SOURCEHOV

Results that Exceed Expectations

The E-Book Future:
Technological Transformation of the Reading and Publishing Experience

Author:
Shivaji Sengupta,
Vice President of Content Solutions
SourceHOV

There's no denying people love books. From early childhood through adulthood, reading is a fundamental part of our existence. A good book can expand horizons, stimulate imagination, bring new ways of thinking and enable us to enter new worlds. Reading has long been a favored pastime, but technology has altered the experience, changing how content is created, consumed and distributed. The e-Book – including any publication delivered in a digital form – is heralded as the biggest trend to hit the publishing industry since the invention of moveable type.

The past two years have seen sales of Kindles, iPads, Nooks, smartphones and other new digital platforms skyrocket, driving record-breaking e-book sales. A February 2011 report from the Association of American Publishers notes that e-Book sales were $90.3 million, growing 202.3 percent versus February 2010. Downloaded Audiobooks were $6.9 million, an increase of 36.7 percent.[1] Amazon said it sells 180 e-books for every 100 hardcovers, with the ratio shifting in e-books' favor.[2]

The last year has also seen an explosion in devices with greater options for accessing content. According to research firm IDC, worldwide media tablet shipments rose by 88.9 percent on a sequential basis and 303.8 percent year over year in the second calendar quarter of 2011 to 13.6 million units.[3] As devices receive mass market penetration, publishers will generate a greater proportion of their revenue from e-books and other virtual content. And, as technology progresses, digital content will be delivered in a richer, more interactive format, bringing further transformation to the publishing industry.

E-books are still relatively new – just barely four years old. Transformational changes in the publishing industry have only just begun. As e-books, mobile apps and other internet products increase in popularity, there are immense growth opportunities to redefine the reading and publishing experience.

While digital content created during the last five to ten years involved mostly reproducing books in electronic format, going forward, digital content will be more about experience and engagement than passive consumption. The entire experience of what it means to read or publish a book will dramatically change. What other changes will advance the e-book industry?

Enhanced e-books will provide an unparalleled interactive experience. Electronic content has changed the reading experience, but enhanced e-books are the next wave of this transformation. Prevalent in higher education, publishers such as Inkling, Hyperink and Kno are pushing the capabilities of tablets and bringing new levels of interactivity. Beyond simple text, enhanced e-books feature additional content including animations, interactive hyperlinks and multimedia features such as the ability to highlight passages and share notes. These enhanced features give readers increased enjoyment and greater engagement, changing the scope of an e-book and redefining the user experience.

Next-generation devices will deliver a richer multimedia consumption experience. Media tablets and e-readers have reached mass market saturation, but newer devices have replaced pure black and white with color, giving new life to the device-driven experience. Color touch screens, 3G connectivity and access to the Web, movies, music, photography, animation, language translation and more have redefined the capabilities of tablet and e-reader devices. As the price point comes down and more users seek a more interactive experience, the line between readers and tablets will blur. Smartphone screens are getting bigger and allow for

[1] American Association of Publishers, February 2011 Sales Report, February 2011 (http://www.publishers.org/press/30/)

[2] USA Today, "Amazon: E-books Will Overtake Paperbacks by the End of 2011", July 2010 (http://www.usatoday.com/tech/news/2010-07-29-amazon29_VA_N.htm)

[3] IDC, "Media Tablet and eReader Markets Beat Second Quarter Targets, Forecast Increased for 2011," September 2011 (http://www.idc.com/getdoc.jsp?containerId=prUS23034011)

media capabilities, creating another device platform for content consumption. These new devices further enhance the user experience and create new content opportunities for publishers.

Custom publishing will bring more targeted content to relevant audiences. Enhanced e-books will enable publishers to take advantage of different formats to provide content that meets business and user requirements. For example, a book on art history can include interviews with artists or video vignettes on different techniques. Digital formats also offer greater flexibility, are searchable and interactive. They also support self-publishing, enabling a teacher to provide class notes or presentations to students. In addition to expanding the experience for consumers, publishers can package specific chapters, learning modules, videos or quizzes as new properties to generate additional revenue.

Rich media and contextual up-sell will be significant revenue drivers. As users become accustomed to interactive content, flat text will lose its appeal. Embedded audio and video links, animations and interactive question and answer applications will further engage users and enhance the learning experience by providing people with access to the content they need. For instance, students or researchers looking for additional knowledge on a particular topic can access learning modules or tools to help them gain further insight directly from content they are currently perusing. Publishers can not only generate additional revenue through additional content, but these complementary learning modules can be offered at value-added price points rather than requiring consumers to purchase an entire book.

Reading will move from solitary sport to collective consumption and participation. Until recently, social reading consisted of offline book clubs, small and informal discussions or email dialogues. Even when discussions happen online, users typically engage on a third-party platform such as Facebook. Moving forward, future social reading will happen within the book itself. Using e-readers such as the Nook or Kindle, users can make comments, highlight text and share it with their network. As reading becomes increasingly collaborative, users will morph from consumers to publishers, sharing

additional content with friends such as reviews or linking to associated content or for easier personal reference.

E-publishing will take center stage. Most books today are created with the print version leading the strategy. The digital version is often part of the brand extension, introduced to broaden the appeal of a property. However, with digital platforms becoming ubiquitous and publishers realizing the benefits of reduced printing and distribution costs, this model will shift. Moving forward, publishers will put a priority on creating content specifically for the e-market and digital platforms. While print versions aren't likely to be eliminated in the short term, they will become specialty items that need to be ordered.

Broadcast media models will increase advertising opportunities. Similar to the model found on television, radio and even in some Web-based media such as YouTube, advertising will be incorporated into content to promote a variety of goods and services and create additional revenue for publishers. As long as it is not terribly intrusive, people are willing to watch advertising to access free content. This same model is likely to take hold in publishing. By including in-book advertising, publishers can augment costs and offer advertisers a targeted audience to promote their business.

Self-publishing moves from nascent to mainstream. Self-publishing has seen an uptick over the last several years. Writers can create books for small populations or use self-publishing to support their hope of launching a career as the next great American novelist. Where older platforms required writers to be technologically savvy, new platforms such as Hyperink make publishing as easy as clicking a button. New technology has also added significant speed to the process. The traditional self-publishing model can take three to nine months to produce a manuscript. Companies like Hyperink streamline the experience, making it possible to publish e-books in less than a month. This benefits authors and readers by increasing the number of titles available and the number of writers with published works. The recent launch of Apple iBooks 2 and its corresponding authoring app only strengthens this trend. Apple's newest technology enables anyone to create beautiful, multi-touch books, further fueling the growth of self publishing by independent authors and small publishers.

Format wars will be settled. There are several formats available today such as ePub, MOBI, PDF, etc. but tying e-books to a specific format come with some risk. These include losing a percentage of consumers who do not use a particular platform or requiring them to purchase two copies of a specific text for use on competing platforms. A unified format and standardization will emerge, equating to more automation and greater usability.

Multilingual publishing opportunities will open new markets. E-books are also creating frenzy in emerging and high-growth markets such as Brazil, Russia, India and China. As these markets join the e-book revolution, publishers will need to revise strategies to provide localized versions of books. One of the biggest gaps in the market is the lack of local language publications. Currently, Amazon's Kindle only supports six languages – English, Spanish, French, German, Italian and Portuguese. Other devices integrate with third-party applications to address language support. However, this creates an undersupplied content environment and stimulates new opportunities for publishers. And, while English-language books can be rapidly translated to bring popular titles quickly to a larger audience, offering more local language books can expand offerings for non-English readers.

As the digital market evolves, publishers need the right partners to ensure their e-book strategy supports collaboration between sales, marketing, editorial, production, fulfillment and other stakeholders. An automated content management and enterprise-wide workflow solution streamlines processes, reduces costs and brings significant scalability to content operations. Working with the right content management partner eliminates channel-specific or department-specific silos of content that can add cost and delays to market opportunities.

The introduction of tablets and e-readers has changed both the reading experience for consumers and the market for publishers. New devices, publishing models and greater social interaction are transforming the most fundamental aspect of human learning – how content is created and consumed. Tomorrow's successful publishers will be the ones that adapt to this changing landscape today.

About the Author - Shivaji Sengupta is the Vice President of Content Solutions for SourceHOV. Sengupta has more than seventeen years experience leading large scale technology-enabled content driven programs and products for multinational corporations in the publishing, manufacturing, food, retail, energy and consumer business industries. He has worked in North America, Europe and Asia extensively to provide Information Technology and Content Enabled Solutions to Fortune 100 customers. SourceHOV is one of the largest end-to-end Business Process Solutions companies, providing healthcare, finance and accounting, e-content management, document lifecycle, presentment, HR Assist and strategic consulting services across key verticals such as BFSI, healthcare, government, publishing, retail, commercial and industrial manufacturing industries. For more information, email shivaji.sengupta@sourcehov.com or visit www.sourcehov.com.