

The Future of Publishing

Thad McIlroy
Arcadia House
San Francisco & Toronto

Presented to
Gilbane San Francisco
Tuesday, April 10, 2007

Outline

- My background
- Printing
- Paper
- Newspapers (as example)
- eBooks
- Internet advertising

My Background

- 8 years in bookselling & publishing in Canada; 4 in the U.S.
- 18 years studying the intersection of technology and print publishing, working with publishers, printers & vendors
- 5 years with Seybold Seminars
- Now also a Gilbane senior associate (content management)

More Recent Background

- 10 years studying the impact of the Internet on graphic communications
- Major focus now:
 - The future of publishing
 - Workflow (JDF)
 - Publishing automation (XSL-FO)
- Writing for *PrintAction*, Gilbane.com, TheFutureOfPublishing.com



“I paint what I see, child.”

What is Publishing?

- The Oxford English Dictionary defines publishing as “the action or business of issuing a book or books.”
- Princeton Wordnet: “the business of issuing printed matter for sale or distribution.”
- Are these definitions for the year 2007?

Another Oxford Definition

- “To make publicly or generally known; to declare or report openly or publicly; to announce; to tell or noise abroad; also, to propagate, disseminate (a creed or system).”
- Whether creative or informational

What Get's Published?

- We grew up thinking of books as the *sine qua non* of publishing.
- Also newspapers and magazines, journals, reports and the like.
- We did *not* acknowledge television, or radio, photographs or telephones.
- What about blogs, computer games and email

TheFutureofPublishing.com

- 30 industries
- 20 influences

The State of Paper

(he, he)

Paper Outlook Clear As Mud

The Conference Board of Canada
Insights You Can Count On



News release 05-15

Paper Industry Profits to Almost Triple by 2006

OTTAWA, September 23, 2004 – Profits in Canada's paper industry

News release 07-35

Paper Products Industry to Lose Money for Second Straight Year in 2006

Ottawa, November 10, 2006 – The struggling pulp and paper sector

The Other Side of Print

Paper:

A medium used to freeze digital information in a form that cannot be modified or searched, is quickly out of date, and requires an expensive infrastructure to distribute and store.

— Source: Gartner Group

What About China?

Table 14. U.S. Imports from China by Category

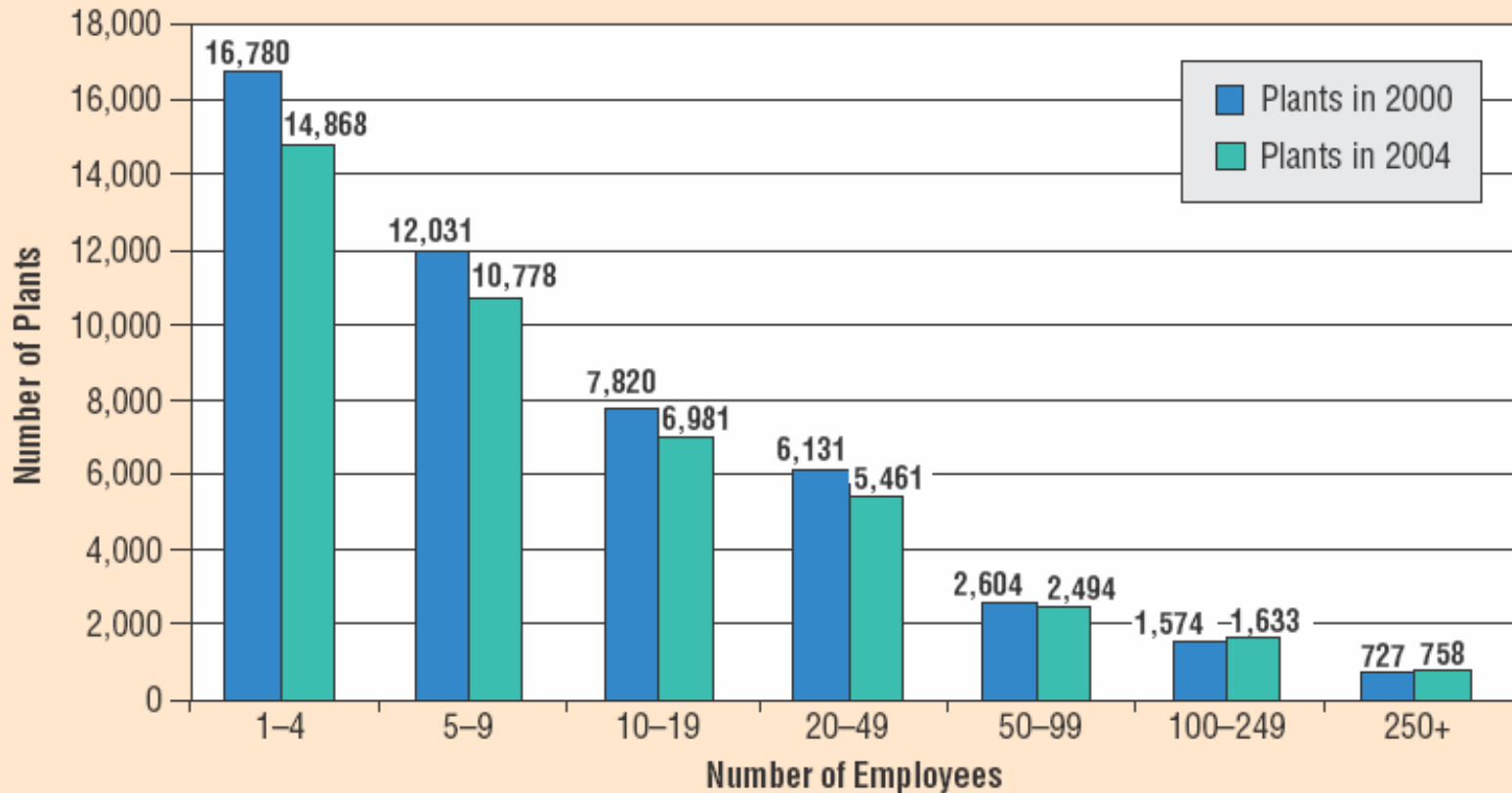
Category	2003 Amount	% of Total U.S. Category Imports
Hardbound books	\$164 million	30%
Children's drawing/ coloring books	\$89 million	42%
Printed matter not elsewhere specified with 5-48 pages	\$89 million	63%
Greeting cards	\$81 million	42%
Printed matter not elsewhere specified with 49+ pages	\$80 million	22%

Printers' View of Global Competition (October 2004)

Are your customers looking for global sourcing for their printing needs? (% answering "yes")	39%
During the first nine months of 2004 did your firm lose a print job to a foreign competitor? (% answering "yes")	29%
If your firm lost a print job to a foreign competitor during the first nine months, which country was the competitor in?	47% China

Print Consolidation

Figure 4. Number of Printing Plants by Size
(Changes from 2000 to 2004)



— Ronnie H. Davis, PIA/GATF, *Over the Horizon: The Economy and Print Markets—2005–2007*

Newspaper Readership

“Did you read a newspaper yesterday?”

80% “YES” in 1961

58% “YES” in 1999

Newspapers

Newspapers Report Circulation Declines (11/03/2006)

Many major market daily newspapers reported

The future of newspapers

Who killed the newspaper?

Aug 24th 2006

From The Economist print edition

Newspaper Credibility

undergone a significant shift—one that is on a markedly downward spiral. A 2005 poll by the Pew Research Center for the People and the Press, for example, reported that the percentage of Americans saying they can believe most of what they read in their daily newspaper dropped from 84 percent in 1985 to 54 percent in 2004. For televised news,

U.S. Book Publishing: Brighter!

	2002	2003		2004		2005		Compound
	Census	\$	% Change	\$	% Change	\$	% Change	Growth Rate
								2002-2005
Trade (Total)	6,027,658	6,534,828	8.4%	6,267,199	-4.1%	7,828,050	24.9%	9.1%
Adult Hardbound	2,111,628	2,060,949	-2.4%	2,190,788	6.3%	2,221,700	1.4%	1.7%
Adult Paperbound	1,020,015	1,013,895	-0.6%	1,042,284	2.8%	1,140,989	9.5%	3.8%
Juvenile Hardbound	2,114,091	2,718,721	28.6%	2,264,695	-16.7%	3,614,748	59.6%	19.6%
Juvenile Paperbound	781,924	741,264	-5.2%	769,432	3.8%	850,613	10.6%	2.8%
Book Clubs & Mail Order	1,946,640	1,771,443	-9.0%	1,613,784	-8.9%	1,505,661	-6.7%	-8.2%
Mass Market Paperback	1,207,630	1,187,100	-1.7%	1,081,448	-8.9%	1,083,611	0.2%	-3.5%
Audiobooks	143,410	161,049	12.3%	159,922	-0.7%	206,299	29.0%	12.9%
Religious	588,153	883,406	50.2%	932,877	5.6%	875,971	-6.1%	14.2%
E-books	29,979	80,793	169.5%	123,695	53.1%	179,110	44.8%	81.5%
Professional	3,155,191	3,268,778	3.6%	3,334,153	2.0%	3,300,812	-1.0%	1.5%
EI-Hi (K-12 Education)	5,795,044	5,939,920	2.5%	5,945,860	0.1%	6,570,175	10.5%	4.3%
Higher Education	3,025,029	3,133,930	3.6%	3,190,340	1.8%	3,359,428	5.3%	3.6%
All Other	136,488	153,932	12.8%	161,629	5.0%	158,558	-1.9%	5.1%
Total	22,055,222	23,115,180	4.8%	22,810,907	-1.3%	25,067,676	9.9%	4.4%

<http://www.bookbusinessmag.com/story/story.bsp?sid=47549&var=story>

Book Business

2006 Book Sales Remain Steady at \$10 Billion

Add a note...

Annual book sales last year were right on par with those of the previous year, with more than \$10 billion in net sales, according to figures released by the book industry's largest trade association, the Association of American Publishers.

Overall sales saw a .02 percent year-over-year dip, or about \$16.3 million less in 2006 compared with 2005 sales, the report stated.

Tina Jordan, vice president of the AAP, tells Book Business Extra she believes that \$10 billion sales is a healthy mark for the industry.

The Internet & Advertising

“The Internet is the glue that binds customers’ experiences in our emerging experience economy.

“Advertisers know the old model is broken, and that the old rules do not apply... Consumers are finally in control, and they have become the programmers, consuming media when they want, where they want, and how they want.”

— Murray Gaylord, Vice President, Brand Marketing, Yahoo!

Online Ad Spend Growth Is Historic

MARCH 20, 2007

These are flush times for online marketers.

Internet ad spending grew by a third from 2005 to 2006, according to the [Interactive Advertising Bureau](#) and [PricewaterhouseCoopers](#) (IAB/PwC).

Online ad spending revenues totaled \$16.8 billion in 2006, up from \$12.5 billion in 2005.

US Online Advertising Revenues, 2005 & 2006 (billions and % increase vs. prior year)

2005	\$12.5
2006	\$16.8 (34.0%)

Source: Interactive Advertising Bureau (IAB) and PricewaterhouseCoopers (PwC), March 2007

081664

www.eMarketer.com

eMarketer benchmarks its own online ad spending estimates against IAB/PwC data. The full-year actual total surpassed eMarketer's 2006 estimate of \$16.4 billion by \$400 million.

But Keep it in Perspective

Online projected to grow gradually as share of total ad industry spending

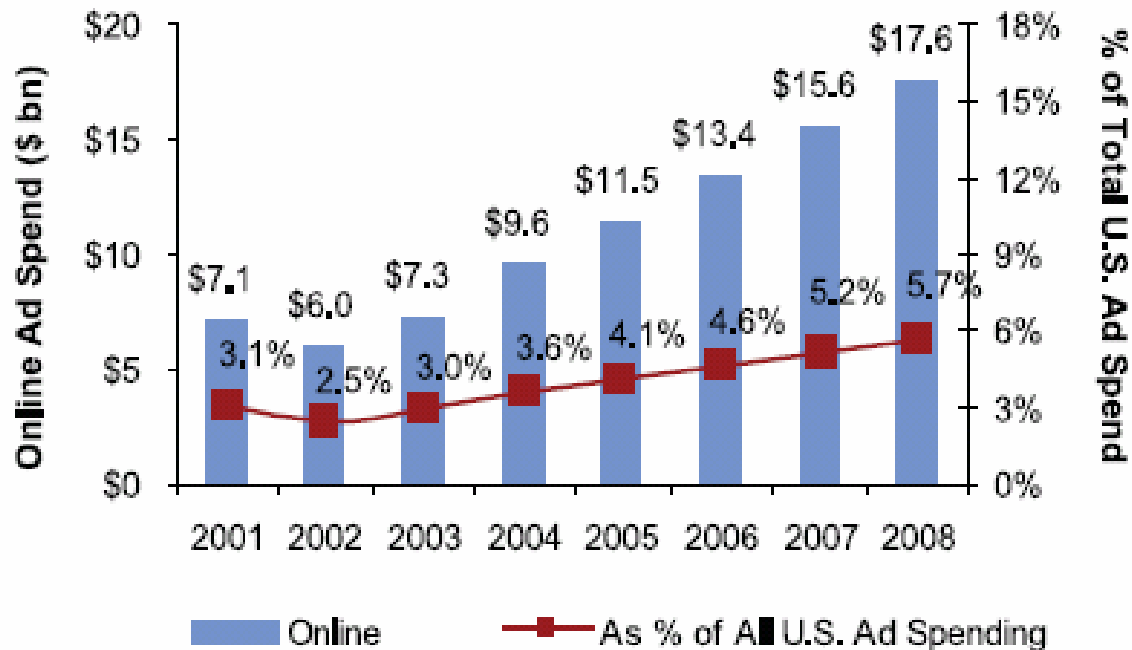


Figure 6

Source: eMarketer, based on IAB/PWC (for online ad spend, which includes search, display ads, rich media, classifieds and other) and Universal McCann (for total ad industry spend, which includes direct mail and yellow pages), 2005

eBooks

“The big problem with e-books is the name, with the implicit connotation that we should be reading lightweight paperbacks on heavy digital readers... I now refer to ‘e-content’ rather than e-books. There’s a lot of digital information — most of it much shorter than book-length — that makes more sense to be consumed digitally than it does to be printed before consumption.”

Adobe Unveils Adobe Digital Editions Public Beta

New Adobe Flash-based Rich Internet Application (RIA) for Managing and Reading eBooks and Other Digital Publications

ADOBE MAX 2006, LAS VEGAS — Oct. 24, 2006 — Adobe Systems Incorporated (Nasdaq:ADBE) today introduced the public beta of Adobe® Digital Editions, a Rich Internet Application (RIA) built from the ground up for digital publishing. With native support for Adobe Portable Document Format (PDF) as well as an XHTML-based reflow-centric publication format, Digital Editions delivers an engaging way to acquire, read, and manage content, including eBooks, digital magazines, digital newspapers and other digital publications. Initially available as a free public beta for Windows®, Digital Editions will support Macintosh systems as a universal binary application, Linux® platforms, as well as mobile phones and other embedded devices in future versions.

“Adobe Digital Editions builds on the ubiquitous reach of PDF and Flash and will further energize the eBook and digital publishing market,” said Shantanu Narayen, president and chief operating officer at Adobe. “By creating a specialized, consumer-friendly application like Digital Editions, Adobe is ensuring publishers can securely deliver high-impact content to the widest possible audience, across hardware platforms, operating systems and devices.”

Consumer-optimized Content-centric Experience

Digital Editions delivers a straightforward user experience for reading and managing commercially-published digital publications. It builds on the Adobe eBook capabilities that were integrated into previous versions of Adobe Reader® and takes them further by adding the ability to incorporate Flash® interactivity and rich media, enabling publishers to create next-generation digital publications that surpass digital forms of paper books.

SONY Even Makes a new Reader!

Overview Experience Tips & Tricks

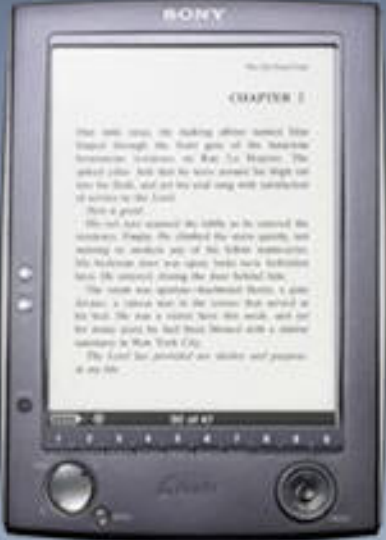
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Sony Reader

It's a new and convenient digital reading experience. The Sony® Reader boasts an amazing screen with technology that rivals text on paper. Search and browse thousands of electronic book titles from the CONNECT™ eBookstore[1], buy an eBook and then easily transfer from your PC to your Reader. So compact and convenient, you can take many of your favorite titles and documents with you.

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And the first ePaper Reader



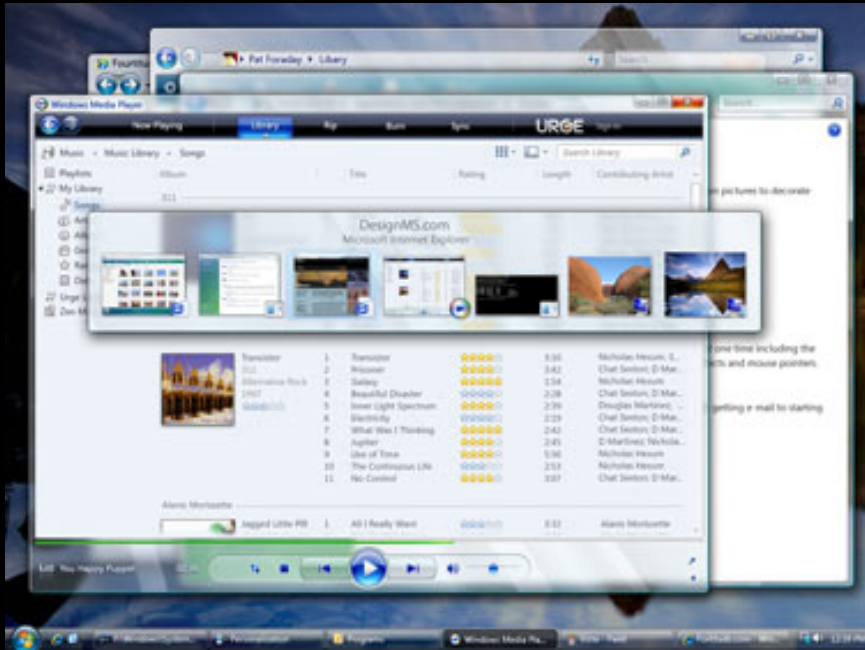
The Youth Demographic

Percent Online

Teens 13-19	41%
20-29 years	31%
30-39 years	33%
40-49 years	30%

— Roper Reports Worldwide

Microsoft Vista



- Office 2007
- XML support
- Important new imaging technologies (XPS)

The Site



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[Adobe Announces Creative Suite 3](#)

SAN JOSE, Calif. — March 27, 2007 — Adobe Systems Incorporated (Nasdaq:ADBE) today announced the Adobe® Creative Suite® 3 product line, a revolutionary offering of tightly integrated, industry-leading design and development tools for virtually every creative workflow. Adobe's new Creative Suite 3 line-up unites the best of Adobe and Macromedia® product innovation to provide designers and developers with a broad spectrum of creative options for all facets of print, web, mobile, interactive, film, and video production. There are six all-new configurations of Adobe Creative Suite 3. These include, Adobe Creative Suite 3 Design Premium and Design Standard editions; Adobe Creative Suite 3 Web Premium and Web Standard editions; and Adobe Creative Suite 3 Production Premium. Rounding out the product line is Adobe Creative Suite Master Collection which combines 12 of Adobe's new design and development applications in a single box — the most comprehensive creative environment ever delivered.

The majority of Adobe Creative Suite 3 editions will be available as Universal applications for both PowerPC and Intel-based Macs and support Microsoft® Windows® XP and Windows Vista™.

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The Library in the Digital Age

Like the rest of the publishing and information industries libraries are struggling to redefine their roles in this time of abrupt transition. Libraries are exploring a host of options, from offering free online access to the Web, online access to (traditionally expensive) proprietary databases, all the while fighting attempts to restrict access to information, and to protect the identities of those who access sensitive information.

To me the most fascinating and representative story about the changing roles of libraries is the reopening of Egypt's Alexandria Library, launched with great fanfare in late 2002 after a 1,600-year hiatus. Rechristened the Bibliotheca Alexandria, it had been a beacon of knowledge for the ancient world over a span of seven centuries before its demise in the year AD 415.

Twenty years in the planning and built at a cost of more than \$200-million (U.S.), the result is an 11-storey building, located on the spot where scholars believe the ancient library stood before it was destroyed. The building was designed to represent the sum of human knowledge, in keeping with the reputation of the Greek Ptolemies, who erected the original in 290 B.C.

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Copyright Intro

There is one subject, which at first glance seemed slightly off the radar, that has come directly into the cross-fire of all Web publishers. It is the issue of copyright.

In the early days of the Web it was a devil-may-care free-for-all, riding under John Perry Barlow's cry that "information wants to be free." (According to Wikipedia, "information wants to be free" was first pronounced by Stewart Brand at the first Hackers' Conference in 1984. Barlow famous 1994 essay, "The Economy of Ideas" is available here (http://www.wired.com/wired/archive/2.03/economy.ideas_pr.html) In 1996 Barlow wrote "A Declaration of the Independence of Cyberspace" (<http://homes.eff.org/~barlow/Declaration-Final.html>) another key document in the copyright battles.

This seemed like a possible dream until publishers, large and small (mainly large!) realized that there was income available from content, significant income, and that there were copyright issues in dispute about who owned the digital rights to publish content. When publishers realized how expensive it would be to play successfully on the Web they saw that there was a pressing need to pull income

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Some Nice Lies



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Endorsements

"Through his involvement with Seybold and the books he has published Thad has distinguished himself as an expert on a technology field in constant flux."
— Andreas Pfeiffer, *The Pfeiffer Report on Emerging Trends and Technologies*

"Thad McIlroy...is one of the leading researchers and lecturers on graphic arts technologies, and is a prolific contributor to graphic arts publications and forums worldwide."
— Brian P. Lawler, Graphic Arts Consultant (www.thelawlers.com)

"Thad McIlroy has been one of North America's strongest independent voices analyzing the intersection of technology and publishing...He has pushed his way through the rhetoric of trade associations and stood with printing companies by giving them frank warning of the challenges they would face from the Internet and a changing economy...More recently he has focused on workflow automation, through JDF, and automated page composition, arguing that print productivity has to be significantly improved if print is to remain competitive in a digitally wired world. His recent analysis in *The Gillman Report* reveals the steps of things to come in page layout and typography."


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A Blog



BLOG THAD MCILROY

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The PDF ISO Standard

Saturday, April 7, 2007

Much is being made of Adobe Systems recent announcement that “it intends to release the full Portable Document Format (PDF) 1.7 specification to AIIM, the Enterprise Content Management Association, for the purpose of publication by the International Organization for Standardization (ISO).”

The main hubbub surrounds the contention of several bloggers that this represents another attack by Adobe on Microsoft and its recently-released XPS format, “the PDF killer.” Quite probably so. It’s a subject worth examining, although not superficially.

For today I’d like to consider what it means to become an ISO standard. I think of this as the equivalent of getting a lifetime achievement award from The Academy of Motion Picture Arts and Sciences (The Oscars). It means you were pretty good, but you’re now almost dead.

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**“Never Complain;
Never Explain.”**

— Henry Ford II

Remember: Objects in Mirrors Are Closer Than They Appear!



— Wendy McCully

Thank you

thad@theFutureofPublishing.com