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Technology and Change in the Library Marketplace

by **Niko Pfund** (Academic Publisher, Oxford University Press)

Whenever the future of the book or the publishing industry is raised as a topic of conversation or debate, the e-book occupies a disproportionately large role in that discussion. The reasons for this are fairly obvious: even as entire sub-industries rise and fall around it, the basic constellation of the publishing universe has remained largely unchanged. What then to make of this emphasis on e-books?

As publishers, wholesalers, and libraries, our preoccupation with the e-book is rooted, I would argue, squarely in our own anxieties about where the book industry is headed. A brief history of the e-book to date serves as a useful window onto our broader, often ill-defined anxieties. In the university press world, the slow, unsteady unveiling of *The Great Digital Future* has seen, loosely, five stages, at least three of which were fueled more by conjecture, presumption and wishful thinking than empiricism or experience.

The first stage was defined by visceral, reflexive anxiety: the Internet is going to kill us. **Nicholas Negroponte's** much-quoted soundbite trumpeting the "disintermediation" of all those who stand between a good and its final consumer struck fear into many a content-providing heart. This was followed by a happier stage, largely a reaction to **MIT Press's** successful 1995 publication of *City of Bits* both in print and on-line. Rumors flew about just how many copies **MIT** sold but the consensus quickly emerged that the on-line version had actually boosted sales. Based on this one volume, which became for six months the topic of great discussion and speculation among university press publishers, many concluded that e-books actually bolster, rather than cripple, print sales. The sentiments behind both of these stages, preying as they do on the human gravitation toward easy dichotomies, remain with us today and flare up regularly. Perhaps the most high-profile example of this tendency was **Stephen King's** experience with online publication. No sooner was the successful digital publication of **Stephen King's** e-novella, *Riding the Bullet*, widely hailed as a harbinger of things to come than the less-than-successful straight-to-the-reader online publication of his online serial novel, *The Plant*, published in March of 2000, was suspended that November, due to the growing disinclination of people to pay for the download (much to the satisfaction of beleaguered accounts receivable managers everywhere, I suspect).

Then, just as a few presses were taking comfort in **MIT's** experience and getting their feet wet by publishing some on-line books of their own, a wave of venture capital, the likes of which publishing had never seen, washed over the landscape and, almost overnight, changed everything. Publishers, often against their better instincts, felt pressure to partner with companies whose business models they regarded with reactions ranging from blind ignorance to conservative suspicion to wild-eyed enthusiasm (and often a mixture of all three). Suddenly our world was awash in companies with glossy presentations, funny names, big budgets, big ideas, all eager to work with us to change the world for the better, "grow our markets," and help our bottom line a little in the process. And librarians were of course similarly wooed, and often had many of the same questions we did.

This massive infusion of money, spawning companies that in short order came to dwarf in size and advertising presence long-standing players in the book industry, led to a second wave of e-hysteria. Publishers, wholesalers, and librarians alike faced tremendous internal pressure to embrace the e-revolution, to cast aside our Luddite reservations, to get with the program and welcome the future. Digitize it all, we were told. Build it and they will come. Lost in the rhetoric was the glaring immaturity of the e-book market and the fact that certain obstacles quickly showed themselves to be all but insurmountable, and if not insurmountable then certainly prohibitively time-consuming and expensive. Then came the spring of 2000 and, to paraphrase Ross Perot, a great popping sound. Many of our reservations turned out to be perfectly sensible ones. Aside from it having been "a learning experience" (a phrase only invoked by those with regrets), much time, energy, and money was spent on sales channels that proved ephemeral, relative to expectations. Now, for the time being, we seem to have returned to a more moderate era, driven by measured projections, cost/benefit analyses, sensible and sustainable business models, and grounded optimism.

Why have I gone on here for so long about e-books? Because, as was the case with CD-

ROM/multimedia publishing before it (remember *Voyager?*), the strategic planning of everyone in the industry has been influenced in one way or another by the advent of e-books, and by the creation of content and delivery systems far larger than the extant market for e-books (and CD-ROMs before them) would seem to merit. As we all struggle to avoid being "Napsterized" (i.e., having our copyrights freely distributed without our approval or involvement) or "amazonized" (i.e., being deemed a useless intermediary and being cut out of an economic relationship central to our very existence), to stay one step ahead, we oftentimes overlook the fact that the roles of the cornerstone players in the book industry have remained largely the same. Authors still write. Publishers still publish. Wholesalers still distribute. Libraries still buy. Stores still sell (and return). The conglomerizing we've seen at every level—publishers, wholesalers, and retail outlets—

has certainly been stark and transformative. For evidence of this, one need only consider the amassing of previously independent imprints by large multinationals ("**Houghton** too!?") or to view a graph charting the inversely rising and falling share of bookstore dollars by the chains and independents, respectively. However, these changes haven't fundamentally changed the basic architecture of the industry.

Yet. As the basic cost of doing business becomes more and more formidable, primarily in the form of investments in technology, will smaller players, especially publishers, find themselves increasingly marginalized by their inability to elbow their way to the table? If a publisher can't afford **EDI** [software which enables publishers and accounts to exchange sales information], can't update its Website regularly, can't afford to tag its files to the degree currently deemed necessary, can't upgrade its software, will these prove to be debilitating disadvantages? Given how slim the margins are at many smaller houses, will the need to keep up prove too costly? How do presses with little access to financing engineer major overhauls, especially when the window between such overhauls keeps contracting? Add to that the slowing economy, the above-mentioned conglomerizing, the generally flat sales of the industry in recent years, the explosion of other means of leisure entertainment that increasingly cuts into the book-reading demographic, etc., etc., and you have the makings of some tough times ahead.

Already, some basic relationships are starting to shift. A growing number of presses look to larger houses to handle back-office matters such as fulfillment, customer service, and ac-

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AUTHOR'S BIO

After graduating from Amherst College, **Niko Pfund** began his publishing career in 1987 as an editorial assistant at **Oxford University Press**. In 1990, he moved to New York University Press, where he acquired primarily in law, history, politics, and sociology. He became Editor in Chief of NYU Press in 1995, and the Director of the press in 1996. In August of 2000, he moved to Oxford University Press to accept the position of Academic Publisher. He lives with his wife, **Amanda**, and two children, **Julia** and **Eleanor**, in Brooklyn, NY, from whence he expects never to move.

counts receivable, a trend likely to accelerate as the conglomerizing continues and smaller players are forced to play a game with ever-changing rules they are powerless to influence. Content aggregators in the business of creating large databases of information by partnering (primarily) with publishers offer complementary digital libraries, insinuating themselves with varying degrees of success into the publisher-wholesaler-library-student dynamic. A major wholesaler is exploring e-book delivery and expects to go live with its e-book site within the year. Another wholesaler opens up a print-on-demand subsidiary which can now print a book on demand and fulfill an order *without the publisher being involved in the transaction at all*. A major university press is exploring the prospect of creating a print-on-demand function in its warehouse. Some publishers are developing pilot projects that could, if successful, bypass wholesalers for e-book distribution to libraries altogether, assuming the cost of supporting such a system isn't greater than the savings resulting for a direct sale.

In the short term, however, quantum change seems unlikely, even as the ailing economy forces everyone to review their partnerships with an eye toward greater revenue and efficiency. Publishers and wholesalers will likely continue to haggle over discounts, services once rendered gratis will now be performed only for those willing to pay a fee, and, as always, the major players—whether publisher, wholesaler, bookstore chain, or library—will be the ones to drive any real systemic changes. And the same calculations and restrictions that have always applied will continue to: Is it really economical to take a function that's being performed well by a partner back in-house? In a polarized industry where emotions run high, how formidable is the political risk of changing the playing field? (Consider the strong reaction the prospective purchase of **Ingram** by **Barnes and Noble** engendered among independents.) When does political expediency take a backseat to economic necessity? (Witness, for instance, the upcoming transformation of **PW Daily for Booksellers** from a gratis and very helpful—albeit lately somewhat ad-choked—daily update to a for-fee service.) Can we collaborate or consolidate without running afoul of antitrust laws? This last point is no small concern. An on-line multi-airline ticket Website founded on these grounds, and in the music world **Pressplay**—backed by **Sony** and **Universal**—and **MusicNet**—backed by **EMI**, **BMG**, and **AOL Time Warner** have prompted Justice Department investigations. Such a fate would seem to await the kind of consensual, multi-publisher, Web-based version of *The Reader's Catalog* ("The 40,000 Best Books") that **Jason Epstein** anticipates as a means for publishers to feature their wares together—since very few people buy books, according to their publishers—as a means of cutting out online booksellers.

Of one thing we can be sure: the accelerating power of technology to monitor usage and results will cast into ever starker relief the difference between those who genuinely add value and those who just take up space. On a small scale, one need only look at the effects on bookstore ordering of the ability of computers to track sales for confirmation of this. Whether one believes this to be good or bad, few books languish on the bookstore shelves the way they once did. And, at a time

when everyone seems to be analyzing their operations for ways to improve efficiency, if a publisher is not performing functions an author cannot, if a wholesaler is not serving its customers well in both directions, if a bookstore is not very clear about what it does that the chains and on-line booksellers don't, if a small research library suddenly finds its physical collection dwarfed or significantly duplicated by an on-line database, then it's clearly time to reevaluate one's *raison d'être*.

Understanding the Library Marketplace: A Whimsical Ramble

by Gary Shirk (President, YBP Library Services, Contoocook, NH)

On Human Understanding

We humans never fully understand anything at all. On our best days we grasp just enough to work through the day successfully. All too often, when we believe that we've got a handle on how the world truly works, we are baffled by our failure or startled by the degree of our success. We can account fully for neither one nor the other. There's a good reason for this. We're only human after all, and our understanding of real events is limited by the boundaries of human cognition and perception. We cannot make sense of the objective world. It is too complex, scaled both in size and time beyond our ability to comprehend it. Nor do our senses detect but a fraction of the sensory data available to us. Nevertheless, we are an arrogant lot. We build our world from a thimble full of illusions rather than an ocean of truth, then claim that the difference doesn't really matter.

We've been extraordinarily successful as a species because we have been able to perceive enough to survive—at least so far. But our successes are due more to how we process information than to our senses. We have become symbol creators and storytellers. Because we cannot understand the world as it is, we simplify it. First we create symbols to stand in the place of real objects or events, and then string those symbols together in a story that makes sense to us.

In fact, neither the symbols nor the stories have much reality left in them. Our symbols are not reality. They are even less than what we perceive. In a forest of reality, we perceive a single cut plank, then extract a lone sliver from that plank as our symbol for it. We build our understanding from a collection of slivers assembled according to a story, a sort of blue-

print for a structure that works for us. In the end, our understanding of the world is a home built from a collection of slivers. We live quite comfortably in that home and rarely bother to remind ourselves that we truly live in the forest.

Okay, I know you're asking, "What does all this have to do with understanding the library marketplace?" It has both nothing and everything to do with it. If you're content with understanding it as it was, nothing. But, if you want to understand it as it is becoming, everything.

Imagine that one day you're seated comfortably in your sliver-built, story-built home and the earth shakes. Your home's foundation begins to splinter and the walls sway dangerously. A few slivers shake loose, and a sudden wind blows them away. You fear that the whole structure will collapse on top of you.

In the eerie silence following the earthquake, you stand in your home alive but shaken. The walls still stand but seem dangerously out of kilter. The roof is holding firm, but you're worried that another quake could bring it down. You suspect that you'll need new slivers and may need to shore up the structure with new supports, affecting its design. You are concerned that you will never be comfortable in the home again.

So, now ask yourself, how comfortable are you in the library marketplace today? Do you feel that something momentous has happened? Have you felt the floor lift up and fall? Do long-standing relationships seem out of kilter? Do you find yourself searching for new business models? Are the people you view as customers and suppliers as shaken as you are? Have you heard the oracles chant a song you've never heard before or seen the soothsayers casting bones to foretell the future?

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AUTHOR'S BIO

Gary Shirk is the President of **YBP Library Services**, a **Baker & Taylor** company, located in Contoocook, NH. He joined YBP in 1984 as Manager of Approval Plan Services. Since then his other positions at YBP have included Vice President of Collection Management Services, Chief Operating Officer, Chief Information Officer, and Corporate Director. Prior to coming to YBP, he was Head of Acquisitions at the University of Minnesota. He received his MLS from the UC Berkeley and his BA from the UC Riverside.