

# PUBLISHING WITHOUT BOUNDARIES

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How to Think, Work, and Win in the Global Marketplace

MICHAEL N. ROSS

THE ASSOCIATION OF EDUCATIONAL PUBLISHERS



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## Chapter 1

# Content for the Digital World

**A** lot has happened in the publishing community over the last five years. Many aspects of the business have seen dramatic changes. Most of these changes are the result of advances in electronic publishing and distribution. But due to the speed at which these changes have occurred and the variety of distribution channels that are now available, publishers have to alter the way in which they manage their products.

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"Books have a clarity, visible authority and simplicity of use; online products have worldwide instant availability, infinite depth of search, and the appeal of television. The future lies in intelligent combination of the media that makes sense to consumers—a process we have scarcely begun."

--Ian Grant  
*Managing Director,  
Britannica, U.K.*

For most publishers the physical book is the paradigm of intellectual property. But that paradigm has been morphing into other forms as market forces require multiple types of deliveries, mostly in digital formats. So although the book (and other print-based products) is still a highly profitable, marketable, and useful (and perhaps the most intuitive) format, it is not the only one that people widely use. And, in the near future, it may not be the dominant one. Most of us already use a computer at the office or in school more than we use printed material. For this reason, it's important to be aware of various types of intellectual property other than print that can be produced, published, or licensed for a variety of purposes and in ways that print cannot accommodate. As we become increasingly accustomed to reading and getting our information in audio and video formats via laptops, phones, handhelds, and global positioning systems (GPS), the demand for high-quality intellectual property in flexible digital formats will increase dramatically.

Publishers have to think of themselves as producers of content rather than publishers of books or CD-ROMs or, for that matter, any other specific retrieval format. Their content should also be able to change form and format and move freely through a variety of channels. From the initial planning stages of a project to the production of final files, publishers have to consider multiple ways in which their content could be used, as well as specific issues related to intellectual property rights, so they can take full advantage of current and future distribution channels. Publishing today should be regarded as a continual process, not a one-time event.

The positive result of this process is the extended life span of a publication. Thanks to books-on-demand, and



electronic publishing in general, books no longer have to go “out of print.” They can be archived, accessed at any time in the future, and distributed more easily than ever before—and repurposed as the need or opportunity arises. We can now manage books and intellectual property with an eye toward keeping them in active circulation—either as a revised work, as part of a larger work, as a new book with a completely different design, or in a different format, such as a DVD or Web site.

## Emerging Paradigms

Because of the growing number of devices that are used to transmit and obtain information, publishers need to think of intellectual property as “units” of information or content that can be linked together and then unlinked in multiple ways. These units can be treated individually in much the same way that an entire book can be and licensed separately from its original context. Given this new paradigm, we can take advantage of many types of traditional content that can be repurposed and reconfigured in any number of different places and in a variety of contexts. Text, databases, maps, music, audio, video, animations, illustrations, and computer code are all types of content that can be successfully licensed in whole or in part. Unbound from their original contexts, they become revenue-producing “intellectual property units” (IPUs). In this way, the individual parts of a final product may be worth more than the whole.

To illustrate this in the simplest way, we can view the photograph as perhaps the original IPU. Often the photographer does not know where a certain photo may end up, and a



“We’re not in the book business; we’re in the information business. Remember the great train lines of yesteryear? Neither do I, or anyone else, because they thought they were in the train business instead of the transportation business. We have to do two things: 1) Make our content available to our constituency in the form they really want; and 2) Find new customers/markets for our content, now that we’ve (hopefully) de-bound the book and have the content available in chunks.”

--Sol Rosenberg  
VP Marketing, Value  
Chain International, Ltd.



single photo, perhaps taken with a specific intent in mind, can be used in a variety of different contexts over the course of many years. Photo agencies, such as Getty Images and Corbis, know very well the value of licensing and re-licensing a single photo and its ability to earn revenue over a long period of time without ever permanently leaving the owner's possession. All intellectual property should be viewed as IPUs with, if not evergreen, at least long-term earning potential. In short, with the ease of transmitting digital data, there is no reason why all types of content (text, music, maps, etc.) cannot follow the same model as the photograph.

With the flexibility provided by digital formats, content can be easily organized, assembled, disassembled, displayed, and accessed to be repurposed in different contexts and formats. This flexibility has been accelerated by the adoption of certain digital standards, which can make digital files readable and usable regardless of their origins. For example, with Extensible Markup Language (XML), text can be tagged and its structure clearly identified so that it can be used in Web documents and other electronic formats. Similarly, audio-video files should be compressed using the MPEG (Motion Picture Expert Group) standard. To make a product printer-ready, files should be converted to PDF (Portable Document Format), which converts any file, such as Windows, Macintosh, or Unix, into a common format for printing.

To be a successful publisher of digital content, you need to be prepared to expand or divide your content to meet market needs. This means that you have to think of your content as the culmination of carefully built, standardized electronic files. The reality is that today, the smallest common denominator for a valuable IPU is continually shrinking.

## Making the Most Out of What You Make

Today, electronic publishing is an important part of every publisher's



business plan in one way or another. At the very least, publishers are using Web sites to inform and update customers about their products and services, to provide shareholder information, or to recruit employees. Many publishers are also selling their products over the Web through e-commerce stores that they host themselves or co-brand with affiliates. Some publishers are using these Web sites as electronic storefronts in the same way that they use brick-and-mortar stores—for selling their physical products. Others are selling downloadable files derived directly from their books, either in PDF or one or more of the e-book formats. Because e-books are the most direct application of content transferred in its entirety from a non-digital format to a digital format, it's valuable to look at how this format has evolved.

E-books are very much what they sound like they are: books, mostly text only, downloaded from Web sites onto a computer and then transferred to, and accessed from, a proprietary viewer or reader. E-book downloads usually cost the same or slightly less than their equivalent soft-cover ink-on-paper versions, but still have comparatively low usage. I can't recall the last time I saw anyone using an e-book reader on the train or at the beach. However, they are likely to gain in popularity when a single standard format emerges. At the present time there are several available e-book formats, including readers from Adobe, Microsoft, Palm, and others, using various platforms—Windows, Macintosh, and Palm operating systems. The Adobe and Palm devices have the most cross-platform compatibility. There is momentum from the International Digital Publishing Forum (IDPF, formerly the Open eBook Forum) to settle on a single standard, but it's not entirely clear which format or formats will prevail, and there is no reason to bet on a particular horse at this point. Since publishers prepare their books for print publication in a digital format, there is no reason not to make the same content available as an e-book. Even if you are not prepared to sell e-books on your own Web site, there are plenty of e-book distributors—including the large online bookstores—that can manage this for you.



One of the reasons for the relatively slow growth of e-books, in addition to the multiple-format issue, is the convenience factor. It's not clear that an e-book has a great advantage over the printed book. Excluding the initial investment of the e-book device itself, single book titles cost about the same in print or as an e-book, they have more or less the same level of portability, and each has its strong points. An e-book reader has the advantage of being able to hold dozens of books; it can allow you to search for specific words or names; and it has the convenience of a built-in dictionary as well as other features, such as electronic bookmarks and sticky notes. On the other hand, a printed book doesn't require a separate device or batteries; it uses available light; it won't break, even if you drop it off of a hotel balcony; it can be inexpensively replaced; and, assuming you haven't lost or badly soiled it, it can be passed on to someone else. Electronic readers, however, don't require the death of a tree, which may or may not be a determining factor for some consumers. For publishers, if there is a lack of passion for e-books, it's simply because the economic case for e-books isn't compelling just yet.

## **Publish (electronically) or Perish**

E-books aside, electronic publishing has dramatically affected the economics of most publishers. But it has had the most dramatic effect on publishers of large databases, who have been forced to make substantial changes in the ways in which they produce, market, and distribute their publications. For reference publishers whose products draw from an ever-expanding database or multiple databases, there are market-driving advantages to their electronic offerings over their traditional print counterparts.

Today, large multivolume reference works are more expensive in print than the same content in electronic form, and they are not as portable. Printed and bound, they can't be updated as frequently. In order to have the new and revised content in print, the original product has to be replaced in its entirety, which is neither economical nor convenient since it's



likely that only a relatively small percentage of the content was (or needed to be) updated. Annual supplements have attempted to serve as a more economical way of updating a large set of books without abandoning the base product, but these volumes usually do a better job of summarizing the prior year's events than keeping an entire set of books current.

With the use of good indexes, finding information is certainly not difficult in print. But customized, professionally compiled indexes—which are excellent at mapping topics, showing relationships, and pointing the user to related content—are not as effective as search engines for quickly finding specific information. While print reference works are aesthetically appealing when lavishly illustrated and composed in a well-designed layout, they cannot contain (without supplements) multimedia elements—such as video, animations, interactivities, and music—which are compelling enhancements of most electronic reference products.

Print reference works have several excellent qualities as well as real advantages over their electronic equivalents, which is why there still is a viable global market for them. They don't require hardware and software to access; they remain accessible at all times and in perpetuity; they can provide a more satisfying browsing experience; they are easier to read; and several volumes can be opened at once in order to compare and contrast subjects or for use by more than one user.

Yet with inexpensive (and sometimes free) versions of these same products available on CDs and DVDs, and the low cost of monthly and annual subscriptions to their online versions, it's not difficult to see why the market for general and specialized electronic encyclopedias and references has grown dramatically over the last five years while the market for these same products in print form has declined. If you already own or have access to a computer, which most everyone does (if only through schools and public libraries), the value proposition for the electronic version over the print version of reference works is easy to make.



As long as it is economical to do so, publishers need to be able to provide their content in as many formats as the market demands. For some products, both print and (various) electronic versions may continue to co-exist. For other products, it's possible that only the electronic versions will be sustainable, in spite of some of the advantages that print may offer. Market forces will determine which formats will prevail in the long run. My main point here is that it's the content—the intellectual property—that offers the greatest value, not the particular format it is in. If publishers are not already doing so, they need to be prepared to provide their content in the formats that will be required tomorrow. If they do, there is probably already a growing market to tap into today.

## The Economics of Electronic Content

Marketing models for electronic content are continuing to evolve, but there are now a variety of ways for publishers to generate revenue from electronic content. Publishers with substantial databases—key content providers—are successfully selling their online products and services, either in part or whole, on a subscription basis, often by the year or month and sometimes for even shorter time periods. For some consumer or niche information services, such as product-rating services, even “day passes” are common. For consumers, this is a good way to experience the value of a service when they need it without having to make a long-term commitment. For the content provider, this kind of short-term, small-revenue trial, or micro-charge, helps to build customer loyalty and good will.

Another viable model for distributing digital content to consumers is to take advantage of Digital Rights Management (DRM) technology. This involves encrypting the code with a digital expiration date so that the rights to the content terminate and the product itself, in essence, becomes unavailable. This is a very good way for software, music, and video publishers to license their content to those who may want to have an extended trial of an



application or product before they decide to buy it or simply don't feel that they can benefit from having the program or file as a permanent part of their collection. It's commonly used in academic institutions that may require certain videos, for example, as part of a course offering but don't see a permanent value in owning them. DRM content is priced at a substantial discount over the full ownership price, but it can also be licensed with an option to buy.

As traffic over the Web continues to grow, and as advertising, subscription, DRM, and other models demonstrate that they can provide more than just incremental profit, publishers will be looking to enhance their online offerings with better and, when possible, exclusive content. Another advantage of digital content is that you don't have to pre-determine what content people will want. The economics of digital publishing allows you to make it all available so that the market can choose.

## Getting to the Good Stuff

There is growing evidence that individuals and businesses are willing to pay for quality content. And there are several good reasons for this. With the dramatic increase in the number of Web sites, free as well as subscription sites, it is becoming more difficult to distinguish quality sites from amateur or inferior sites just by randomly searching the Web. The most popular search engines, such as Ask, Yahoo, Google and others, make this process of quality differentiation even more difficult in several ways. First, they favor sites that pay them for higher placements in the search results pages through the competitive selling of text and graphical advertising via keywords—the most popular keywords going to the highest bidders. Also, because of the way search-engine algorithms work, the more links a content site gets from other sites, the higher that site will appear on the search engine results page and the lower the SERP (search engine ranking position) will be. For this reason, the very best content may not always rise to the top.





"Users have access to (more and more varied) information from a wide variety of competing sources 24/7. And the means of access to this information continue to change . . . more and more rapidly. Sources that sometimes seem to be reputable are not."

--Ellen R. Bialo  
President, IESD, Inc.

In this environment consumers will seek out sites that they know and trust, either from their experience with a brand's offline products and services or from its most current offerings online. Experienced and non-experienced online users alike will naturally turn to brands that they can associate with authority and accuracy and that have earned their trust by having been tested over time and, increasingly, as the brands have migrated to other media. As a result, Web sites across a broad spectrum of market channels will demand higher quality content.

To respond to this need, publishers can create content from scratch or they can license what they need from other publishers. Most publishers are doing both now. The challenge is to build brand and major revenue streams by providing content directly to users that has the highest possible value proposition and, at the same time, to license, if possible, quality content to other publishers that does not compromise, or conflict with, this primary objective.

## Wrapping Things Up

Why one electronic application works better in some markets than in others is a function of culture, lifestyle, trends, and sometimes the inexplicable. If you are a content provider, however, as opposed to a change-agent in a market, the most important thing you can do is be prepared to respond to market demand—and then find the right partner to help you get to the market and sustain your market position.

In order to have an electronic strategy that is going to work in as many markets as possible, publishers need to be flexible



and willing to adapt to rapidly changing market requirements. Above all, publishers need to think of themselves as format-neutral and be prepared to be cross-format or multi-format providers. What's important is the quality of the content and its suitability for various markets, regardless of the delivery system. After that, marketing success will depend on strong relationships with partners who understand their particular market dynamics.

### Try This!

The opportunities are almost infinite for taking slices of your content or database and licensing them for use in other products and channels. Consider having someone in your organization dedicated to this activity, and seek out opportunities anywhere that your content can add value.

