watching **Wolverhampton Wanderers** football (soccer) club, taking my dog **Tara** on long country walks via old English pubs, reading, cycling, gardening, spending time with the family, Indian food, single malt whisky.

FAVORITE BOOKS: *The Decline and Fall of the Roman Empire* – **Edward Gibbon**. *The Trial* – **Franz Kafka**. 1984 – **George Orwell**. *Biggles Defies the Swastika* – **Captain W. E. Johns**. *The 39 Steps* – **John Buchan**. *The Lord of the Rings* – **JRR Tolkien**. *The Second World War* – **Winston Churchill**. *The Murder of Roger Ackroyd* – **Agatha Christie**. *The Outsider* – **Albert Camus**. *Mr Midshipman Hornblower* – **C. S. Forester**. *The Ambassadors* – **Henry James**. *The Stones of Venice* – **John Ruskin**. *Brideshead Revisited* – **E. Waugh**.

PET PEEVES: Management jargon. Pomposity. Animated powerpoint slides. Losing to Germany on penalties in the World Cup (soccer).

PHILOSOPHY: Never make the mistake of thinking you are always right. Never stop learning.

MOST MEMORABLE CAREER ACHIEVEMENT: Becoming President of **Lightning Source** in 2008.

GOAL I HOPE TO ACHIEVE FIVE YEARS FROM NOW: Personally – to have read **Proust's** *In Remembrance of Times Past*. Started it twice now!

Professionally – to have helped **Ingram Content Group** grow into a global player.

HOW/WHERE DO I SEE THE INDUSTRY IN FIVE YEARS: Content will be increasingly available in a wide variety of forms, both printed and electronic, and delivered to customers via service and distribution organizations who have a genuine global footprint. Print will remain the dominant form of delivery for the majority of titles that are published but the method of production and distribution will have shifted much more to an on demand model rather than one based upon printing for inventory and selling from that inventory. There will be many millions more books available for people to buy and read, largely thanks to the combination of mass digitization and a global print-on-demand model. The book will not be dead but will be available in lots of different formats. 🌱

ing content, adding value to it and selling it. The delivery of that content to its destination, whether in "e" or "p" format, is going to be increasingly outsourced to organizations with a global footprint with capabilities in POD,

book distribution and e-content distribution. And all of this, I would suggest, is good news for the book in whatever format you wish to read it in. 🌱