

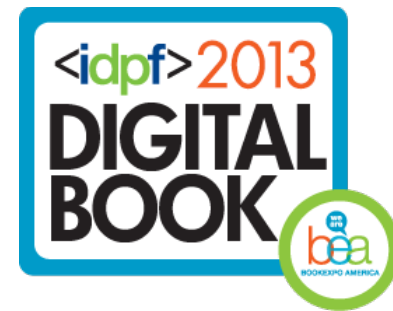


SIMON &
SCHUSTER



In-Sourcing vs. Outsourcing of eBook Conversion and Production:

Solutions, Practical Considerations and Publisher Experiences





Sanj Kharbanda, VP Digital Strategy



Pip Tannenbaum, Digital Manager



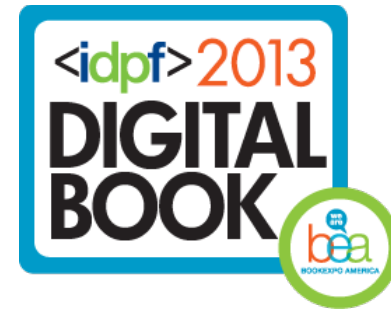
Samantha Cohen, Director, Digital Content Development



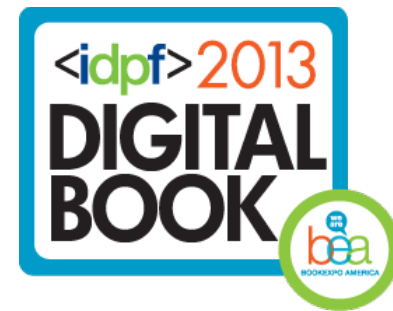
Nicole Passage, Managing Editor



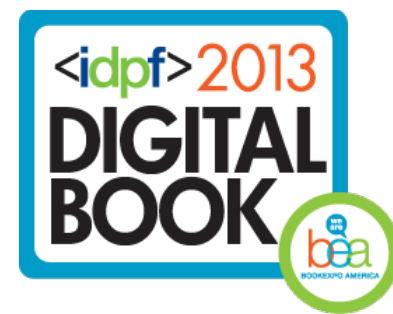
Clynton Hunt, VP Business Development



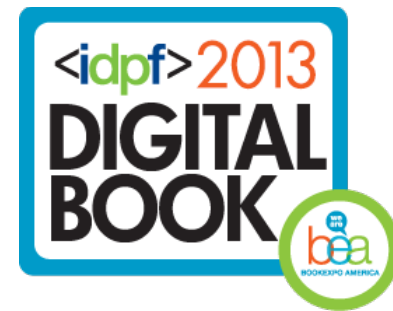
**Is there any industry
consensus?**



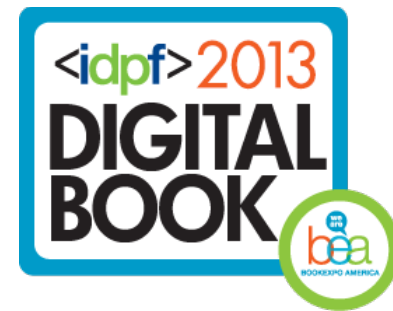
No.



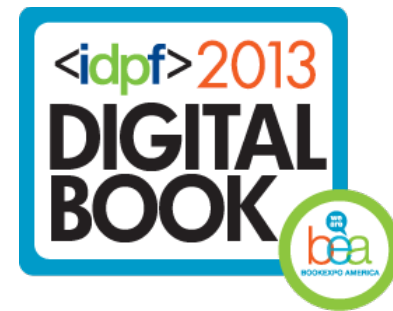
“I'm not clear what the future of ebooks will look like. It's important to me that our in-house staff have a strong understanding of ebook production, regardless of where the pendulum swings on outsourcing, which is why we will always try to do at least some work in house.”



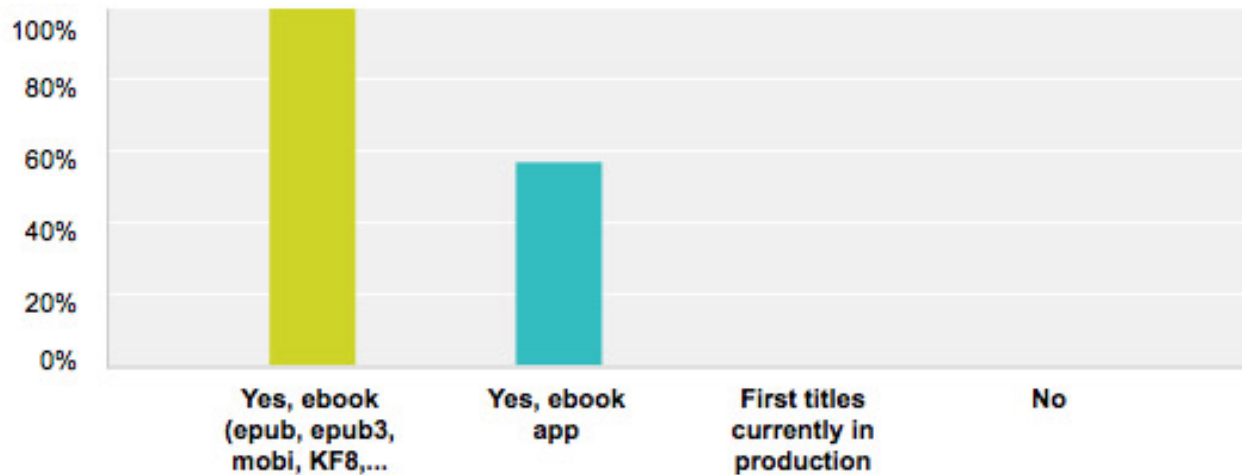
“Once devices use the same software for creating ebooks we may consider training or hiring. Right now the benefits of outsourcing ebooks are greater.”



“We envision the possible need to bring a small amount of conversion in-house, perhaps in response to future changes or opportunities. That workflow, however, will be rare still.”

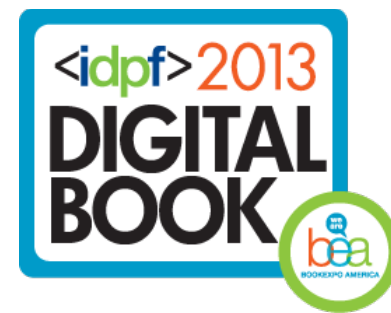


Has your organization published digital books in the form of ebooks or ebook apps? Select ALL that apply.

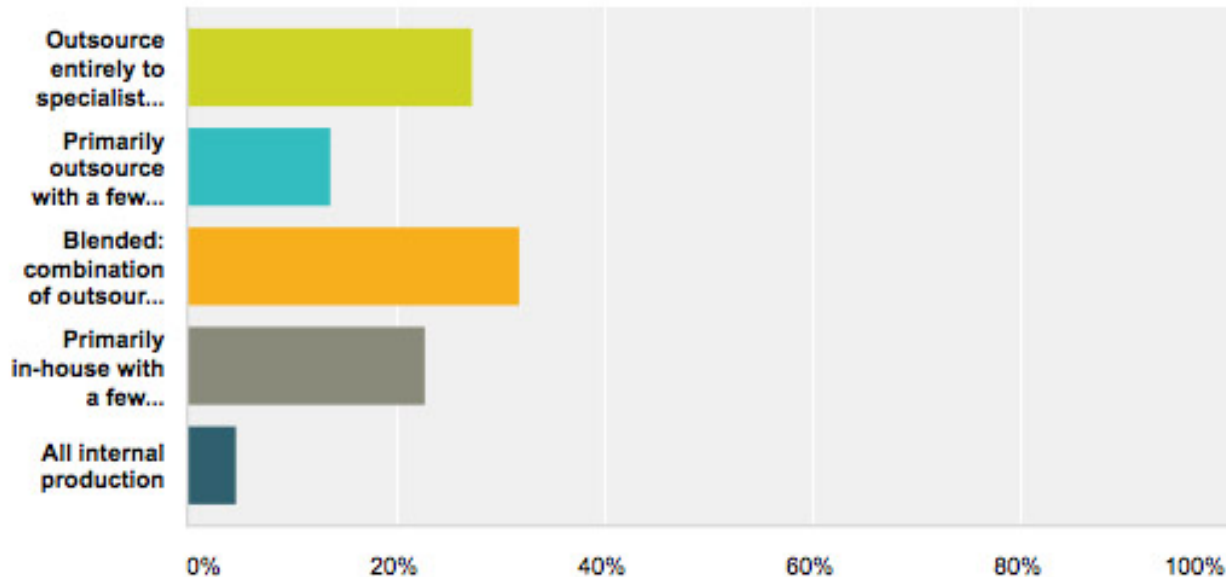


All responding publishers participating in ebook market have produced ebooks.

Answer Choices	Responses
Yes, ebook (epub, epub3, mobi, KF8, Nook...)	100%
Yes, ebook app	56.52%
First titles currently in production	0%
No	0%



For organizations that have produced or are about to produce ebooks (not ebook apps), what is the CURRENT approach taken to ebook production (conversion, authoring)?

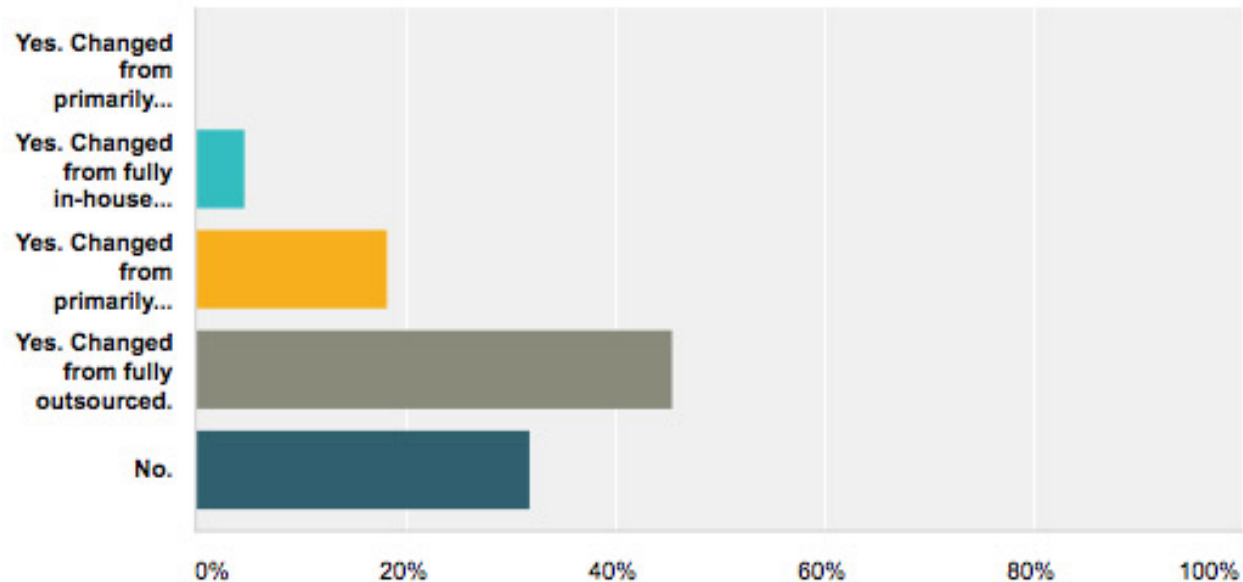


Combined numbers still skew towards outsourcing.

Answer Choices	Responses
Outsource entirely to specialist ebook producer(s)	27.27%
Primarily outsource with a few select ebooks produced in-house	13.64%
Blended: combination of outsource and in-house	31.82%
Primarily in-house with a few complex, specialized ebooks outsourced	22.73%
All internal production	4.55%



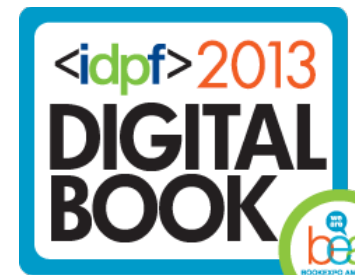
Has your organizations ebook production strategy changed since it first started publishing ebooks?



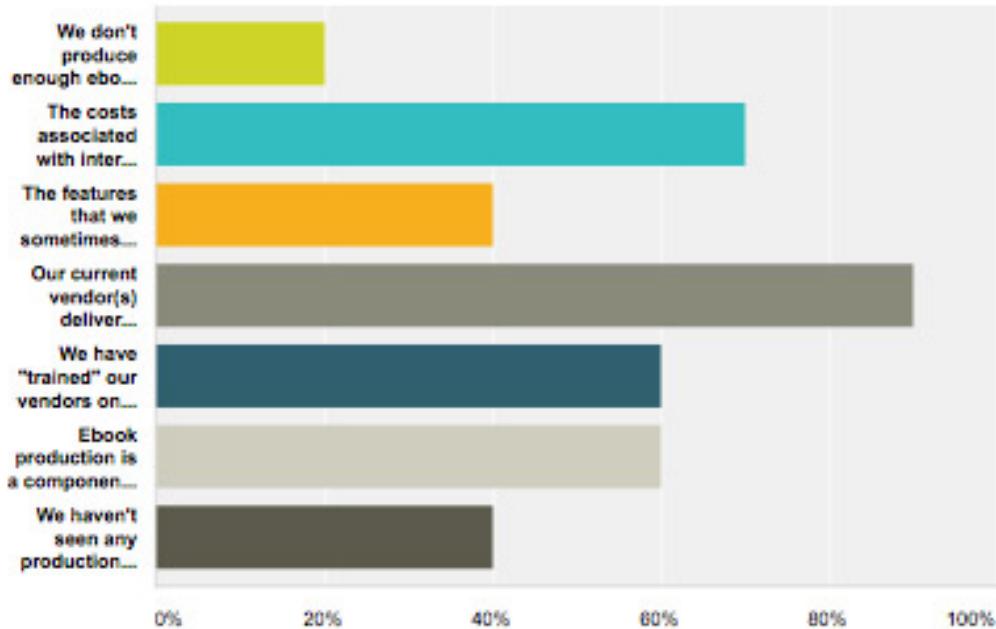
Movement towards increased internal production.

Answer Choices	Responses
Yes. Changed from primarily in-house production.	0%
Yes. Changed from fully in-house production.	4.55%
Yes. Changed from primarily outsourced.	18.18%
Yes. Changed from fully outsourced.	45.45%
No.	31.82%

45.45%



"My organization outsources most or all of its ebook production." If relevant to your organization, select ALL that are TRUE.



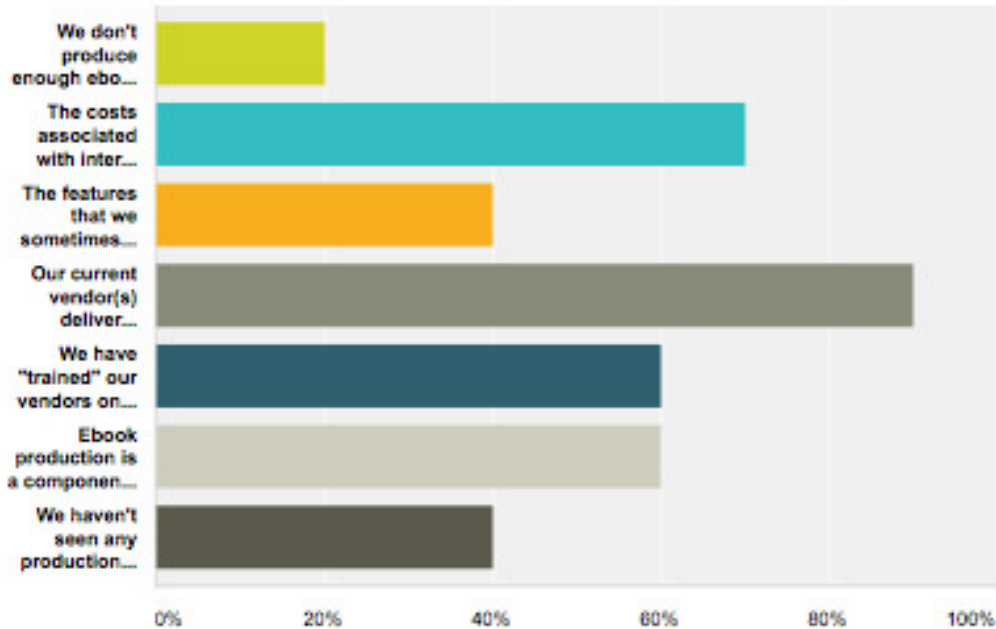
Quality for price paid biggest factor in outsourcing.

90%

Answer Choices	Responses
We don't produce enough ebooks to warrant training or hiring internal resources.	20%
The costs associated with internal production are too high - personnel, tools...	70%
The features that we sometimes include in our ebooks require a specialized skill-set that we don't have.	40%
Our current vendor(s) deliver sufficient quality relative to the price we pay.	90%
We have "trained" our vendors on our specifications and are now satisfied with the results.	60%
Ebook production is a component of a larger suite of services that our current vendor(s) provides us, such as distribution.	60%
We haven't seen any production tools that are both easy to use and able to satisfy all or most of our requirements - formats, quality, features...	40%



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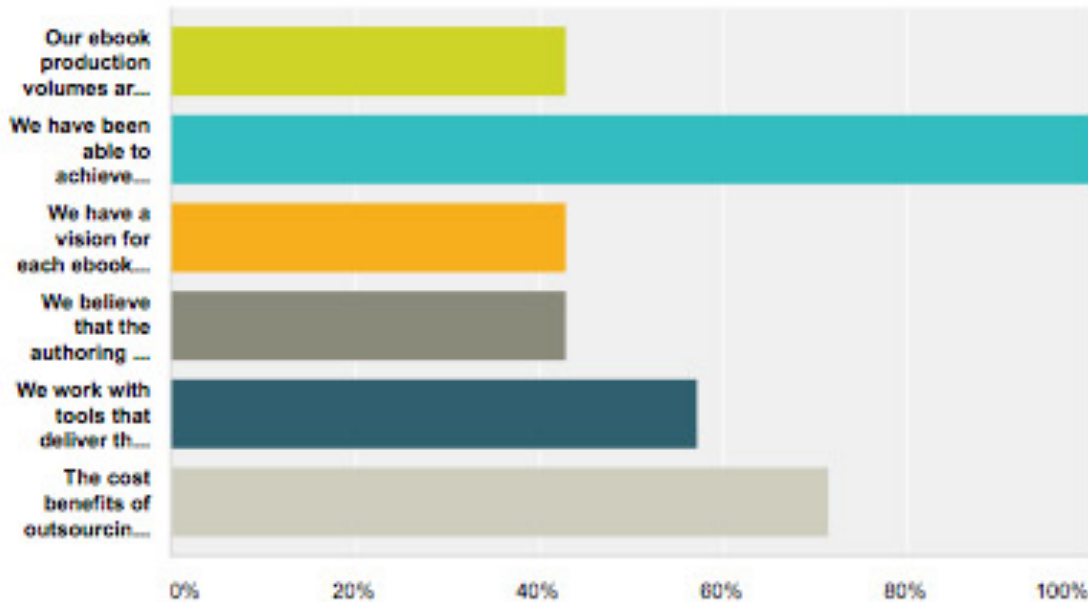
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Related factor, internal production considered too expensive.

70%



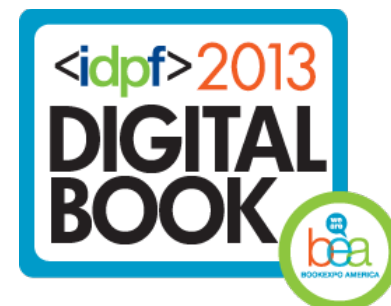
"My organization produces most or all of its ebooks in-house." If relevant to your organization, select ALL that are TRUE.



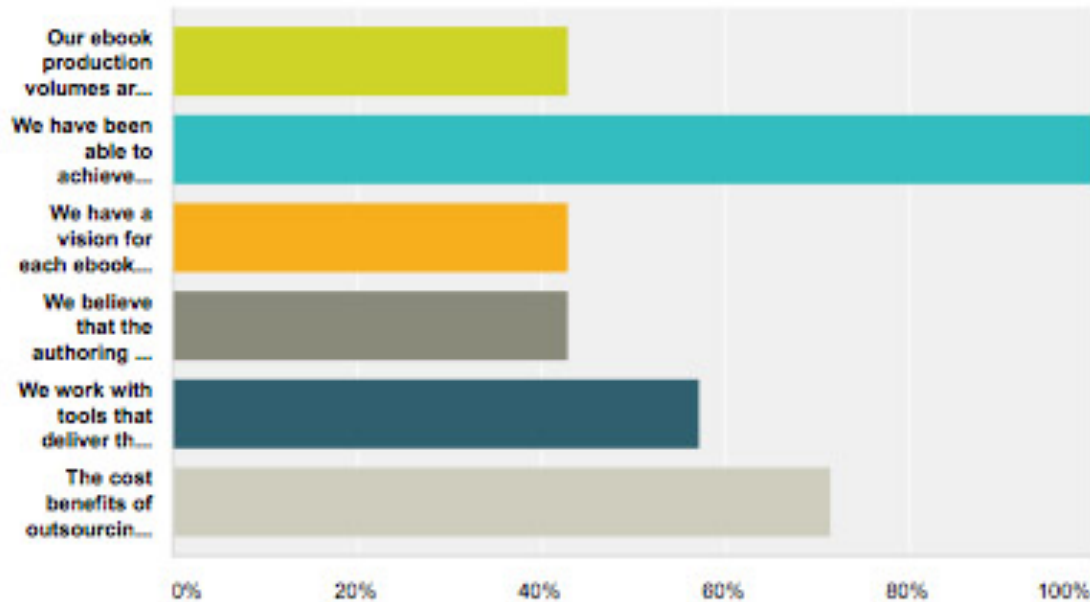
ALL publishers experienced in internal production see greater net benefits.

100%

Answer Choices	Responses
Our ebook production volumes are small enough that our existing internal resources are sufficient to manage.	42.86%
We have been able to achieve efficiencies, even with additional costs (i.e. new hire(s), tools), and have produced a greater net benefit than if we were to outsource.	100%
We have a vision for each ebook that is often difficult to communicate to a third-party.	42.86%
We believe that the authoring and conversion processes are creative tasks that cannot be outsourced.	42.86%
We work with tools that deliver the output requirements that we need.	57.14%
The cost benefits of outsourcing often don't outweigh the quality and turnaround sacrifices that sometimes have to be made.	71.43%



"My organization produces most or all of its ebooks in-house." If relevant to your organization, select ALL that are TRUE.



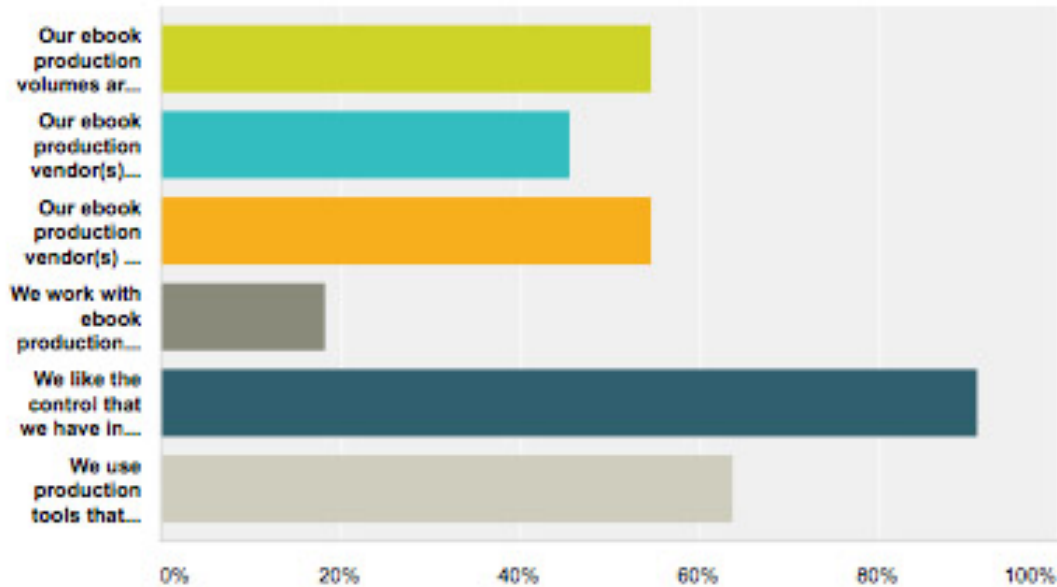
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Outsourcing requires to great a trade-off: quality and turnaround.

71.43%



"My organization takes a blended approach to ebook production." If relevant to your organization, select ALL that are TRUE.



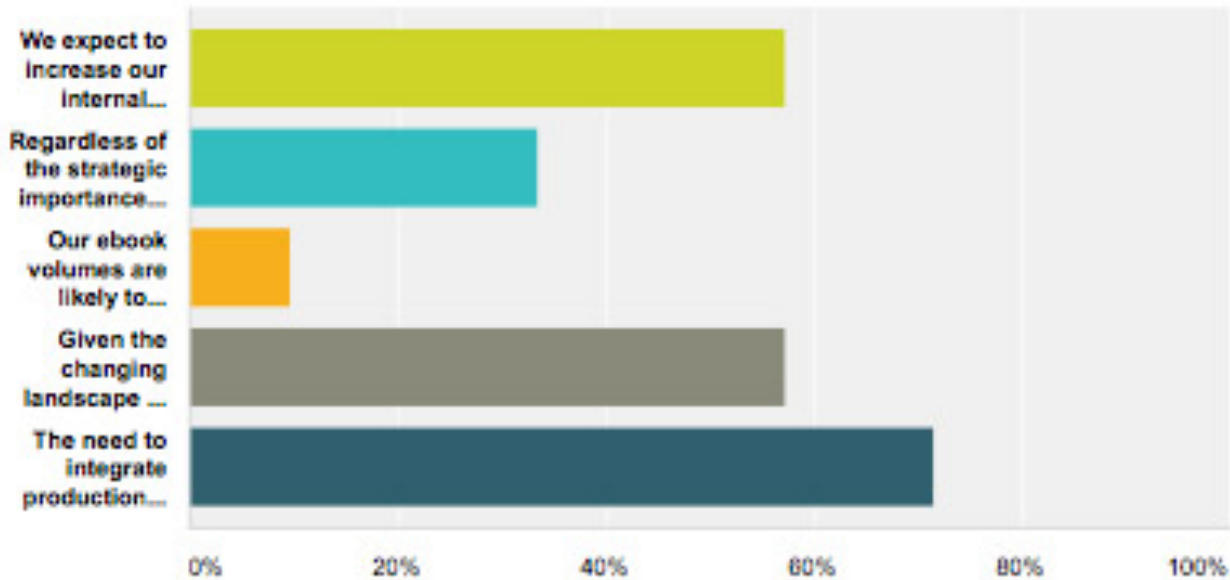
Like control and ability to produce on-demand, while also working with skilled vendor.

Answer Choices	Responses
Our ebook production volumes are too high for us to be able to manage fully in-house.	54.55%
Our ebook production vendor(s) understand our standard specifications and are capable of producing high volumes at reasonable cost.	45.45%
Our ebook production vendor(s) are better suited to produce some of the custom, enhanced features that we don't have the skills to produce ourselves.	54.55%
We work with ebook production vendors who offer other essential services to our business.	18.18%
We like the control that we have in being able to produce ebooks ourselves, on demand, but also see the benefit of having a skilled vendor to manage the work that we don't have bandwidth for.	90.91%
We use production tools that are able to output to the majority of our requirements - formats, quality, features...	63.64%

91%



The future. Select ALL that are TRUE.



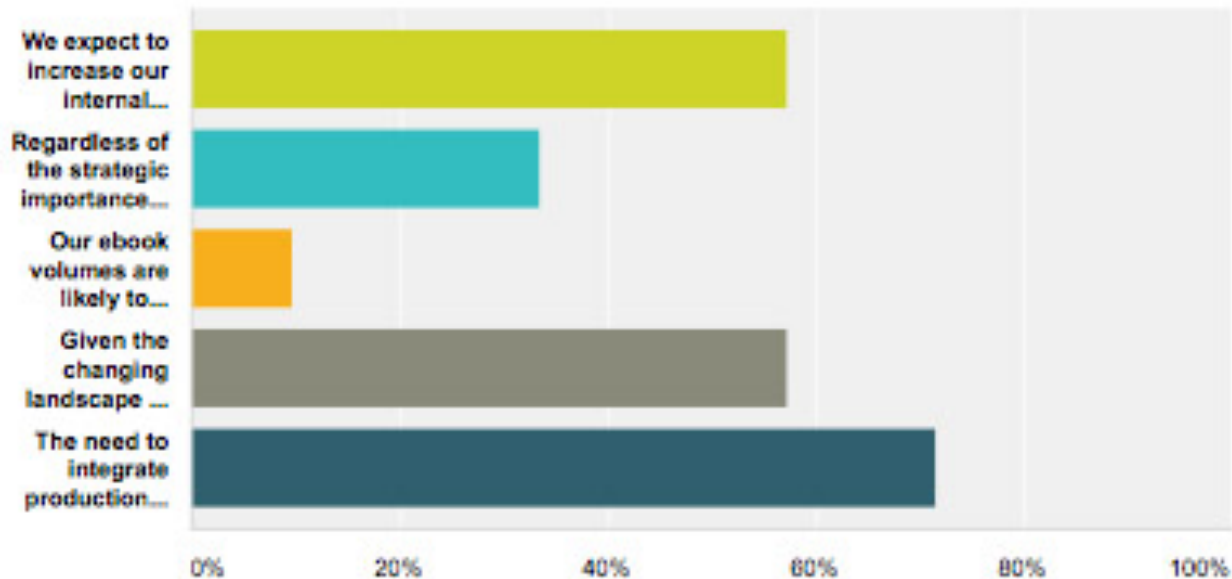
Publishers want to increase internal production capabilities

57%

Answer Choices	Responses
We expect to increase our internal production capabilities through hiring, licensing and/or purchase of tools as ebooks become even more strategically important.	57.14%
Regardless of the strategic importance of ebooks to our business, ebook production tasks are likely to continue to be primarily outsourced.	33.33%
Our ebook volumes are likely to remain small and our goal is to produce all internally.	9.52%
Given the changing landscape of ebook features, formats and platforms it is likely that some of our production will have to be outsourced, although a blended approach is considered optimal.	57.14%
The need to integrate production technologies into internal workflows will grow. We intend to implement a production workflow that fully integrates all stages of the product lifecycle, from original print and ebook design, editorial and production, through to publishing and distribution.	71.43%



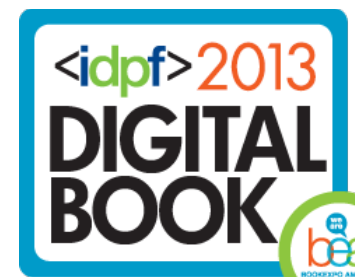
The future. Select ALL that are TRUE.



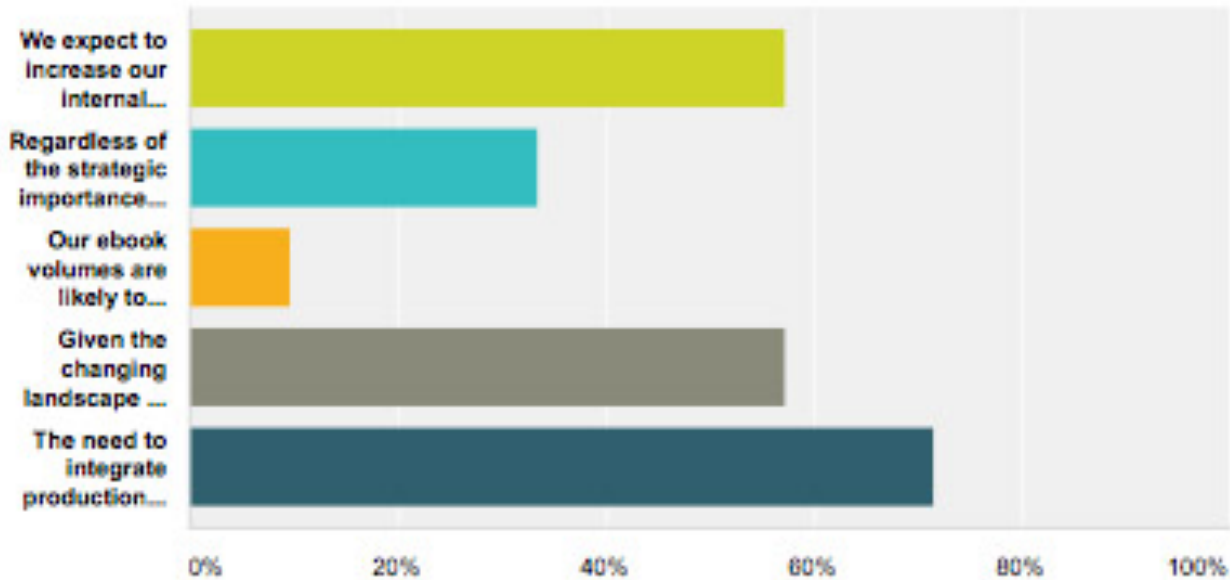
BUT, given uncertainty around formats and platforms at least some outsourcing remains desirable.

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57%



The future. Select ALL that are TRUE.



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Publishers recognize the benefit of implementing workflow management to consolidate all phases of print and digital production.

71%



sanj kharbanda

**VP, Digital Strategy
Houghton Mifflin Harcourt**

What makes us, "US"?

GENERAL INTEREST

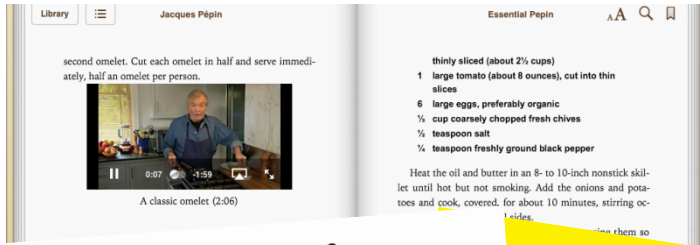
YOUNG READERS

REFERENCE

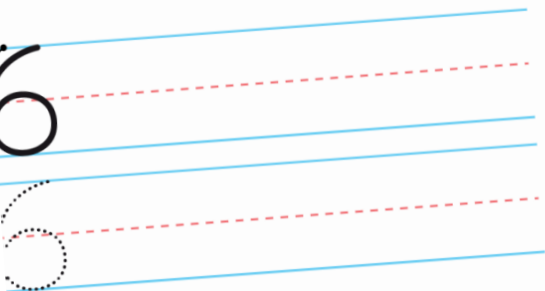
COOKING



Digital Publishing @ HMH

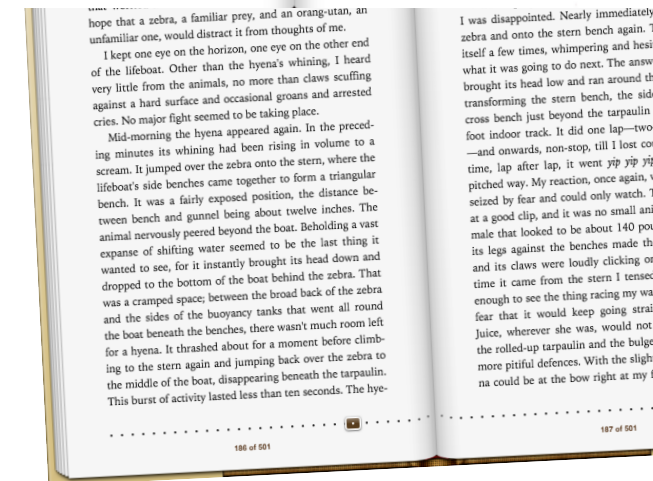


Practice writing the number 6.



OUTSOURCING

- Scale
- Knowledge



INSOURCING

- Skills
- Flexibility
- Custom Design
- QA

INNOVATION GARAGE

PRODUCT DEVELOPMENT
ENHANCED EBOOKS
APPS
CONNECTED EXPERIENCES

NEW APPROACHES
PROCESS IMPROVEMENT
BUSINESS MODELS
AND MORE



INVESTMENTS IN TECHNOLOGY

DESIGNERS
DEVELOPERS
ENGINEERS
UX
QA
ACQUISITION



@sanjjk

PaRRagon

Hello.

Parragon celebrates its 25th anniversary this year as the largest global publisher of illustrated non-fiction books with offices in the the USA, UK, Australia, India, Germany, Scandinavia and China. We create, publish and distribute over 2,000 new titles in up to 26 languages each year with a focus on cookbooks, children's books, and adult non-fiction.

Our philosophy on books is simple. We believe our books should be made as widely available as possible: in bookstores, at major retail outlets, at grocery stores and in specialty markets; online through traditional or flash retailers; or as eBooks and apps available for instant download from major digital stores.

The logo for Parragon, featuring a large, stylized purple letter 'P' followed by the word 'aRRagon' in a smaller, orange, sans-serif font.

Parragon eBook program

Over the past 12 months, Parragon has published approximately 688 eBooks across 4 platforms including:

- iBookstore
- NOOK
- Kobo

In 5 languages:

- English
- German
- Portuguese
- Spanish
- French

- 80% were children's titles
- 20% were cookbooks or adult reference titles



Parragon's eBook program as seen a 41% increase in Year-on-Year revenue and we expect our program to continue to grow as 4color device penetration increases. With the expansion of tablet devices in all markets, our approach to content and conversion has evolved.

Content

Our publishing teams conceptualize the product, not as an individual book or eBook, but as a complete package to be published on all platforms, digital and print. This influences our need to create additional assets for digital editions including:

- **Audio**
- **Video**
- **Additional images for enhancements**
- **Digital only editions**



Role of Content

- Drive Revenue
- Support marketing and discoverability for:
 - print books
 - eBooks
 - apps

little learners
Loved by kids, moms, and dads

Created especially to support your baby or toddler's development, Little Learners stimulates curiosity and imagination. It all begins by sharing a book ...

Download the app!

Download on the App Store
Little Learners app for iPad, iPod touch, and iPhone

Books in stores now!

For more info on Little Learners, including a free Parents' Guide, visit www.parragon.com/littlelearners

The advertisement features a light blue background with a white border. It includes a cartoon dog logo, several children's book covers (e.g., 'I am Busy', 'Let's Play', 'Sausage Buns', 'Peek-a-Boo Friends', 'Baby's First Book', 'Twinkle Twinkle Little Star'), and an 'App Store' download button.

Get these and more great Love Food™ cookbooks. Available in stores and online in the iBookstore!

LOVE FOOD!

A YEAR FULL OF RECIPES

gluten, wheat & dairy free

meatless pizzas

Ice Pops

THE BURGER

300 CALORIES OR LESS

ParRagon

The advertisement has a white background with a thin orange border. It features a red heart logo with 'LOVE FOOD!' inside, several cookbook covers (e.g., 'A Year Full of Recipes', 'The Burger', 'Ice Pops', '300 Calories or Less'), and a collage of food images. The ParRagon logo is at the bottom.

Conversion

Our approach to conversion has become more fluid as finding solutions for in-house or off-shore conversion need to take into account:

- Growing number of custom platforms
- Resource with regard to in-house skill set
- Create once, publish many
- Return on investment

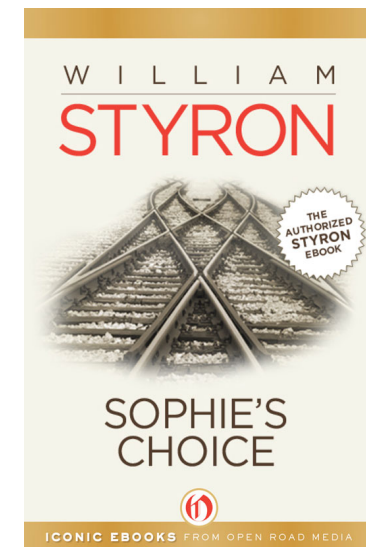
ParRagon

Whichever approach you take,
DON'T LOSE SIGHT OF THE
CONSUMER!



O P E N  R O A D
INTEGRATED MEDIA

- Publication of inaugural author William Styron—8 titles—in May 2010
- Average about 20 titles/month over first 6 months
- No FL ebooks during first 6 months

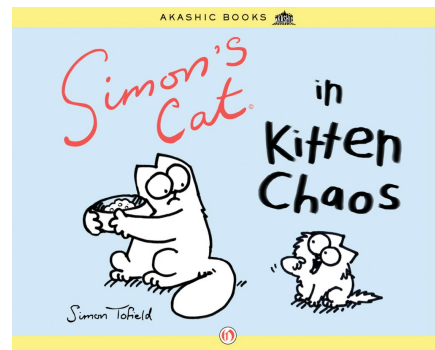


- **Approximate increase of 200 titles every 6 months**
- **With acquisition of picture books, begin to produce FL**

Nov. 2010–April 2011	9 FL
May 2011–Oct. 2011	24 FL
Nov. 2011–April 2012	38 FL
May 2012–Oct. 2012	54 FL

- **Will publish more titles over next 3 months than in first 12 months**
- **61 FL in last 6 months, 66 scheduled for next 6 months**
- **Release of first iBooksAuthor title last month—more to come!**

- Prior to September 2012 all ebook conversion outsourced (with exception of NOOK Kids and a couple enhanced)
- Digital production editor now creates all FL files (with ZEB) and E-riginals (from InDesign) and makes CX/updates as needed
- iBooksAuthor and Kindle Panel View files created in-house



iBooksAuthor



Kindle Panel View

NICOLE
PASSAGE

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ZOO

Clynton Hunt

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ZOO