

# Thanks: TO ALL OUR SPONSORS AND PARTNERS

## SIGNATORY PARTNERS



## PLATINUM PARTNERS



## GOLD PARTNERS



## ASSOCIATE PARTNERS



## MEDIA PARTNERS



THE ORGANISERS



4TH SA INNOVATION SUMMIT  
INNOVATION LEGENDS / ideas to market

# Innovating books

© Original Artist  
Reproduction rights obtainable from  
www.CartoonStock.com



search ID: tprn171

***"My manuscript is available for download on the internet. Pl email the link to you."***

## Rhodé Odendaal

Business Development Manager, On the Dot, Media24  
Lecturer in Publishing Studies and Information Science, University  
of Pretoria.

# What is a publisher?

- Traditional definition
  - “an editorial board with a bank”
  - “publishers validate, value-add and invest in the information product and deliver it on a mass scale for public consumption”
  - Publishing is the whole process of validating, approving, vetting and adding value to the information content.

= product innovation

= but what happens when there is a power-shift: validation, approval and vetting now from the crowd, from the creators, from the users

# And then something happened

- New technologies
  - Web 2.0
  - POD, Cloud Computing
  - SEO, SMO
- New business models
  - E-commerce
  - The Longtail Theory
  - Economics of the Free
  - Micropayments
  - The viral loop
- New editorial board
  - Wikis / Crowdsourcing
  - Aggregation & Curatorship
  - Affiliation
- Internet is free for all
  - New supply chain
  - Copyright
  - Balance of power – authors are publishers/publishes are authors: those who use content are also able to create content and trade content.

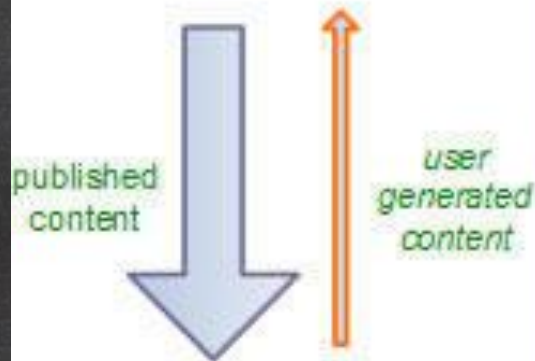
# Web 2.0

- The Internet really did change everything.
- Web 2.0 is a transformative force that's propelling Companies across all industries towards a new way of doing business characterised by harnessing collective intelligence, openness and network effects." - Gartner Group
- = **PUBLISHERS: two-way communication** of tools for engaging with their writers, readers and the publishing value chain.
- = It is about **creating a digital footprint** for your business that exceeds the possibilities of what real-world business can do for you, drives traffic to where ever you are and what you are selling.

# Web 1.0

"the mostly read-only Web"

250,000 sites



45 million global users

1996

# Web 2.0

"the wildly read-write Web"

80,000,000 sites



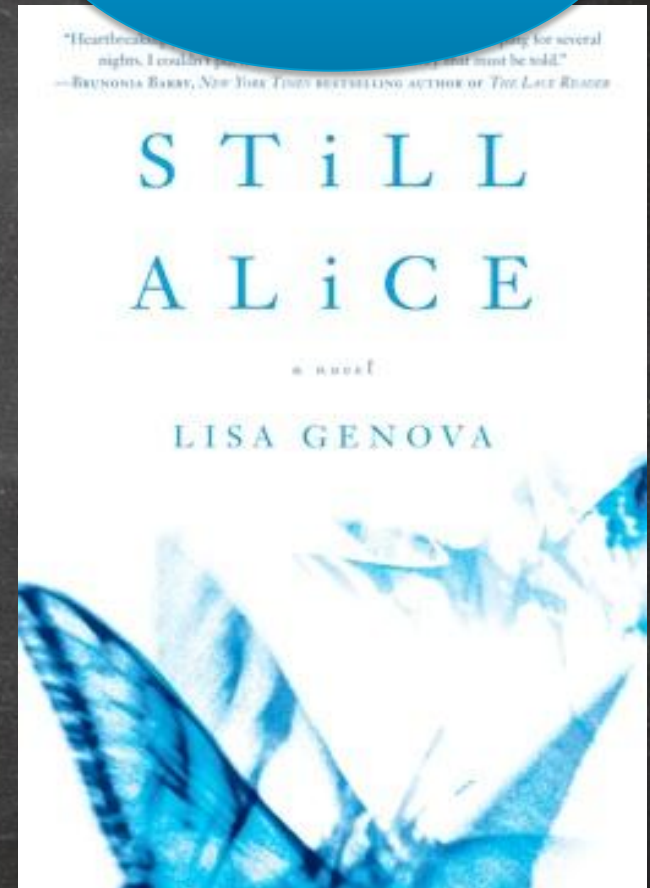
1 billion+ global users

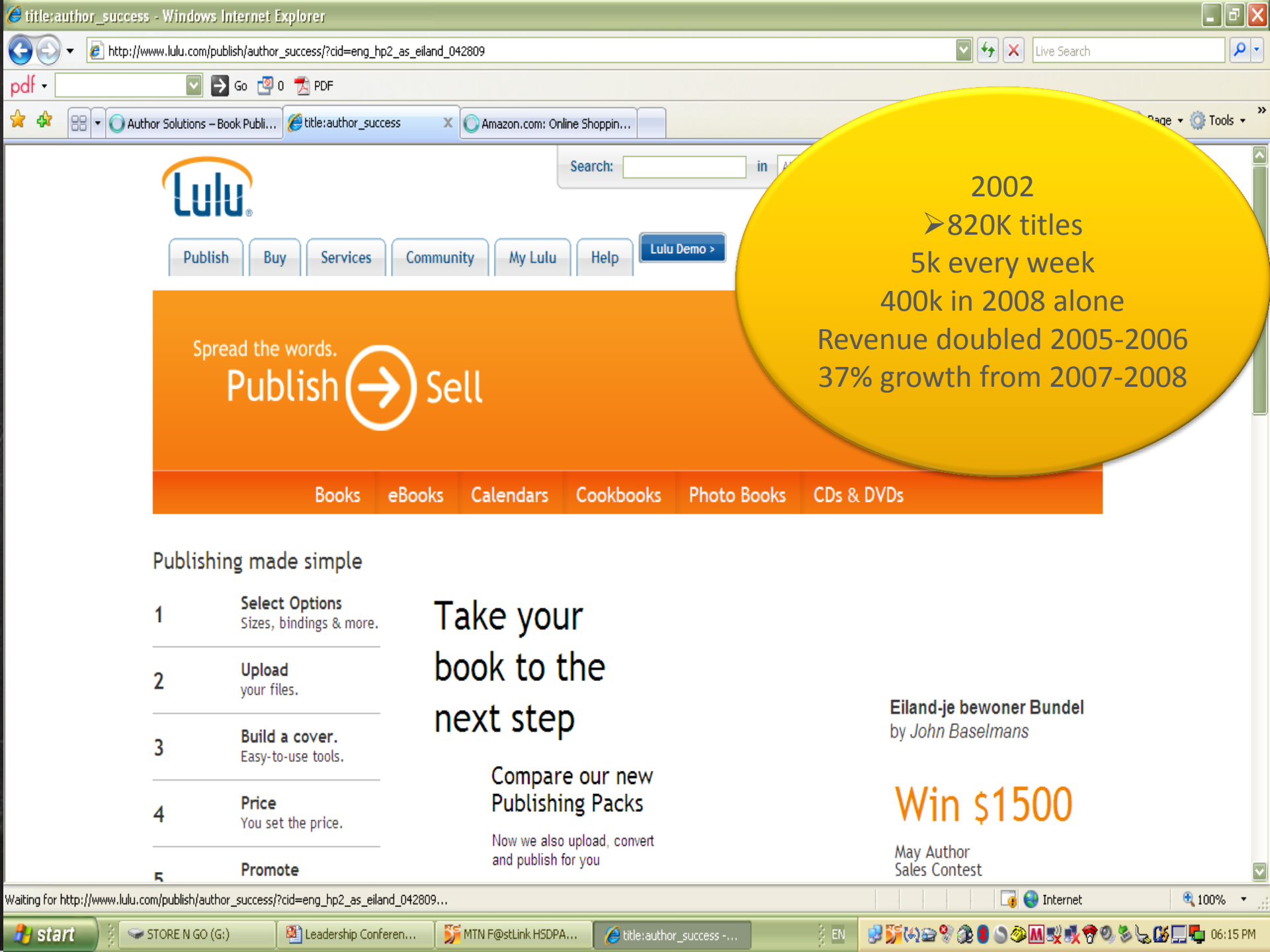
2006

# POD

- Single copies.
  - no stock with no value and no risk
- Less commitment on author's part and greater ROI:  
"Particularly in this economy, who wants to buy a certain amount of copies of their book?"
- Greater speed to get the book to market
- Environmental benefit of fewer printed copies
- *Still Alice*, Lisa Genova

\$450 Author Solutions  
12<sup>th</sup> week of NYT  
bestseller list





2002  
 ➤ 820K titles  
 5k every week  
 400k in 2008 alone  
 Revenue doubled 2005-2006  
 37% growth from 2007-2008



- Publish
- Buy
- Services
- Community
- My Lulu
- Help
- Lulu Demo >

Spread the words.  
**Publish** → **Sell**

- Books
- eBooks
- Calendars
- Cookbooks
- Photo Books
- CDs & DVDs

Publishing made simple

- 1** **Select Options**  
Sizes, bindings & more.
- 2** **Upload**  
your files.
- 3** **Build a cover.**  
Easy-to-use tools.
- 4** **Price**  
You set the price.
- 5** **Promote**

Take your  
 book to the  
 next step

Compare our new  
 Publishing Packs

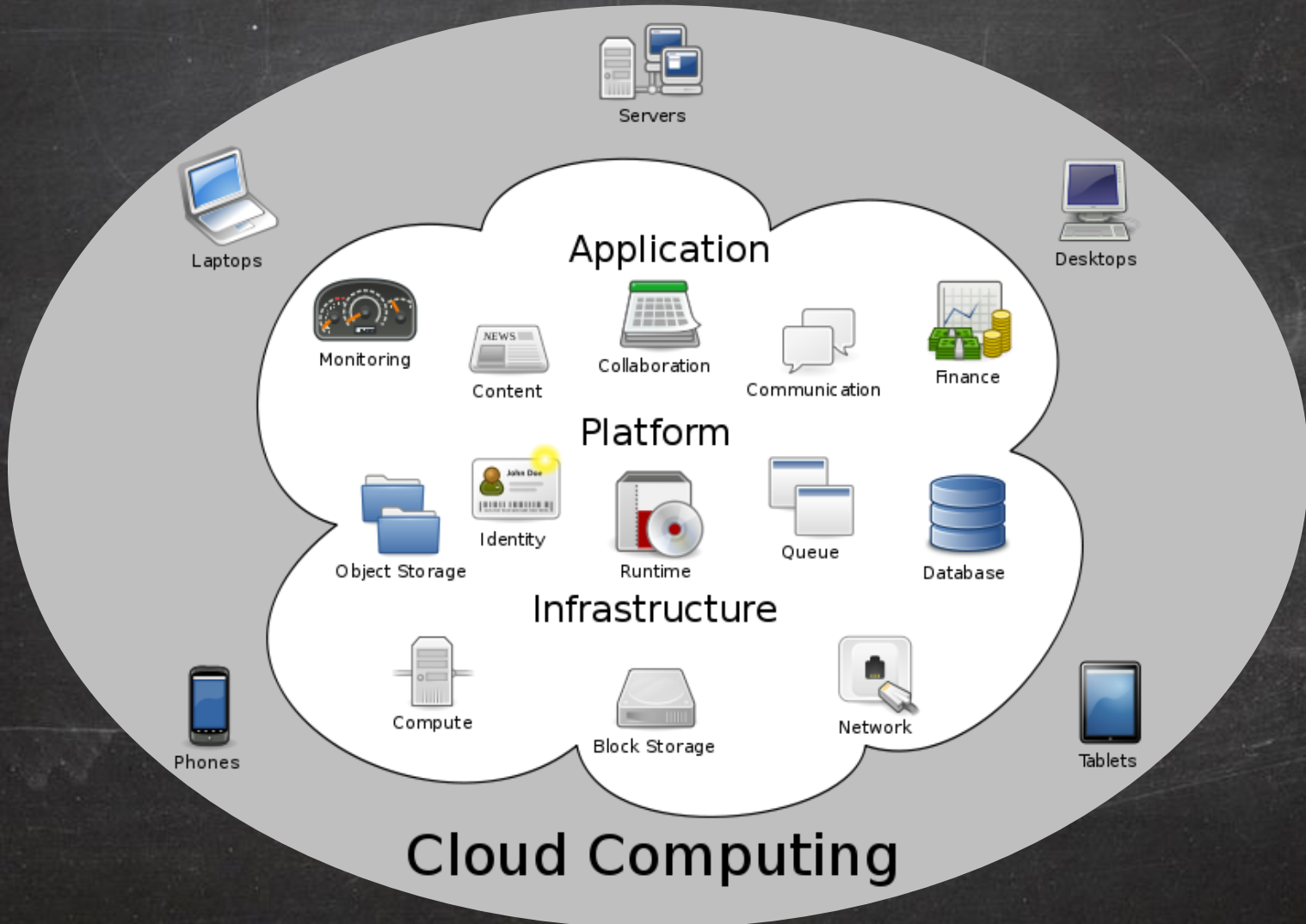
Now we also upload, convert  
 and publish for you

**Eiland-je bewoner Bundel**  
 by *John Baselmans*

**Win \$1500**

May Author  
 Sales Contest

# Cloud Computing



# Cloud Computing:

- A Spanish start-up that will stream books in the cloud, which users will be able to access on a variety of e-reading devices for a monthly fee, or for free with advertisements. It will eliminate the need for downloading, but will still allow users to keep a “library” – and will have a social-networking or community component so that users can swap notes, find reading buddies, and of course, integrate their accounts for Facebook.
- This new cloud-based approach lets 24symbols simultaneously try out several interesting concepts that bloggers and publishers have been talking about for a while
  - a subscription-based e-book service (5-10€ per month)
  - an ad-based e-book service;
  - a DRM-free cloud model (similar to what Readings is doing in Australia); and
  - granular tracking of readers’ interactions with specific titles.
  - The first three points are the ones that I think everyone will talk a lot about, because they describe a bookseller model that’s far different from anything currently being practiced. But I think the fourth concept — tracking reader behavior per title — could generate some really interesting data for publishers and booksellers.



# Social Media Optimisation



# Search Engine Optimisation



# The Long Tail Theory

## Price x Volume

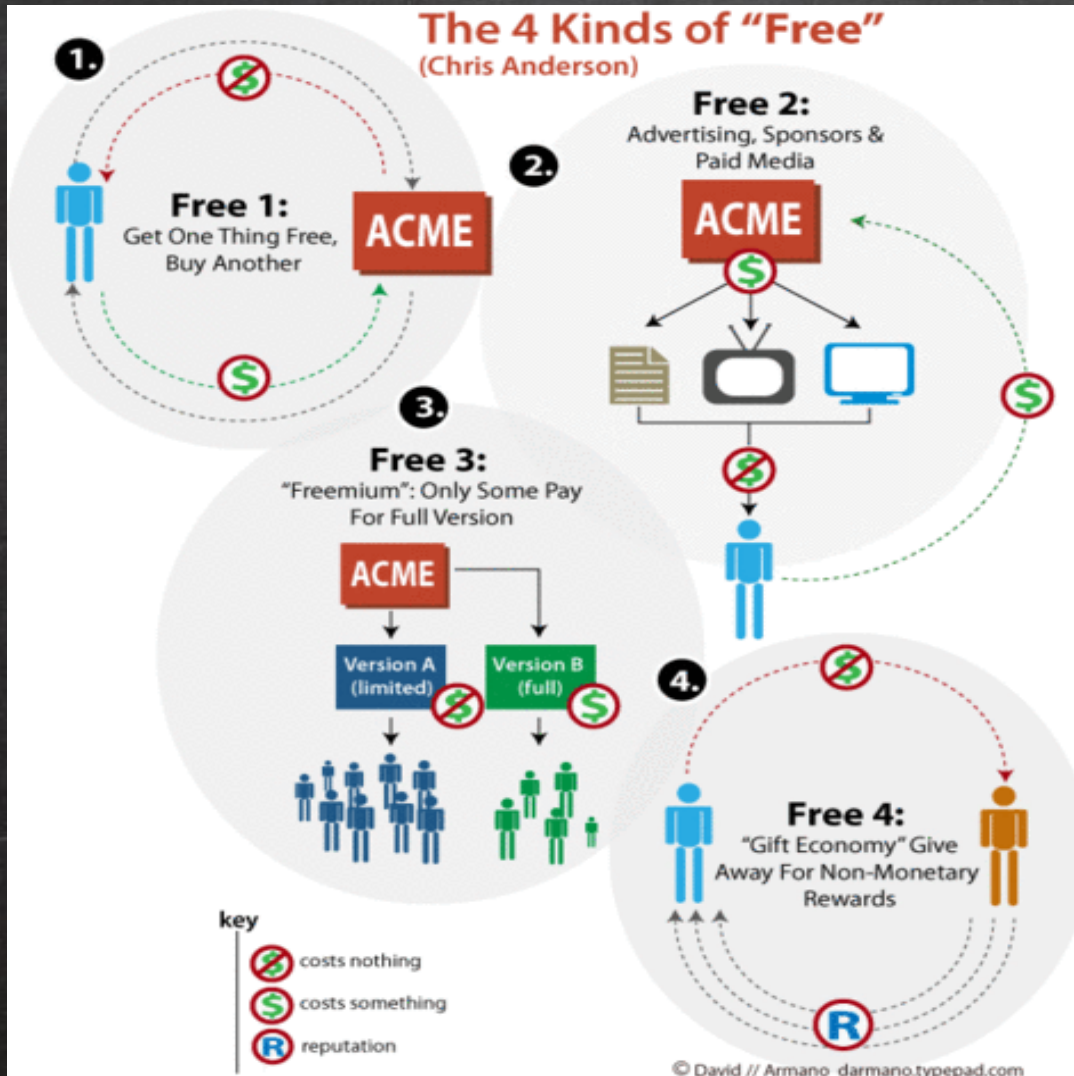
“Combine enough non-hits on the Long Tail and you’ve got a market bigger than the hits. Take books: the average Barnes & Noble carries 130 000 titles. Yet more than half of Amazon’s book sales come from outside its top 130 000 titles. Consider the implication: if the Amazon statistics are any guide, the market for books that are not even sold in the average bookstore is larger than the market for those that are. In other words, the potential book market may be twice as big as it appears to be, if only we can get over the economics of scarcity.”

- Online has no physical boundaries, stock is unlimited and non-hits sales are a bigger market than the hits.
- Commercial reliance on best-sellers and top authors
- Hit-selling rate for self-pub is 5 copies per annum

“The biggest money is in the smallest sales”



# Economics of the Free



# THE SHACK

*Riveting, with twists that defy your expectations while teaching powerful theological lessons without patronizing. I was crying by page 100. You cannot read it without your heart becoming involved.*

Gayle E. Erwin, Author *The Jesus Style*

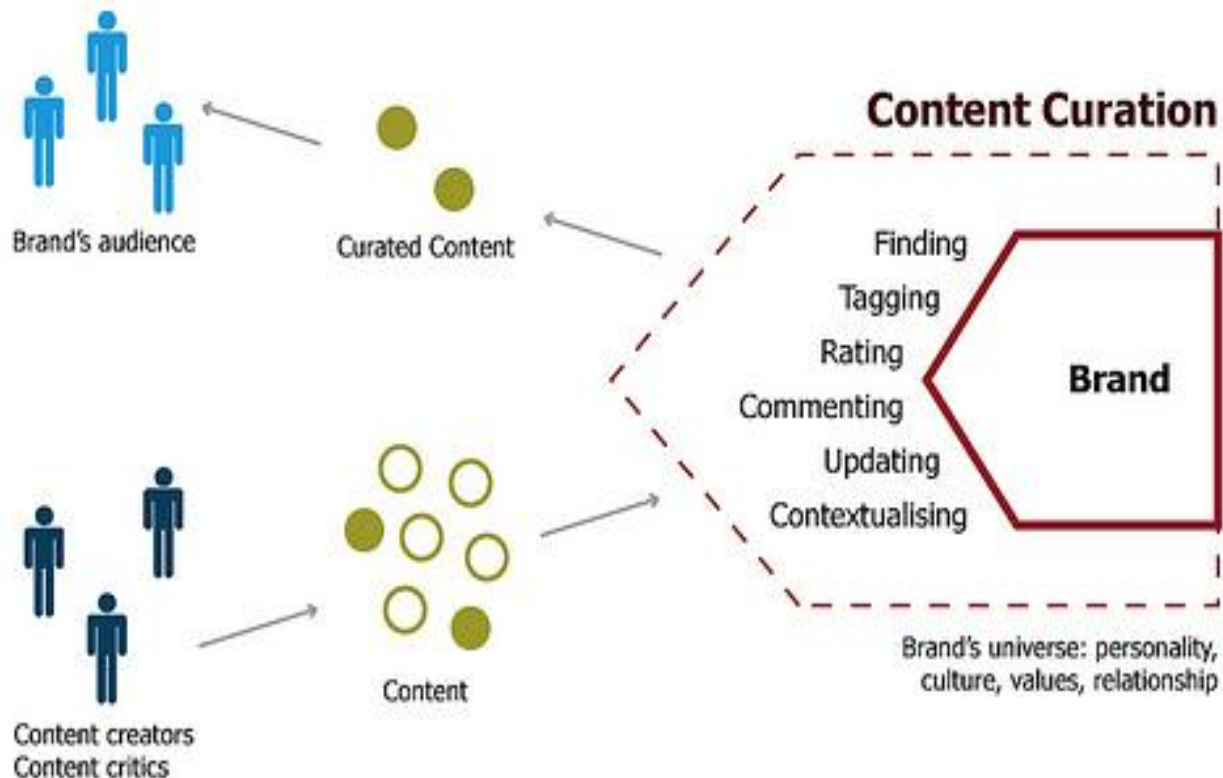
[Home](#)
[Read](#)
[Order](#)
[Endorsements](#)
[Shack News](#)
[Missy Project](#)
[Interactive](#)
[Contact](#)

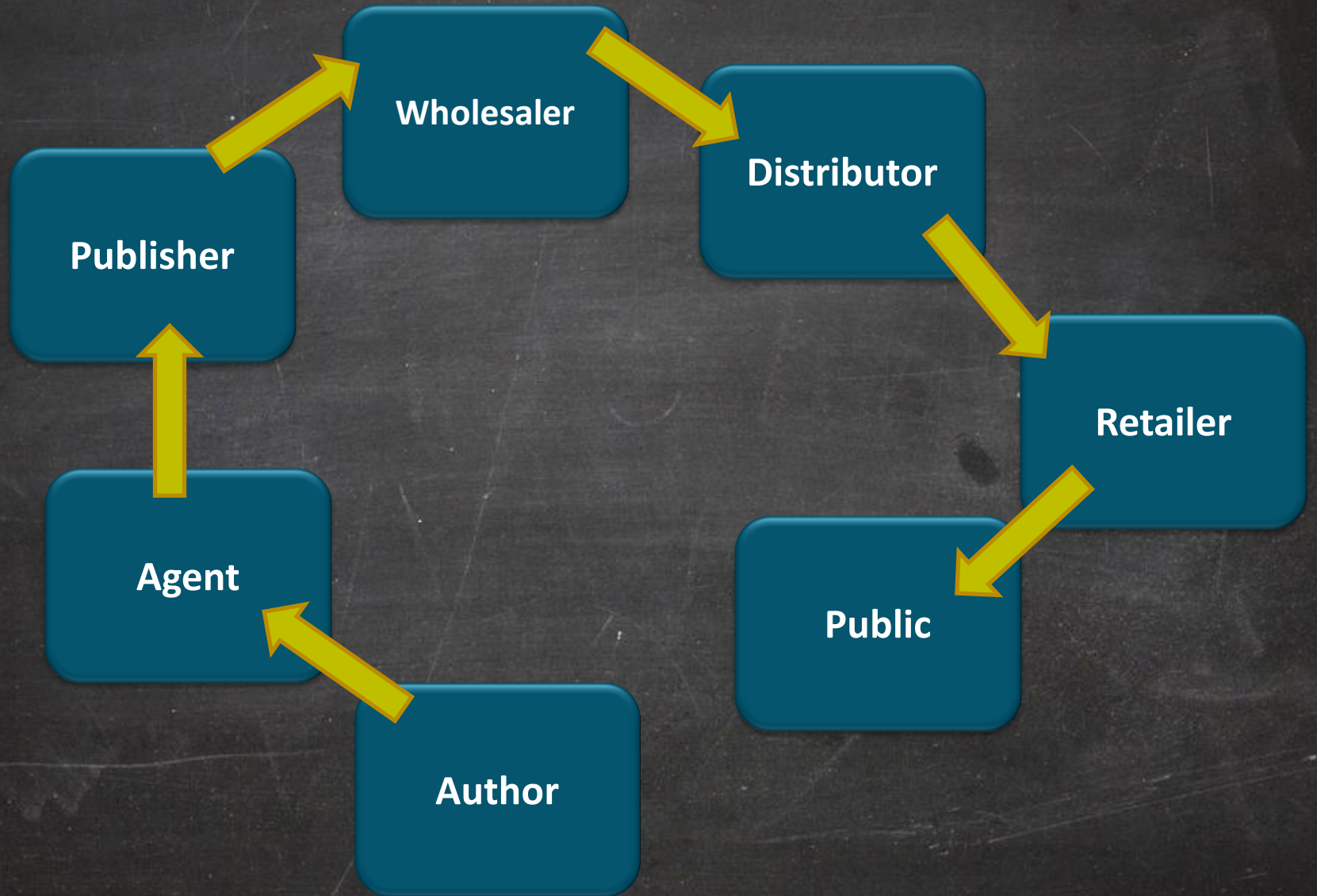


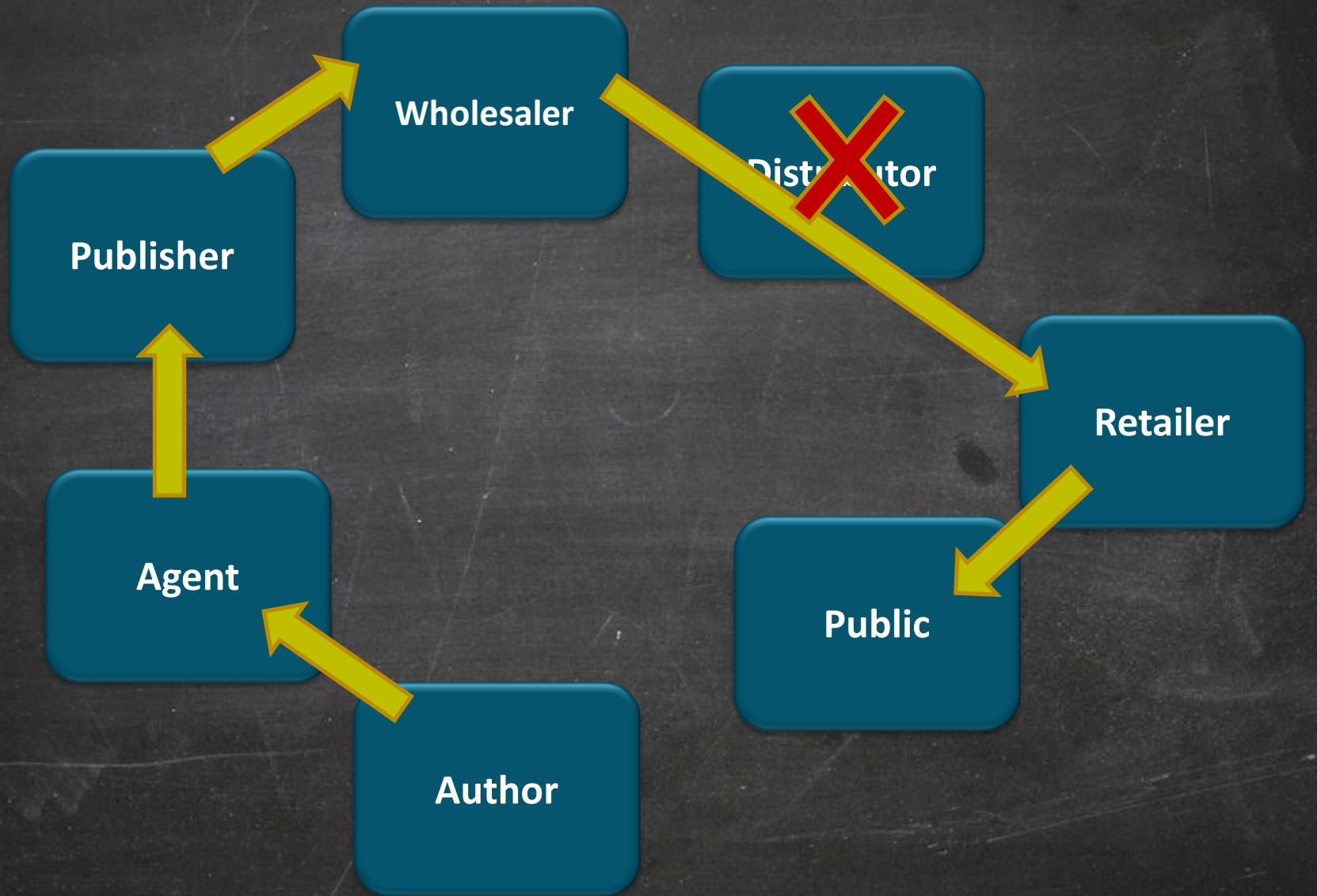
# Aggregation & Curatorship

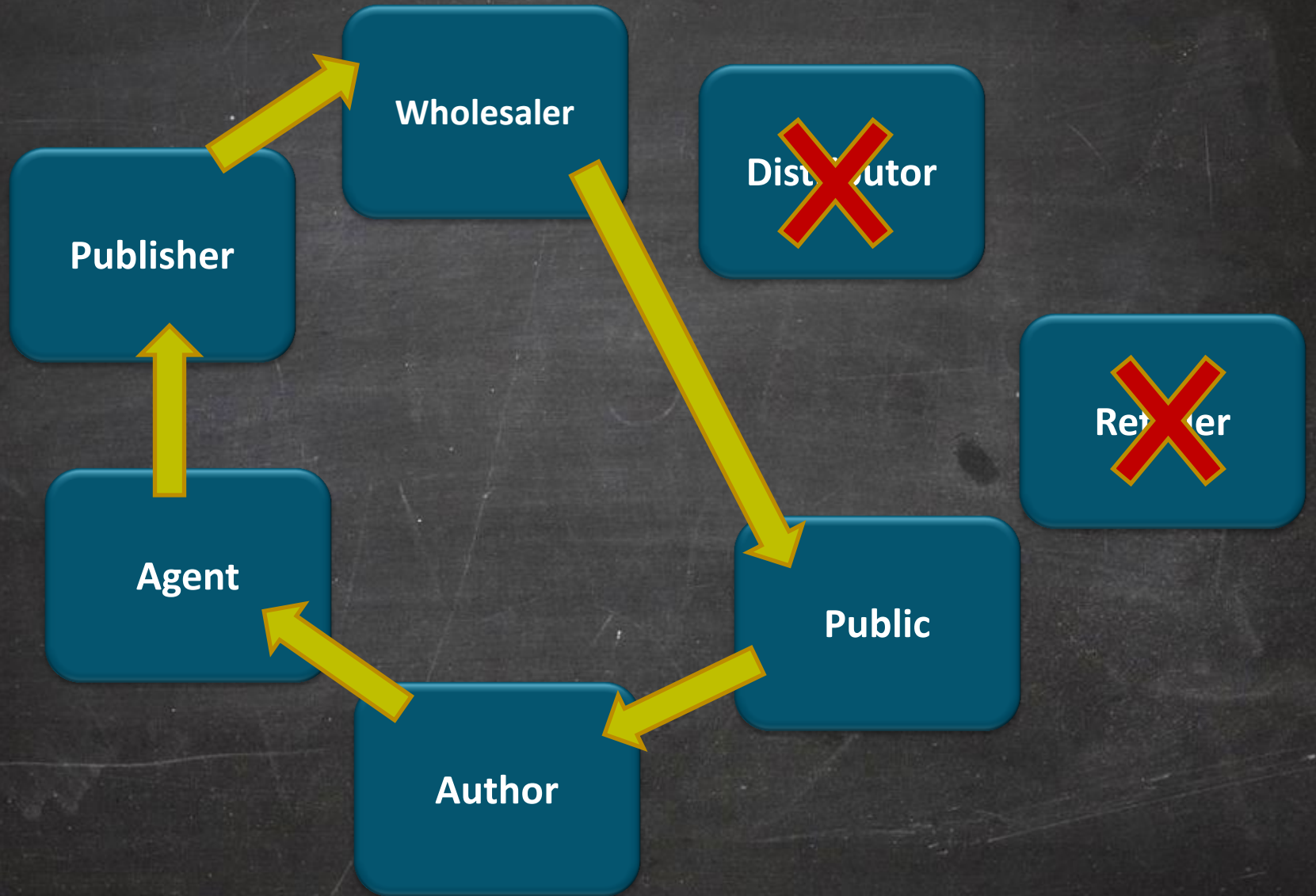
## Content **Curation**: how does it build **value**?

Content curation is becoming everyday more important as brands notice that taking care of consumers' limited time is a way to add value to their lives and to build a relationship with them. It's not anymore just about **creating**, now it's about **finding**, **rating** and **aggregating**.









~~Publisher~~

~~Wholesaler~~

~~Distributor~~

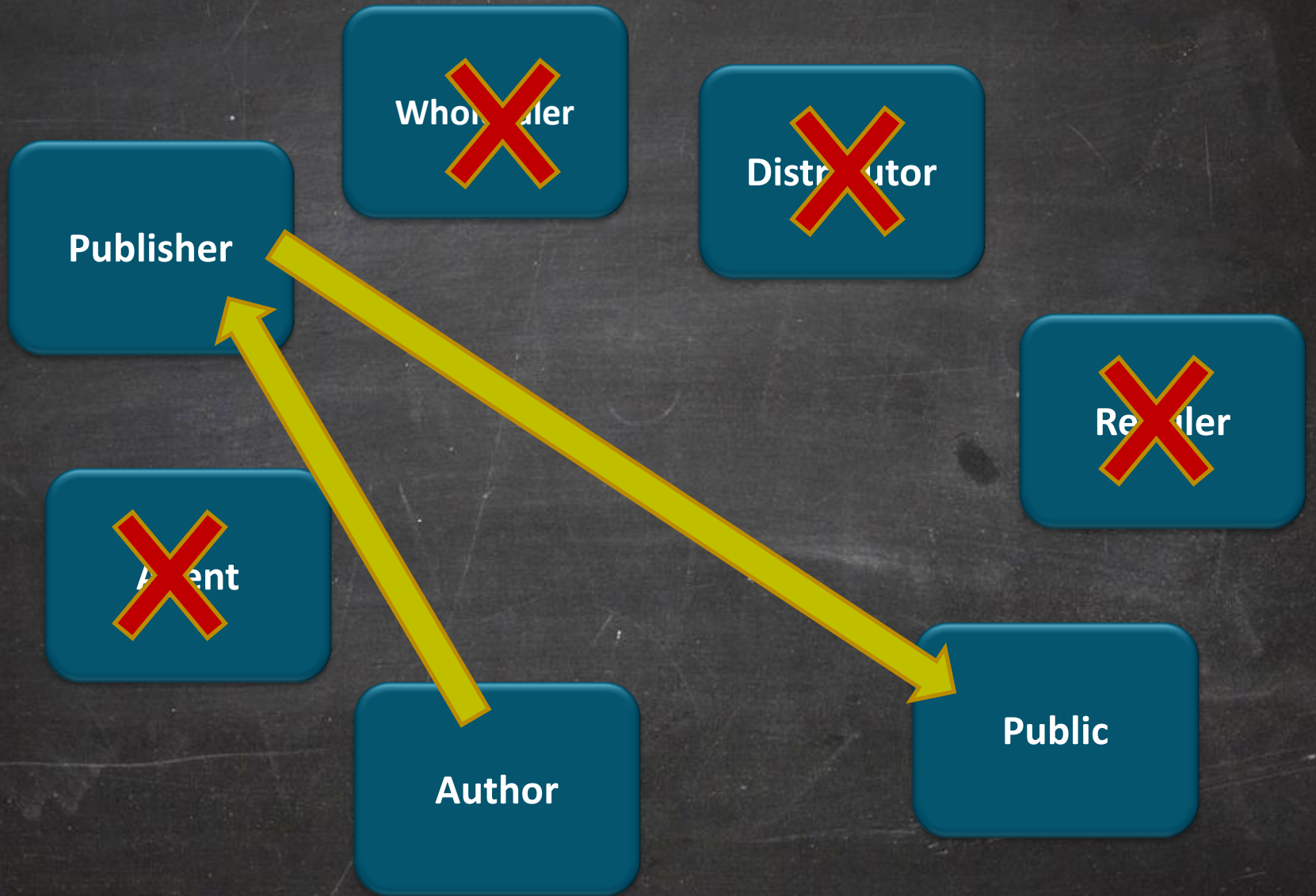
~~Agent~~

Author

Retailer

Public





~~Publisher~~

~~Wholesaler~~

~~Distributor~~

~~Retailer~~

~~Agent~~

Author

Public



# The Internet is free for all, but not “free” for all

- Users/Readers/Buyers are also  
Creators/Authors/Your editorial team
- User Generated Content
- Crowd-sourced content
- Wiki's
  - Open
  - Peer-reviewed.

# So what is the future of publishing in this kind of environment?

- Right now everyone is trying to do it all - provide software, connectivity, content, transaction support and data warehousing, but as the Internet matures there will be a return to specialisation.
- The media conglomerates of the future are software companies like Google, and Amazon – owning bigger portions of the supply-chain BUT publishers will become more important than ever for that editorial voice/point of view.
- Differentiation is key, but honest and consistent brand.
- A smaller number of more targeted readers may be worth more than a larger, random group.

- The beauty of the net is its diversity = no one owns it, no one controls it. Barriers to entry are low: because of the peer-to-peer nature of the underlying network technology, people who have access to the net as information consumers potentially also have access as information providers.
- Publishing already has a rich ecology of mutually successful players. The web is making this so much more richer..
- The development of a brand identity is a critical part of publishing success as “information is free for all”, but not “free” for all.
- Trademarks will become more important: as a “standing wave” through which a changing body of content flows – owning not the content, but the name and the point of view associated with it.
- The actual content is valuable, but far more valuable is the relationship with the people who like the same kinds of things we like – now SMO can keep the conversation going.

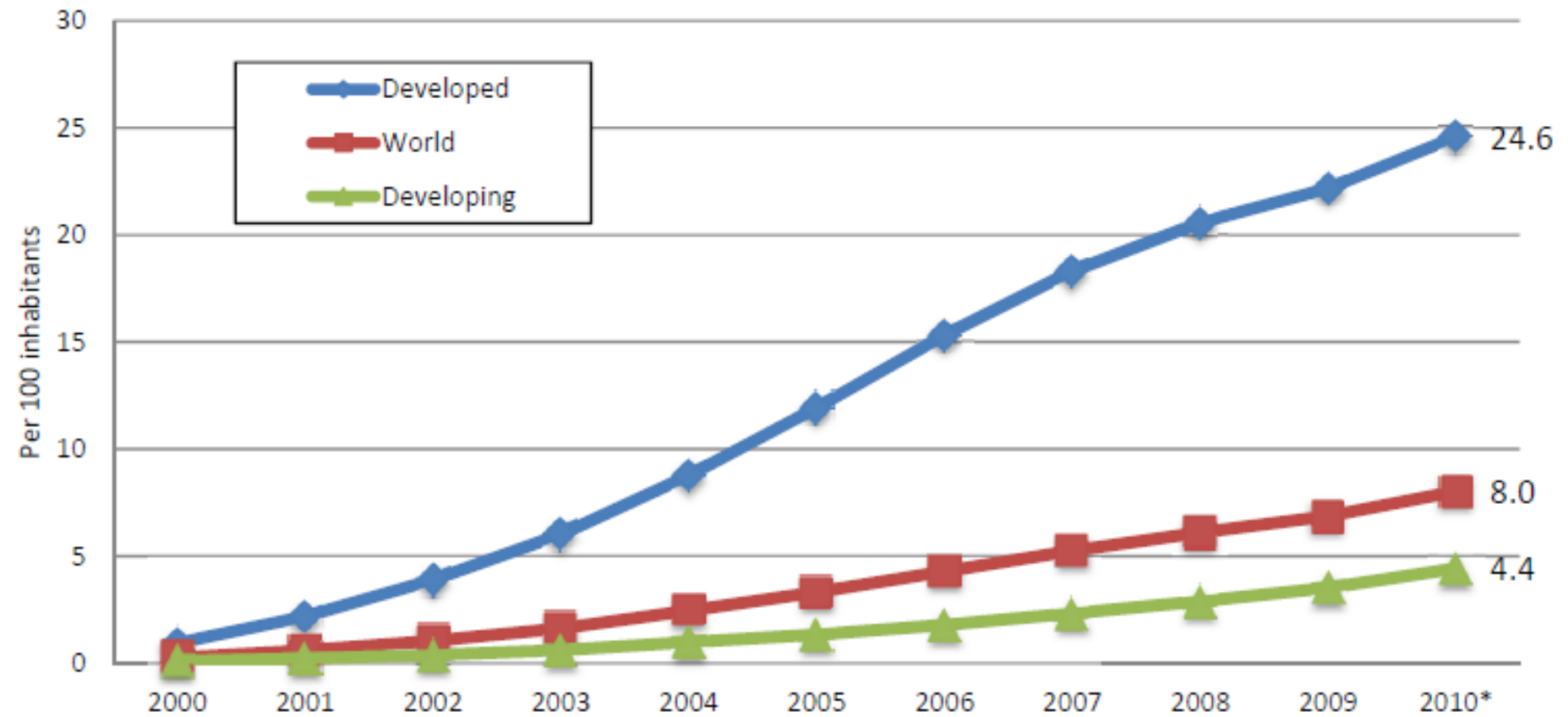
# The Mobile Revolution

The **mobile device** will be the world's primary connection tool to the Internet in 2020.

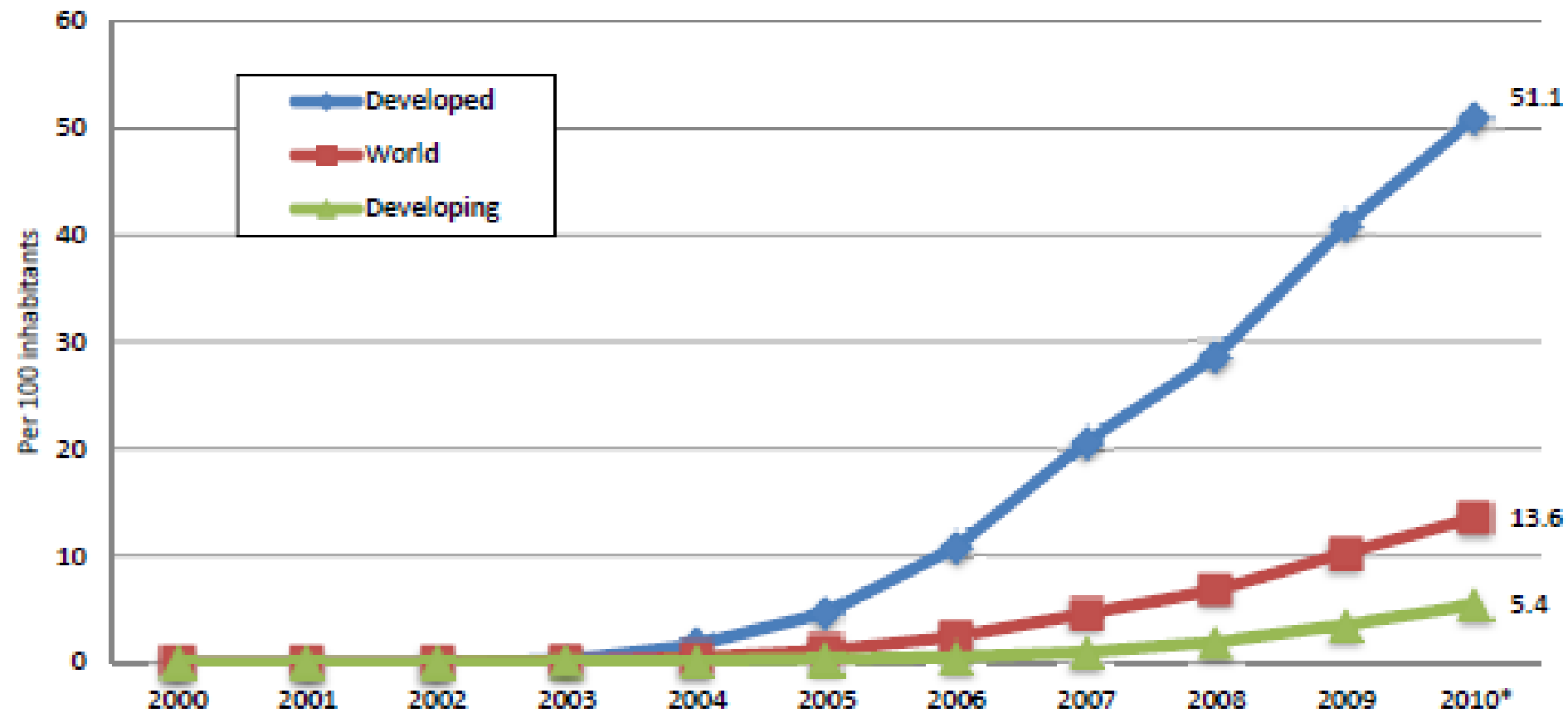


# Current broadband penetration

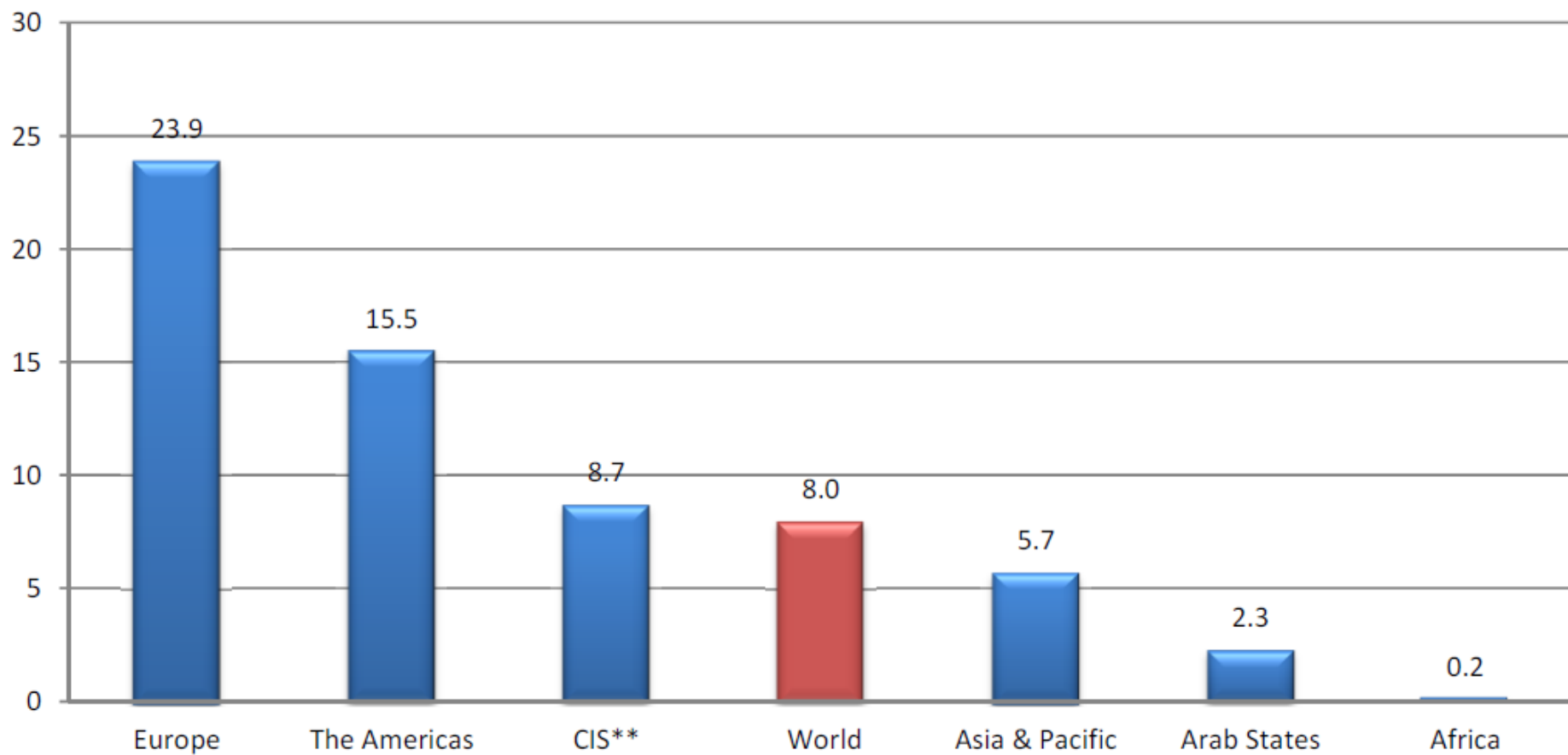
Fixed broadband subscriptions per 100 inhabitants, 2000-2010\*



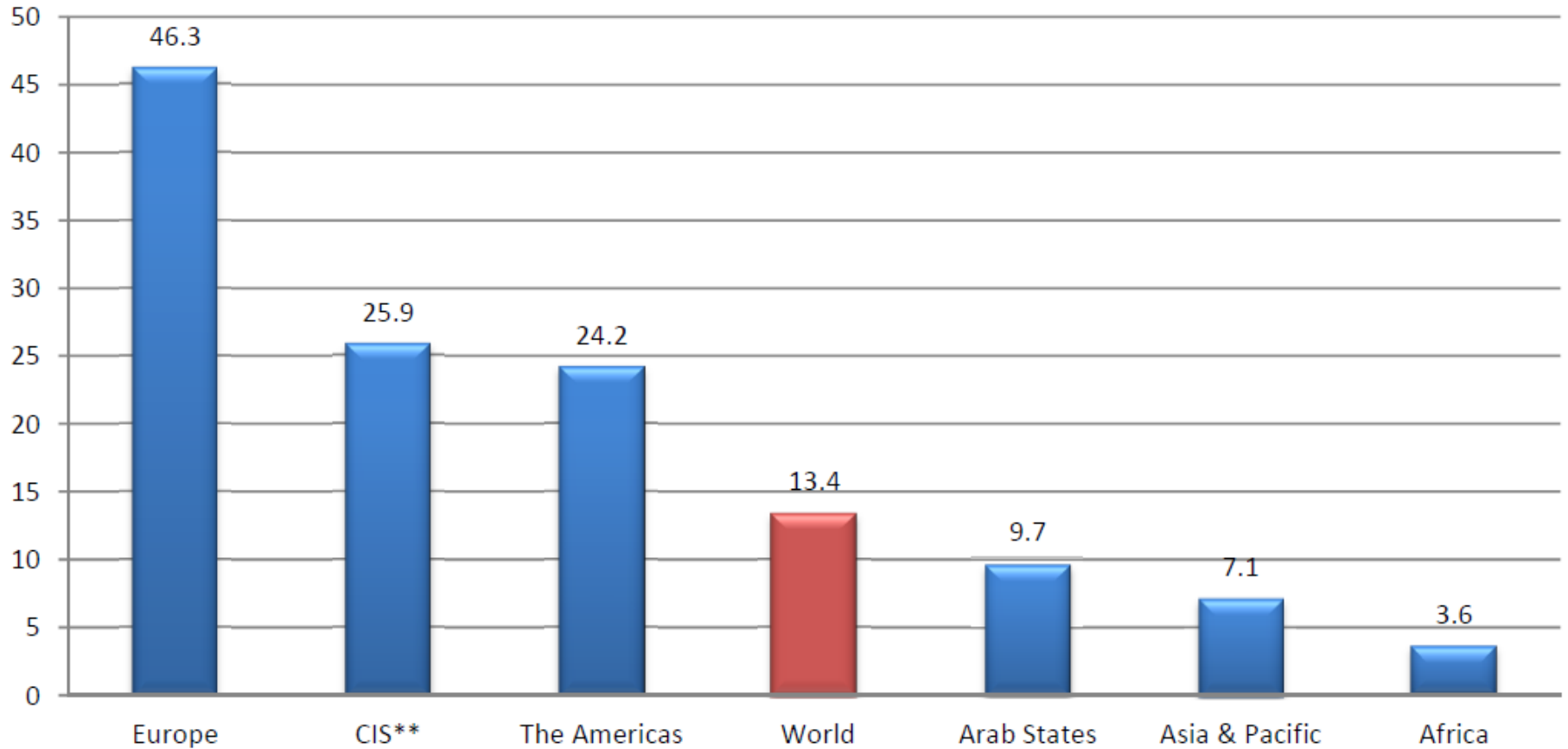
Mobile broadband subscriptions per 100 inhabitants, 2000-2010\*



Fixed broadband subscriptions per 100 inhabitants 2010\*



Mobile broadband subscriptions per 100 inhabitants, 2010\*



# Global explosion of mobile publishing and reading

- M-novels in Japan: young women writing on topics of relationships, love triangles and other romantic fiction.
- Japanese teens type so much on their phones that they are called oyayubizoku, “the thumb tribe.”
- Five out of ten best selling novels in Japan in 2007 were originally cell phone novels.



## Maho-i-Land

Largest m-novel site with more than one million titles published into books, 6 million members  
Give authors a cover page & chapters  
NTT Japan— sales from m-books were \$200m in 2007

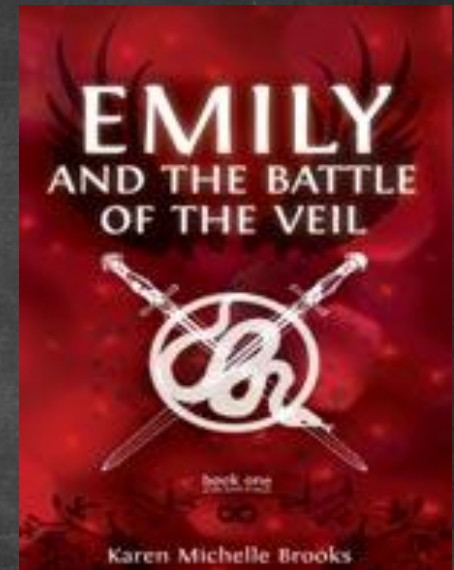
## Textnovel.com

- Social network for authors & readers of serial fiction
- Members can write and read fiction with their cellphones or computers, using text messaging, email and online tools.
- Contest to demonstrate market potential through community voting – most popular novels get published in book format

## Figment.com

- Connect: readers, writers, published authors
- Read: library of creative writing
- Write: anytime, anywhere from your computer or mobile phone
- Crink invited to participate in private beta = a range of mini-contests, more controlled than the viral beta of Crink.

- Emily and the Black Veil
  - traditional book pushed to Mxit users
  - 13 million downloads at R13.50
  - = m-book
- Kontax.mobi
  - novel written by Shuttleworth Foundation & M4Lit
  - 14-16 yr olds
  - English & IsiXhosa
  - 21 days – 21 chapters
  - Prizes for feedbacks and comments
  - 63000 subscribers and 7200 reads
  - Content is free, pay for m-data
  - m-novel
- The rise of txtspk!
  - (h) – love = l (h) u



# KPMG International: Consumers & Convergence IV

- Information Sharers: China, India, Russia (BRIC) not USA
- 22% of BRIC mobile users are willing to pay for content vs 8% of G7 users

Information Sharers	Personal Computer	Mobile Phone	Other Device	n
Chatting or instant messaging	62%	38%	1%	438
Reading a book	61%	35%	4%	306
Accessing maps / directions	65%	34%	1%	423
Talking (e.g., Skype)	68%	31%	<1%	363
Playing games	72%	24%	3%	412
Social networking	79%	21%	1%	483
E-mailing	78%	21%	<1%	559
Accessing news and information	79%	20%	1%	520
Banking / personal finance	82%	18%	<1%	474
Browsing the web	84%	16%	<1%	554
Shopping	87%	11%	2%	480
Watching TV / movies / videos	84%	8%	8%	457
Other	80%	8%	13%	34

May not equal 100% due to rounding.  
Source: KPMG, *Consumers & Convergence IV*, 2010

# What is a publisher now?

- A company that sells information to entertain, to learn, to think, to develop, to love better and to improve in every sphere of human endeavour.
- Disseminator of ideas or information or knowledge to the public.
- Not just digital as a new department, but true innovation.
- All the things mentioned in the previous slides impacts the publishing value-chain and thus all general management departments:
  - Finance
  - HR
  - Sales & Marketing
  - Editorial

- Who serves the customer?
  - Traditionally the bookstore (independent or chain)
- Now who serves the customer?
  - Bookstore
  - Online retailer
  - Off-shore retailer
  - Sidewalk retailers
  - Publishers website
  - Authors' website
  - Affiliates

# Is this a product or a service?



Audi Calamaro Concept  
Flying Car

- Battery charge on cars is really cheap (R7/200km) – but the battery charged vehicle is really expensive
  - start leasing cars and leasing transport based on a user's specification (e.g Gautrain)
  - different forms of ownership leads to new business models
  - can this be applied to media = leasing devices could stimulate demand? How about leasing content? In the Cloud? On a device? In bundles?

- Over the past several decades publishing's focus has been product innovation

- hard cover
- paperback
- trade paperback
- mass market paperback
- audio book
- e-book

- But the work flow processes have been geared to an ink-on-paper product, from which other formats are spun.

# Is this a product or a service?



Jeff Bezos: "This isn't a device, it's a service."

- Moving from products to services requires Business Model Innovation:
  - Where are we and where do we want to go?
  - Is our plan/blue print for getting where we want to go right for right now?
  - The right strategy and execution are key
  - Companies should start by understanding their current position, the industry and competition, and by defining and selecting opportunities
  - Experimentation (some failure) is the name of the game

# Customer Value Proposition

- A successful company is one that has found a way to create value for customers — that is, a way to help customers get an important job done.
- By “job” we mean a fundamental problem in a given situation that needs a solution.
- Once we understand the job and all its dimensions, including the full process for how to get it done, we can design the offering.
- The more important the job is to the customer, the lower the level of customer satisfaction with current options for getting the job done, and the better your solution is than existing alternatives at getting the job done (and, of course, the lower the price), the greater the CVP.
- Opportunities for creating a CVP are at their most potent when alternative products and services have not been designed with the real job in mind and you can design an offering that gets that job — and only that job — done perfectly.

# Customer Value Proposition

- Customers are trying to get something done – then they buy stuff (products/services) to get these things done that need doing, be they functional or emotional
  - To innovate therefore means to give a solution that is different to a job that in essence has always stayed the same; e.g to take time for myself OR to entertain myself OR to learning something new or to learn a hobby or to kill time while travelling.
    - Traditional view is product dependent – suppliers take books to people who want to take time for themselves, be entertained, learning something, learn a new hobby or kill time while travelling.
    - New view is product independent – suppliers develop information that can be transported in huge volumes, that are not device dependent and that allows me to customise how, when and where I want to receive this information
    - = to innovate in the 21st century the product cannot be your starting point.
- There will always be a replacement or better product to do the job, but the job will never change.

# Service dominant view

1. Co-creation of value	2. Relationships	3. Service provisioning
Wiki-novels Self-publishing Crowd reviews prior to publication	Social Media Authors talking directly to readers Readers influencing the publishing list	More content ton the long tail New revenue streams Wider variety of selection for authors Giving away what has essentially defined your business in the past.

= compete more effectively online, increase the range of products & services, change payment models, possibly forward and backward integrate.