

Disruptive innovation in the ICT industries: trends and challenges for the book publishing sector



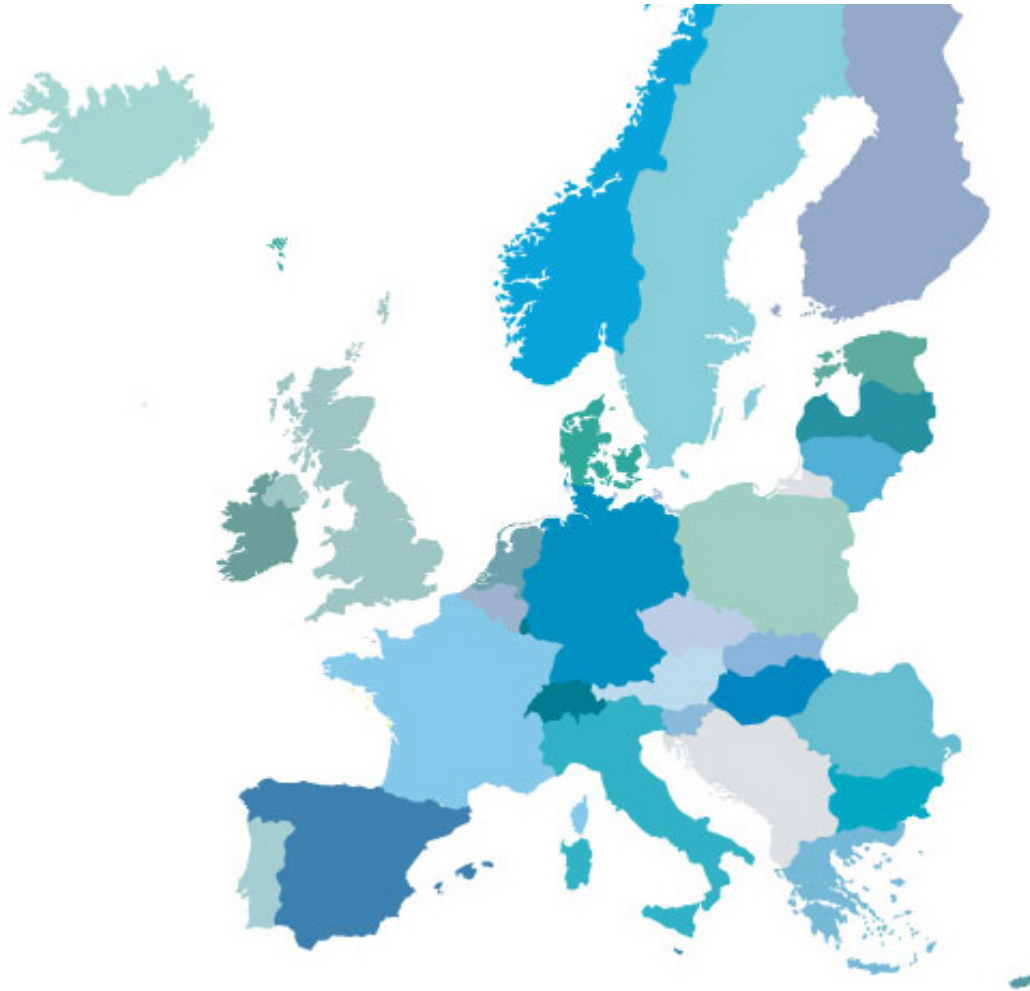
ITS 2014 Disruptive innovation in the ICT industries: Challenges for European business and policy

Brussels, 24 June 2014

Who we are

- FEP is an independent, non-commercial umbrella association of national book publishers associations
- FEP represents 28 national associations of book publishers of the European Union, the European Economic Area and candidate countries
- Founded in 1967, FEP deals with European legislation and advises publishers associations on copyright and other legislative issues

Who we are



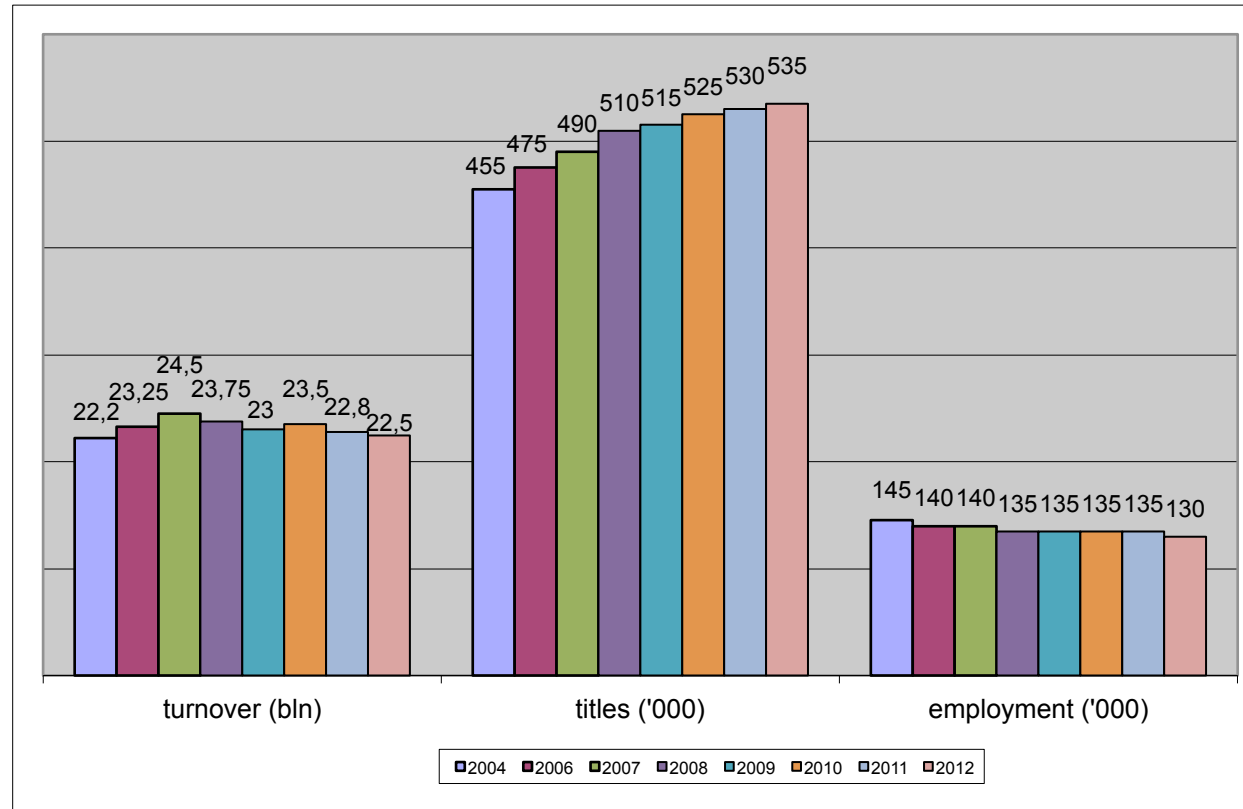
- 28 member associations from 27 EU and EEA countries and candidates
- > 6,200 publishers represented

Some statistics



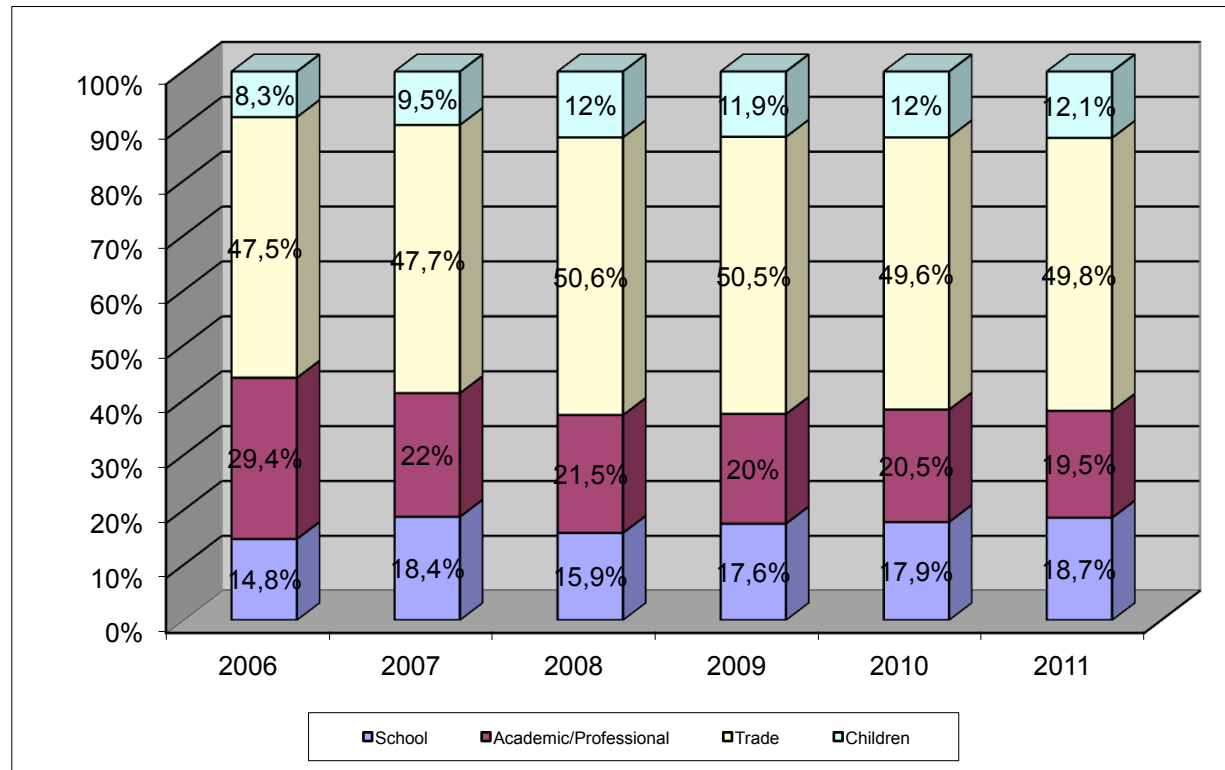
The publishing sector in Europe

- Core data



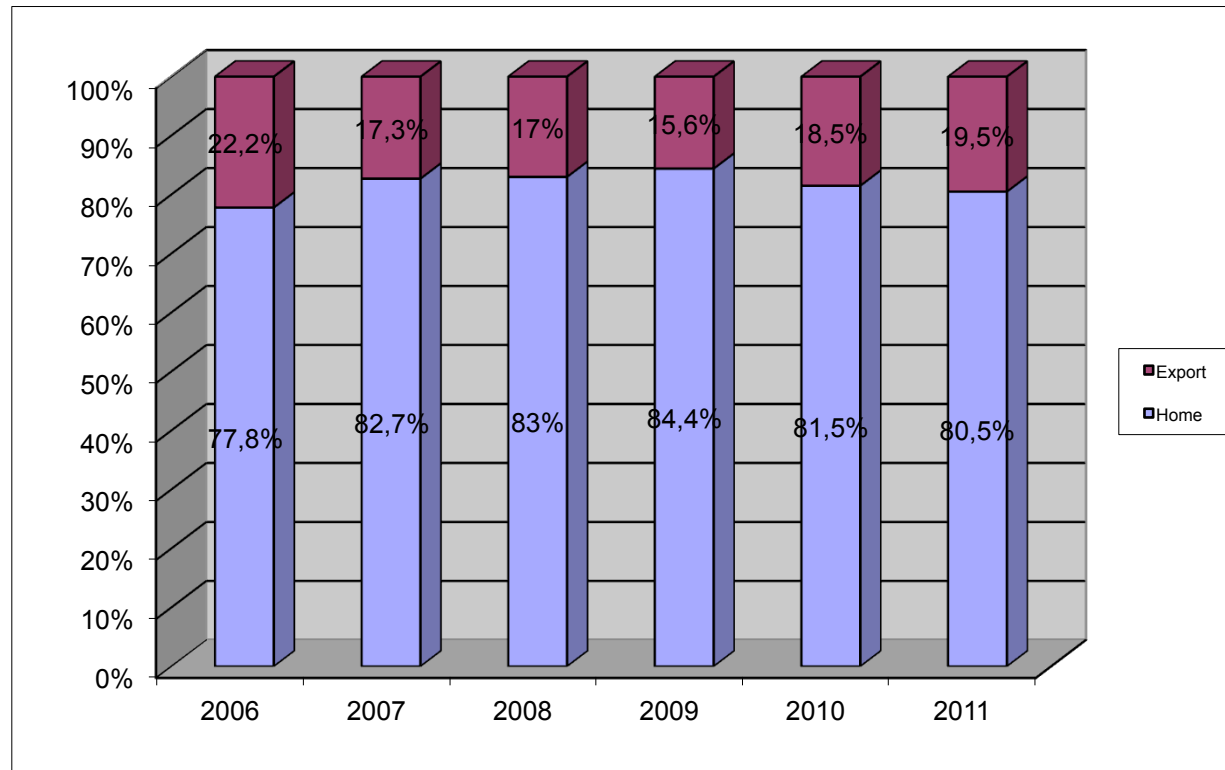
The publishing sector in Europe

- Turnover by sectors



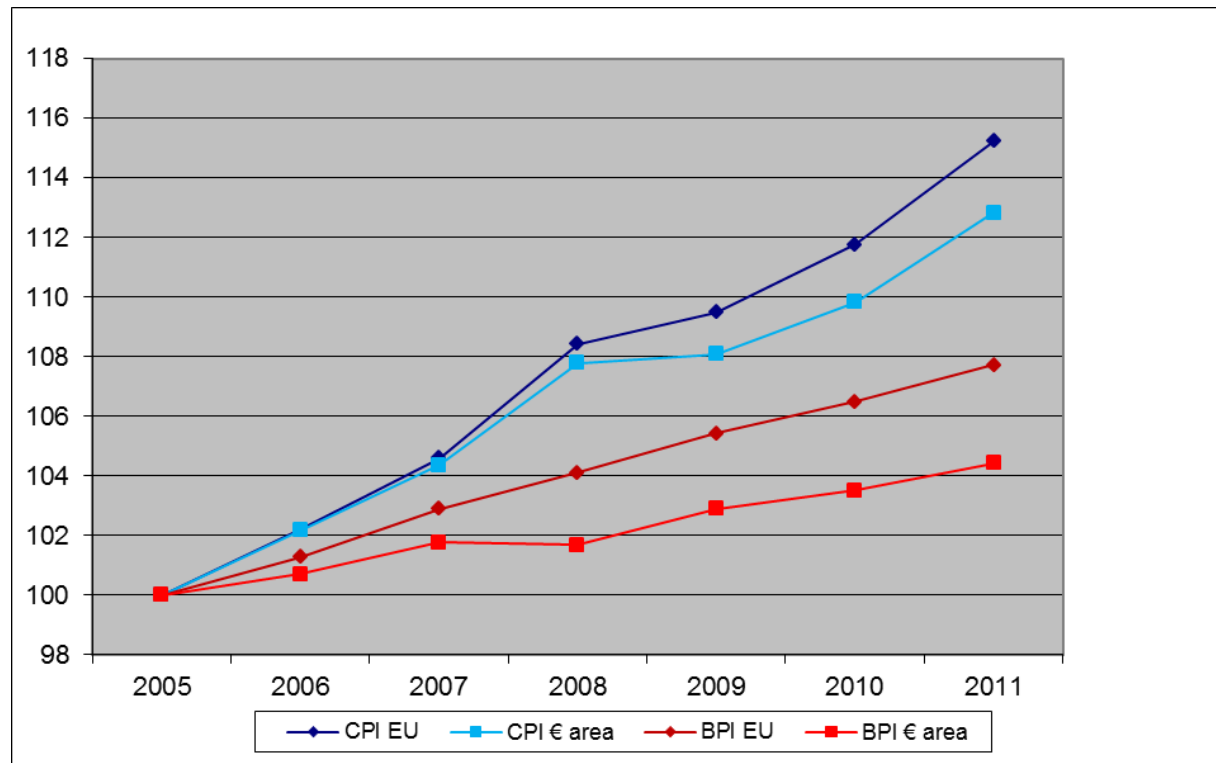
The publishing sector in Europe

- Turnover by destination



The publishing sector in Europe

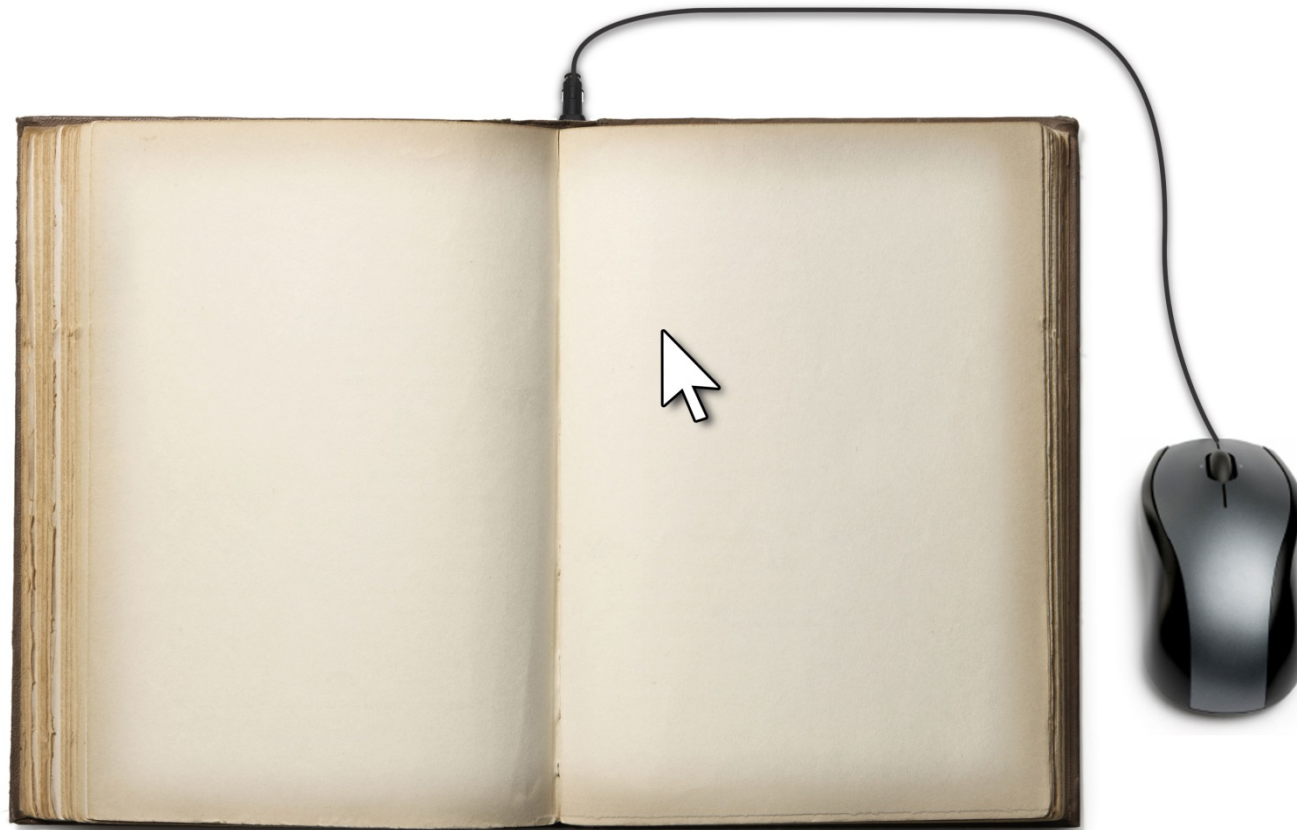
- Book prices and inflation



The publishing sector in Europe

- A leading sector worldwide
- 22 to 24.5 billion € annual turnover (2004-2013), for a market value of 35-40 billion €
- Constantly growing title production – over 500,000 new titles per year
- More than half a million people employed (directly and indirectly)
- 6 to 8 EU companies among top 10 every year

Going digital – Industry overview



The publishing industry evolution

The book: perfect technology for centuries...



The publishing industry evolution

...and still, a lot has changed. What now?



Digital publishing

- The first e-book appeared 40 years ago but...
- The market only took off in recent years; what happened?
 - Early introduction of digital technologies in the publishing value chain but not valid for final product
 - Digital transition of the whole chain slower and not homogeneous (ex. STM vs. other sectors)
 - Technology and innovation as drivers
 - Demand as a driver

Digital publishing

- Technology trends
 - Increasing sophistication of reading devices
 - Increasing availability and sophistication of e-books
 - Increasing penetration of the internet
 - Increasing uptake of technological devices by consumers



Digital publishing

- Innovation in
 - Production processes
 - Final products
 - Business models

New value chains

- Commercialisation of access models
- Disintermediation and re-intermediation
- Fragmentation of uses and multiplication of value chains (distribution, digitisation, search, databases...)
- Evolution of traditional actors and emergence of new actors (search engines, technology providers, internet service providers, pure internet players...)

New value chains

- The digital book value chain: actors and roles
 - Content creation: writing, **publishing**
 - Digital content creation: digitisation, file conversion
 - Archiving of files and addition of metadata for description and indexation
 - Online aggregation/distribution of e-books
 - Sale, loan or rental of digital books
 - Provision of DRM systems
 - Production of reading software/devices
- The role of publishers is maintained in the digital world
 - Editorial, production, promotion, financial

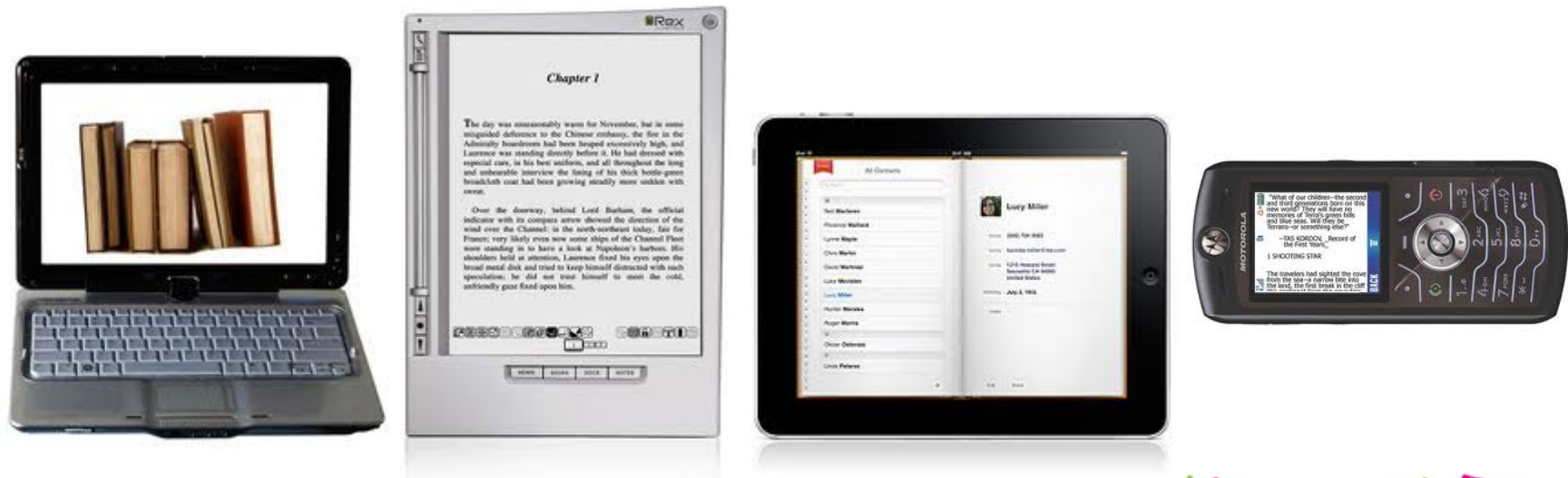
New production processes

■ The role of ICT in publishing

Authoring	Editorial	Production	Printing	Marketing	Distribution
Word Email	Word Virtual editing E-platforms and cooperative work tools Email Online iconographic archives Search engines	DTP XML Content management systems Digital archive mgmt ftp OCR Digitisation Ebooks Multimedia elements mgmt	Digital printing POD Professional printing Self- publishing	Websites Social media Blog Email Widget Search engine optimisation Podcast	Online bookstores Content aggregators Digital archive distribution Digital libraries Data mgmt and mining

Innovation in consumption

- Readers access books on a number of devices: PCs, e-readers, tablets, mobile phones...



- And in a number of formats

New business models

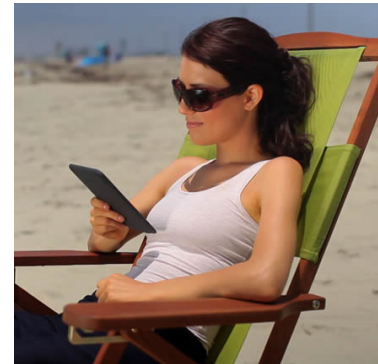
- New (e-)services become available...
 - Digital bookstores, digital bookshelves, digital libraries
 - Permanent purchase of single e-books (or chapters)
 - Rental of single e-books
 - Subscription to online consultation of single works or collections (Spotify for books)
 - Full text search of books on a platform

...at a click



Innovation in products

- Meeting the needs of users
 - Enhanced accessibility
 - Font size, text-to-speech, audible menus...
 - Embedded dictionaries
 - Lighter school bags
 - Reaching out to the digital natives
 - ATAWAD
 - Enhanced content
 - Music, video, notes...
 - Interactive content
 - Textbooks, exercises, travel guides, cookbooks.
 - Lower prices



Managing innovation

- Areas of application
 - eCommerce and e-book distribution
 - E-book formats, reading software and devices
 - Accessibility all along the value chain
 - Rights information management
 - Rights management (negotiations, transactions, protection)
 - Interactivity, enhanced content, user interfaces, social reading
 - Standardisation and standards deployment (formats, metadata, classification schemes, identifiers)
 - Semantic web (linked data)
 - Optimisation of production processes
 - Market analytics
 - Discoverability of e-books

Market and industry trends

- Production and costs
 - Producing e-books is maybe cheaper (10-20%?), not free
 - Most costs remain (editorial, royalties, marketing, etc.)
 - New digital costs (infrastructure, file mgmt, distribution, etc.)
- Markets
 - Early starters: US (25-27% digital share), UK (16%) - slowing
 - Other EU major markets: 3-5%

Market and industry trends

- Some (mainly) external relevant trends and drivers
 - Internalisation / outsourcing
 - Global platforms
 - Pricing and margins
 - Digitisation of cultural heritage
 - Self-publishing
 - Regulatory frameworks

Challenges

- Viability of business models
- Piracy
- VAT (rate differential and new rules 2015)
- Concentration in retail market
- Technology lock-ups / interoperability
- Accessibility
- Digital skills
- Organisational changes
- Innovation in rights management (ex. vs. new exceptions)
- New production and distribution processes and platforms
- Competition by public sector in education



Thank you

FURTHER INFORMATION

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Any questions?