



**Global Publishing Trends 2018: Digital Transformation Accelerates
With
Rüdiger Wischenbart**

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KENNEALLY: Our program today is going to look at a number of issues. We will have a peek at the largest global – rather, the largest book markets worldwide. We’re going to look at the ways that publishing has interacted with the economy in the last decade or so and where that leads us today. And finally, we’ll take a look at some of the clues this information gives us about the digital transformation that’s underway for all of us. Digital transformation is not about digitizing your content. Undoubtedly, many of you in publishing have already done that. This is about realizing the potential of digital and how digital itself can lead to a kind of transformation of your business. And then we will sort of close things by noting sort of what’s old is new again, and that is that this old new force in the book business is intellectual property. Now, to help all of us do that, I want to welcome to the program Dr. Rüdiger Wischenbart. Rüdiger, welcome to our session today.

WISCHENBART: Hi, Chris. I’m very, very pleased and also excited to be here.

KENNEALLY: Well, we’re happy you can join us. You’re joining us from Oslo, Norway. For many years, you’ve researched and coauthored several highly regarded reports on global publishing, notably the Global eBook Report, the Global Publishing Market, and the Global Ranking of the Publishing Industry, which is updated annually and has information from those very colleagues you are working with today as a part of it. If people want to get a picture of how big the global publishing world is, at the end of our session they can download a report from you at bookmap.org.

Let’s get into the information that you have to share with us today, Rüdiger, and that involves the seven largest publishing markets in the world. Our pie chart here shows us the various percentages, and what we see is a real dominance there by Germany and the United States, but there are other important players, too. Tell us (inaudible).

WISCHENBART: Thank you so much for that kind introduction. What is so surprising for me time and again when I look at this simple pie chart is that seven markets – seven countries – account for two-thirds of global publishing. That shows us a very



deep lesson that publishing and books and reading is so much not just about access to media but also about affluence, about education, about the diversity between countries. Publishing is not a level playing field where everyone can walk in and have their place. All the opposite is true. It is a market driven by forces that are outside of books and reading. And just as you look at the orange pie part, China – China would not have been among those top nations only 10 years ago. But as a consequence to the rise of China in prominence in not only population, but also in producing a middle class with well educated children, etc., propelled the country among the very, very top of our industry, as well.

KENNEALLY: Well, what's interesting about that, Rüdiger, is not only is China a growing force in the publishing world, but so is India to some extent. Certainly within the last decade or so there's been much talk about the BRIC countries – Brazil, Russia, India, China – but as well many others that have begun to move and accelerate their economies into very much the developed world. That begins to tell us something about the markets, but the signals may be confusing, and I think you have an interesting comparison to make here of two particular countries on that chart, and there we see France and India, which are interesting to compare side by side because of the similarities and the differences.

WISCHENBART: Well, yes, a country like France has the same value in the publishing industry or the same amount of money spent by consumers on books and reading as India, but of course we are aware that France has a population of 67 million, and India has a population of 1.3 billion people. The whole mystery was clarified to me by a dear colleague, an Indian publisher, recently, who told me, yes, but he's not surprised by that very strange picture, because the target population – the target audience for books and reading in India – is around 50 million people. We are talking here about urban centers, about well-educated people from the middle class with time and money to use the access. And 50 million Indian people are roughly the equivalent of the adult population in France.

The strange thing, however, is that on a global level, publishing could not take advantage of the growth of the emerging economies during the last one or two decades. We have seen middle class populations to emerge from Brazil, China to India to Mexico to many countries in the Middle East, and still publishing was not growing in that period, and that's a very, very difficult lesson to swallow for us. We understand that books and the products of publishing are important because – for education, because of all the entertainment, and yet there was significant growth in the potential audience which has not been reached. So this is also the difference



why only 50 million Indian people are seen as our target audience and not 1.3 billion.

KENNEALLY: It's a story I think I want to underscore with you, Rüdiger, because there's something being missed here – opportunity being missed. Because even if the book-buying population in India is roughly approximate to the one in France, there is the rest of the population that very much is thirsty for information, thirsty to advance themselves, even as their own country advances. And where they go for information because of where they may live or their immediate resources – the money they have to spend on things besides subsistence – where they would go for that information probably is on a phone. So they wouldn't be going to a bookstore or even thinking about a book. They think the information lies there in their hand.

WISCHENBART: Exactly. In fact, retailers – online retailers – in the past decade like Flipkart, a very big Indian online retailer, have figured out amazing services to bring goods purchased online to the doorstep of a village. They would have someone on a bike riding to the village, and the people can order by phone and buy via their phone bill, and that has enhanced broadly the audience and the consumer base for online retail, but not for books so much. Books are growing in India, but Flipkart pretty much gave up on selling books because it was not attractive enough, and therefore we learned another very lesson. As you mentioned, the 21st century platform is mobile – the mobile smartphone – and that is very, very widely spread around the globe in these target audiences. But the book industry somehow has not found ways to take advantage of these platforms and channels as it might have.

KENNEALLY: It's interesting, too, because I have to tell you, Rüdiger, I spent some time in Paris this past summer, and it surprised me to see as many people as I saw on the Métro reading paperback books. They were still reading books. But I would imagine if we were on a bus in Delhi, we would see people staring into their phones much more than books, and I think there is – it really summarizes things. Yes?

WISCHENBART: If you go to China, you would even see really millions of people staring at their phones and reading long texts. Online reading in China has exploded over the past 15 years. They started very early also with the equivalent of our self-published literature. And now the biggest company, the biggest player, has just raised \$1 billion US to expand their services. That is Tencent.

KENNEALLY: Interesting indeed. And now we have some more information that kind of begins to reveal how this all sorts out. It's a club here, if we can call it that, with some members that are sort of the legacy members, the old-school members, and



then there's a club of new entries. Let's look at them and what this tells us. Now, on the axis to the left-hand side of the screen, the Y axis, we are looking at the number of new titles – book titles published – and the value in euros per inhabitant moving along towards the right. But then how does this all sort of sort itself out, and why do we see certain clusters there?

WISCHENBART: First of all, as you mentioned, we have a club of the old elites. That is going from Italy, Japan, most of western Europe, Korea, the UK, the US, Germany, and a few countries like Norway. Even Austria could figure in that map. That's what the old-fashioned publishing industry is thinking of first when they think about target audiences.

Now, we see a second club, as you mentioned, emerging with India, Brazil, China, but also with very old and traditional reading countries like Russia. Turkey belongs to that club. Here we see that books indeed play a very important role in their economic and also educational and civil development, but it is very unlikely that they grow along the traditional pathways. That would be too slow, so they go to the phone and expect content and entertainment and education to be delivered by these new platforms and channels. So suddenly we see that the new club and the old club are falling apart.

The second thing is I did that survey, as we will see in a second, already five years earlier, and there the old boys club from Europe and North America, etc. was still much more a consistent cohort, and now again we see there is some division, with only a few markets – the English-language markets like the US and the UK, but also Germany and a funny place like Norway performing so much better, both in terms of title output and of dollars and euros and Norwegian kroner spent on books. So we see there are quite some strains in the market development for books and publishing in the old world. Perhaps we can switch to this comparison.

KENNEALLY: Before we do, though, Rüdiger, I just want to ask you – when we see the UK kind of floating above it all there – that gray circle – does that tell you anything that might concern you?

WISCHENBART: No. That's good news, in my understanding, because it shows the strength of the UK to export their English-language books around the globe. Even many US-based publishers would organize their exports across London, basically, and they would manage their Indian holdings and their Australian holdings through London. The US has never really found the right knack to take advantage of exporting and to take advantage of English being the global lingua franca.



And then we have two countries like Germany or Norway, very different in size – Germany 80 million, Norway tiny – five and a half million people, half of New York City – and they are very close, because you have a cultural and also government-supported consensus about books being so important.

We just heard about the big ambitions in Norway here, in Oslo, to spend taxpayers' money in first supporting their domestic readership, buying many, many titles for libraries, but also having an organization, NORLA, to support export. And we found from crime writer Jo Nesbø to a very new talent, Maja Lunde, with a book about bees, which became a bestseller in Germany – how that propels Norway on the frontlines of global success stories in publishing.

KENNEALLY: Fascinating. And you did, as you say, a look – or you made a survey to take a look at this five years earlier. And it is interesting to sort of compare this, because we are seeing what has begun to happen over those five years since this 2011 snapshot. Things have sorted themselves out a bit. There are kind of clusters now, where everyone seemed to be almost in the center. As we just saw, those UK, US, Germany, and Norway markets continued to move to the right, but there's not a lot of activity otherwise going on.

WISCHENBART: Exactly. And that's a big concern for me, because it shows that really some things tend to fall apart, and I guess in the years ahead we really should start to figure out what's going on here – what is driving that change, which is not a very healthy change, and what can we do about it? That's the first lesson, is to say we better care about how big is publishing and how is the pattern changing?

KENNEALLY: Here it shows six very important markets – China, the US, France, Germany, UK, and Japan. One, of course, stands out from all the rest. That is China. I'm sure you'll want to tell us more about that. And the others all cluster together with some minor variations. So what are we seeing here, and what is it telling us as we move from 2008 to 2016?

WISCHENBART: First of all, technically, we see the development of total revenue of the book markets as it changes in percent in the local currency and after taking into account inflation. So it's the very basic economic exercise of saying we exclude all the external factors like exchange rate differences, like if one is collecting a little bit more in this direction or the other direction of data, because it's the same databases for each country year after year after year. So we see a big gap between only one strong and continuous growth market, China, and the five others.



And the five others are very, very different markets. It's the US and UK as English language. It's Germany, with a highly regulated market – fixed book prices. Same for France. And all these differences – all the differences in size, US and UK taking advantage of the lingua franca of English. And all these differences in the setup are not as strong as the overall decline as soon as you factor in inflation. It's a big strain of the industry. Only if you look in more detail, you will discover that France is – France and Germany are recovering a little bit. UK and US have shown better stability because of – that is my interpretation, at least – because they could successfully integrate ebooks in their overall market model.

And for China, you see just the impact from two ground forces – fundamental forces. One is the total growth of the economy, and two, it is a government that makes sure and supports and encourages the industry by saying you need to professionalize, you need to grow, you need to expand and even go overseas. I just heard the other day of an American comic or a graphic novel publishing company taken over – being acquired by Chinese, etc. But even in China, most recently we see that the rapid growth has, for the moment, begun to stall. You see that this is a pattern that should bring about quite a lot concerns.

KENNEALLY: Well, what's interesting, Rüdiger, if I can point out a couple things – we are often told, at least in the US media, that flat is the new up when it comes to the book market. What we are seeing is that it's not flat, really, when you do factor in for inflation. The other thing, and you mentioned it briefly, is the contrast here – and I wonder what lessons you draw from it – between those two markets, France and Germany, that have fixed book price laws, versus the US and the UK, where discounting is very common. What impact, if any, or what's the effect of the fixed book price laws in France and Germany on those marketplaces? It supports some, but it may lead to growth in others, I would imagine.

WISCHENBART: My personal interpretation is that on the one hand, I clearly see and would assume a positive effect from price regulation for maintaining a tightly woven network of even small bookshops in small towns. I guess that stability is helped a great deal in markets like Germany or France by fixed book prices. But also we must acknowledge that Germany or France or Italy have a different cultural tradition which facilitates this.

On the other hand, we also need to recognize that in all those new niches – and they can be big niches and growing niches, from self-publishing to blockbuster bestsellers who gain in market share, to the overall setup, to digital – I guess all the



indicators tell me that fixed book prices hardly have any impact. We compared details across markets for ebook sales across Europe in very different regulated and non-regulated markets. And guess what? You wouldn't recognize and find substantial differences whether or not prices are fixed or not.

KENNEALLY: Right. So these numbers that we have here are for traditional book publishing – book publishing and bookselling in the traditional sense of the term – whereas the self-published market, the independent publishing market – does that appear here at all? Or is that not there, and so therefore we're missing where maybe some of the growth may be?

WISCHENBART: That's one of the most difficult questions to answer. We simply don't know, frankly. We don't know – of course, everyone giving us numbers tells us, well, they include pretty much everything. And as soon as you start really digging into the detail – we've seen this with some debates in the UK, of course we have seen it very broadly by author earnings in the US, and I have suspicions it is similar in Germany – self-publishing is not really measured properly. And we see a fragmentation, and we will come to this a little later in more detail. We see a fragmentation. We see that what used to be a highly integrated and compact universe of books and reading is falling apart into different islands which follow very, very different trajectories.

KENNEALLY: Right. And that fragmentation is something, as you say, we will come back to. Let's take a look at kind of a contrasting arena of emerging markets, and again some countries we'll be familiar with – China, Mexico, Brazil, and Russia there. We see a real – again, the repeat of the China numbers, almost an inverse for the Russian example, and then Mexico and Brazil in the center of that graph there, making an effort to rise but then finding that they're struggling in the more recent years. Tell us more.

WISCHENBART: For me, the two examples of Mexico and Brazil in the middle are the really exciting. First of all, the bitter pill – we have to discover, even for the number one growth market that all the big publishing groups were so excited about outside China in the early 2010s, Brazil – as soon as you apply regular economics, you see it didn't really grow. In Brazil, purchases by the government play a very big and important role in the market, and that is also where most of the growth that occurred has taken place. But again, because you have a more volatile economy, most of the value creation has been eaten up by inflation. Now, as the Brazilian economy started to go down, and the same for Mexico, that was very, very quickly destroying a significant part of these gains.



That's as well a difficult political message and certainly a difficult message also in terms of industry analytics for the book publishing industry. We see that book publishers could not really take advantage of the gains of the upward dynamics in some of these countries – Turkey would be another example – where you had really a very exciting economic development, but it was not taken up by publishers in the same understanding.

And perhaps – we are still working on this, but we have some indicators pointing to one finding. For many decades, since the Second World War, the overall economic development was closely, closely related or connected to the performance of book markets. And since the crisis of 2008, that connection seems to have broken, and that would be a big headache for the publishing industry to understand and to fix this.

KENNEALLY: Indeed it would. And it's interesting that as well – before we go on to a closer look at some European markets – to take the example of Mexico, where if there was any growth, it might not have been local publishers who benefited from that, because of course the Spanish language is one that Spanish publishers might have been able to leverage to get into that growing market themselves.

WISCHENBART: Well, yes. If you compare the Mexican and Brazilian figures to European figures, we see that Latin America has saved the Spanish publishing industry, pretty much. I guess one can say this quite flatly. We can say that exports in Spain have made it that it was not even worse, because as you see, Spain is the red line now in a comparison of five non-English-language European markets – was really very, very, very badly hit by the crisis of 2008. It lost roughly 30% of its turnover. But that would have been even much more grim had Spain not succeeded in maintaining their hefty exports into Latin America.

Here we start to learn about globalization in publishing. Spain has two – used to have three, now it has two big conglomerates who are really dominating the market. One is the domestic market leader, Planeta – based in Barcelona, by the way, not in Madrid – and Penguin Random House's Spanish language holdings, which used to be in a joint venture with an Italian group, Mondadori. Now they made a few acquisitions, and everything went under the umbrella of Penguin Random House. Together, Planeta and Penguin Random House Grupo Editorial succeeded in creating muscle for catering into Latin America.



First thing – it was good for the Spanish. Second thing – it was a big challenge for an already difficult situation for, for instance, Mexican publishers. Here you had – again, we are into lessons about globalization – you had a government stepping in saying, wait a moment, we need to sustain a domestic sector in publishing. Therefore they did quite a few things in buying educational materials from their domestic actors, etc., and trying to strengthen their domestic industry, which was good for Mexico, which was a hurdle – one hurdle more – for the Spanish.

And guess what? I would expect that the big groups – Planeta and Penguin Random House – had a much stronger position here to take advantage of these opportunities, while for many small publishing houses in Spain, it must have even increased the strain that the overall economy had prepared for them. Therefore we see publishing as an industry is now coming, or has come, under a very high pressure of industry consolidation. All the five markets – perhaps with the exception of Germany, where it's not so big, but France, Poland, Spain, Italy – have seen massive, massive mergers and acquisitions, making a few big groups even bigger and putting more strain on the smaller groups.

KENNEALLY: Rüdiger, you mentioned government support for the book industry in various countries. I have an article in front of me here about something called a cultural allowance that the Italians pay to teenagers. That allows them to do some spending on so-called cultural activities, and they can choose beyond books, but it certainly does sort of add to this idea of a kind of propping up of the business that can happen in a variety of markets that would be unfamiliar, say, in the United States.

Here's an interesting comparison of revenue versus title production in a variety of regions. You have the EU shown here, Germany, and France. What's the story from this chart?

WISCHENBART: I guess we have – because you mentioned these allowances, we have big debates all across Europe. We see figures pointing to declining reading, and we have flat or even dwindling markets, and people in all kinds of policies try to fix the problem by all kinds of means, from government programs to encouragement to the industry. But at the same time, we see that despite markets going down, the output with new titles in most countries is going up. So on average, the publishers and the authors gain less and less and less per title published.

We have a big debate going on in Britain where authors complain that over the past 10, 15 years, hardly anyone has remained in a position where they can make a



living out of writing books. All the big and all the small and medium-size publishers who guarantee the diversity in topics, in writing styles, etc. are depending on a situation where even a small book can break even. And we see the more titles there are getting out, the less and less likely this is. Only in Germany somehow the industry has understood the lesson.

If you look at the EU curve, which is the red curve – the full red curve going up with title production and a dotted line going down, which is again the market revenue decline once you factor in inflation – you see there is a huge gap going up, and that shows you that while Germany or France are still rather robust markets, think of Portugal, Poland, or small markets like Croatia, where the pressure must have mounted very, very strongly, only we don't know very much about these markets.

KENNEALLY: Right. Rüdiger, let's sort of sum things up before we move to what is important to people here, which is the whole digital transformation and the potential – the impact there, because we have been seeing how the book market has transformed over the last decade. You have talked about some of the approaches that publishers or their local governments, their national governments have taken. We're going to look at an approach that maybe everyone on the call can start to think about a great deal more, which is the digital approach. But let's sum things up here. When you look at book markets from a global perspective for that whole BookMap approach, you're seeing some recurring themes here. Tell us about those.

WISCHENBART: First of all, let me introduce the word digital right away, as of now, because it helps us to understand a few driving forces of change. When we speak here in our debate that we have today about digital, I'm not only talking about ebooks. I'm talking about a digital transformation. I mean that a publishing company suddenly is driven and organized in a digitally organized value chain and work processes. And I'm talking about distribution, which is highly digitized, with online gaining in market share to the detriment of brick-and-mortar physical bookstores, etc. So digital is all of this combined. And only then, with factoring in these different layers of digital and digital transformation, we start to understand what's really hitting us.

Number one, we have arrived – it's not the future, it's the present. We have arrived in a network economy for the book industry as well, and that means we have winner-take-all markets, where a few major and bigger and better-financed players are in a so much stronger position than all the little guys.



The same is reinforced by the fragmentation, because when I have a big organization, I can play around here and experiment there and acquire a little startup or a little imprint from somewhere else. So I can really play across all those different niches and fields, and I have also the capital to purchase a major bestseller, and I even can fix a mistake that I may have made when – just recently in the US, a book is so much more successful, like Michael Wolff's *Fire and Fury*, than the publisher had expected. I have the tools to do this, and that is making the competition so much stronger against all the small and middle-sized publishing companies.

That is reinforced by a third factor, and that is publishing traditionally thought that the publishers, the authors, and their offer are defining the market. But in a networked economy, in a corporate economy, in all these digital pipes and channels and platforms, it's the consumers, it's the customers who define it. So three major forces that really make the change.

KENNEALLY: Fascinating. Let's sort of move towards our conclusion here, which is, as you've already previewed for us, the organizing principle moving forward is digital.

We've had a question here about various book markets, including STM and other genres and types of titles. We won't get into those specifically right now, but we are going to look at the marketplaces for STM, education, and trade, and really what one has to teach the other here. We've broken them down very simply in a very simple diagram, but I think it's important to take a look at this, Rüdiger. So the STM world – this is a world that has been thoroughly digital for some time and is very comfortable with this very fine granularity, as you put it, of material, content, and licensing. Where do the other players sort of fit in on that scale? Where do they?

WISCHENBART: Let me start with an anecdote. I have had the same conversation with consumer publishers, but particularly with fiction publishers in Germany or Spain or France time and again when they said, well, at the end of the day, my business didn't change so much in the past 20 years. Even agents told me that. Then I would ask, oh, it hasn't changed? So you still have the guarantee that an author stays with you, and you still have those lifelong contracts, and you still have control over the entire value chain? Then very quickly the conversation is turning around, and they say no, of course. No, no, we have now limited contracts, and we



have this and that, and the agents are slicing the intellectual property into finer and finer layers. So everything has changed, in fact.

But in much of consumer publishing, except for the big, big groups, the bread and butter work is still about selling entire books – 200 pages, 300 pages of a novel – to a bookseller or to Amazon and then to the consumer. And here, when we look three different main sectors of our industry – STM professional, educational, and trade, we see STM has learned the lesson 15 years ago by cutting up their content into ever finer pieces, organizing that into databases, and now posting at their websites that they make 85% – like Elsevier, I guess has that number – 85% of their revenue from subscription models, which are digitally based.

The same has started to apply to educational publishers, who started to come under pressure because public revenue started to decline in many markets, and then open access and open educational resources came into play and governments who didn't want to pay so much for textbooks, etc. So suddenly platforms have started to emerge where you can trade all these things, provided two things. First, the publishers had them ready, had all the rights. And second, they had it cut down again in granular elements.

Only in the trade segment, most publishers have still only limited rights to the entire books and are marketing the entire novel and think that that is the only viable revenue stream. And all the other layers and possibilities are either held by the agent and the author or are not very much taken care of in the first place.

So suddenly we realize that there are lots and lots of lost opportunities, because as we said at several moments in our conversation, we have a fragmented market situation right now. The user attentiveness, the time spent by users for whatever cultural activity, has moved from all kinds of channels to the mobile phone primarily. How much content does a fiction publisher have ready in formats, in manageable ways, to feed into Facebook or whatever? And here I don't mean that the Facebook user must pay for it, but just to raise the visibility of bookish content in these environments. So suddenly IPR – intellectual property rights – and distributing these rights, etc. gets an entirely new meaning.

I guess it's very, very important that the trade publishers start to learn the lessons – not only the moral lessons, but also the technical lessons, the solutions, the management savviness to take these insights from professional and educational and apply it and change it and adapt it for the requirements of consumer publishing.



Again, one little anecdote – a quite successful German author told me the story, and I loved it very much. She hated it. She said suddenly someone came up to her and said, well, we have a wonderful offer to you. You have your novel – your successful novel – as an audiobook. Why wouldn't you allow a major airline carrier to use that for free usage in the airplanes for their passengers? And she said yes, nice idea. How much do you pay? And they said no, no, no, we don't want to pay you, because you get exposure. She said, wait a moment. You want to use my content and don't pay for the royalties? Yes, you get exposure.

Suddenly it was clear – and that's what I like and she hated about the conversation – that two things had gone wrong here. First, of course, the assumption of using property for free, but also it was not the author who should have carried that wrong conversation, but some publisher or agent who said, oh, wonderful. We feed you that in a perfectly technically managed format, and then it's a service, and then even the airline carrier would have understood very quickly. For a service, you have to pay, because also for the catering and food they have to pay. So we need to reframe our thinking, but that requires a technical infrastructure, a management approach, etc. to make that happen, and here the consumer publishers and partly the educational publishers can learn a lot from professional.

KENNEALLY: And I think they could also learn from the discussion we had earlier in the program, Rüdiger, regarding that market of India. There was enormous potential, but it is thinking beyond the book.

WISCHENBART: Yes. You know perhaps the markets where you have the largest mobile internet penetration and the highest percentage of consumers buying ecommerce from their mobile phones are not the US, and certainly not Germany, and even less France. It's places like Singapore or Dubai or other Emirates, Saudi. So we suddenly see how many markets behave differently. And as an industry, we want to feed our stuff and we want to make our authors visible in these environments, I guess.

KENNEALLY: Right. Let's sum up here and go to some questions, Rüdiger. This is the point here we make where everything old is new again, so to speak, and that is the force for great potential, for great possibilities in the book business, which is IP, intellectual property. So it seems obvious, but it's always worth stressing, because as those charts have showed us, it's been 10 years now, and the fate of the book business remains not entirely an optimistic one and one where there is great potential if it's really seized upon. So with digital, as you say, a book is just one piece of the pie. Tell us more.



WISCHENBART: To put it simply, 10 years ago – 10 years and a few months ago – Apple introduced the iPhone. Pretty much at the same moment in time, a couple of months later, Amazon introduced the Kindle. Introducing the Kindle was not just having a gadget, but that has required to convince publishers to make content available. Now imagine how much has grown out of that initial iPhone. The initial iPhone had a camera but not very much more. And now today, an iPhone or an Android phone are a remote control for our lives.

Ask the same question about ebooks, and we will see that ebooks have not changed really, have not been optimized a lot in these same 10 years. And digital value chain management is a topic that for most publishers we are starting to debate this since three, four years. That's what we need to overcome, but also that's what we need to be aware of. The digital – the book is only one format among many, and it's not just the only way to reach an audience for what is in the end bookish content.

I need to smooth and optimize and arrange better that I can get an idea about a new book on Facebook from a friend and think about if I really want to read this, and at the end of the day, eventually buy it as a print copy at the corner of my street in the little bookshop. But it still – that needs to be a reintegrated experience where publishers and authors and consumers should find much more integrated ways to use all these different layers, and that requires of course to manage intellectual property in ways that it can flow seamlessly across these pipes.

KENNEALLY: Right. As you say, it's a management issue. You need to know as much as you can about those assets – not only about them, but where they are and what you can do with them – in order to exploit them, because otherwise you sort of see it as a kind of single thing. When what you're saying is if you zoom in, if you turn that microscope on it, you realize that it is made up of many, many types of opportunities.

WISCHENBART: Yes. And ideally you need solutions that can be used by a big corporation, but also by a small publisher. That's one of the big mysteries for me, really. When we started with ebooks and stuff like this, and when it started to be viable that from my laptop, wherever I am, I can produce and distribute a book within a few clicks and I can tap into the big networks – from Amazon but also others – that would have been a solution for all the diversity and the small publishers and the niche and the user-generated content. And how little of this could we achieve in these 10 years? I think that's the biggest open opportunity.



But that requires managing these assets in a way that even I, from the top of my laptop, I can have tools ready to exploit that property.

KENNEALLY: Right. With that, Rüdiger, we want to thank you for what has been a very thoughtful, very revealing presentation for me, at least.

WISCHENBART: I very much appreciated that I could be with you today. Thank you so much.

KENNEALLY: For all of us at CCC and at Ixxus in the UK, thanks for joining us. My name is Chris Kenneally. Have a great day.

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