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A Perfect Storm in Publishing?

It is certainly true that publishers today face many challenges created by changing markets, technology and consumer demands. However, is it really a storm? Many of Klopotek's customers have been facing this challenge, and thriving, for several years, and they have been doing this on Klopotek's frameworks and digital publishing platform.

Between the race to digitization, wildly changing customer expectations, and maintaining profitable operating models, it has been argued that the publishing industry is in a perfect storm of transformation. While this is true for many, many have also faced the challenges head on and have transformed their businesses in order to gain new revenue streams while still supporting older business models.

One of the common challenges our publishing customers have faced was that they do not have the time and money to do everything they need to do to survive in this new world at once. This is because barriers to market entry have dropped, enabling new start-ups, unencumbered by print legacies or older legacy models and infrastructure, to pass publishers by making them less relevant to their consumer base. Consumers are increasingly consuming their content digitally, swiping their tablets, smartphones and e-readers to grab the latest book, magazine, journal or learning experience. They are reading on their computers from specialized portals. However, printed media is far from dead, and publishers still need to support that vital revenue model.

We found, from our extensive research and participation in the industry, and from our installed base and new prospects, that Klopotek could assist publishers in retaining revenue while creating new revenue streams and supporting new business models. This has been achieved by making our publishing platform more flexible and able to support a wide range of mixed media and micro content publishing with an integrated content creation stream and content management capability and digital asset library along with enhanced rights, royalty and permissions management systems.

Today we are proud to be able to demonstrate many successful ventures with our customers.

Here are just a few examples:

Here you can read about how Klopotek has worked with Elsevier to enable a seamless XML first workflow for editorial, acquisition and production to help transform Elsevier from a print centric publisher to a digital centric one:

http://www.klopotek.com/fileadmin/Klopotek_PDF/Case_Studies/Elsevier/Klopotek_Case_Study_1_Elsevier_A4_EN.pdf

http://www.klopotek.com/fileadmin/Klopotek_PDF/Case_Studies/Elsevier/Klopotek_Case_Study_2_Elsevier_A4_EN.pdf

Please see other case studies of companies that Klopotek has helped to reach new markets or to support new business models and the complexity of the new paradigms in publishing:

http://www.klopotek.de/en/software/customers/case-studies.html

We expect that these new models will continue to grow and become progressively more digital moving forward. Based on what we and most of our customers see in the marketplace today we can quickly make some generally true assertions about what is becoming apparent today:

- Consuming content digitally is pervasive, growing and irreversible among both consumers (B2C) and business (B2B) customers.
- Digital content is different than traditional print: it's not enough to put printed content on a screen; digital content is often more granular, frequently updated, on demand, searchable, hyperlinked, divisible and dynamic.
- Individualized content is the new ideal, meaning that it is not only perfectly relevant to segments but also geared to specific individuals needs.
- Revenue and profitability for most publishers is shrinking as emerging digital-only players shrink the overall revenue opportunity for traditional players.

Internally, publishing companies have to address these forces within the context of their own existing constraints and challenges:

- Publishers must regain revenue and reduce costs in an environment where they are required to invest in the transformation to digital.
- Current processes are focused on the traditional print model, with digitization largely an add-on process; companies are not currently 'digital first'.
- Automation of traditional processes is not enough by itself to truly capitalize and thrive in the digital content marketplace.
- New pricing, bundling and product models are needed to succeed in the marketplace, but most organizations do not have the front or back-office capability to implement them effectively.
- Data and content analytics are required for product and service customization, but most organizations have insufficient data and content management and analytics capabilities.
- Rights, permissions and royalties issues – both in legacy contracts and the new capabilities need to be more flexible, compliant and accurate in the new environment.

The Imperative for Change

To successfully compete and grow in the new ecosystem, publishers must transform their businesses to meet the modern digital marketplace while solving their internal inefficiencies to become high-performing and efficient enterprises. Call it the digital publishing enterprise: a new vision that fulfills on the digital necessity of today and tomorrow's marketplace while driving substantial innovation and transformation to the company's core operating model.

As most do not have the time or money to accomplish everything they need to do, publishers will need to take a hard look and decide where they want to focus their resources. They will need to unencumber their operations from the overhead of the past to reduce operating costs in order to redirect their core capability investment. Most will need to reach out beyond their organizations to find the expertise, resources and infrastructure to make the change. Some may thrive in the new environment. Others will have done "too little too late".

Vision for the Digital Publishing Enterprise: a New Operating Model

Publishers require a new way of operating and doing business in today's digital world. The operating model is a fundamental design for how the company works that includes business strategy, business processes, pricing and product models, content supply chains, organization, information, technology and more. Creating this vision and operating model must be a thoughtful, strategic process requiring expert analysis, rigorous analysis of internal and external factors, proven design techniques, and an approach that cements excitement and commitment within the organization.

Reengineering the existing processes

The key to successful change is that all of the new digital capabilities need to be created while current processes and technology have to be completely reengineered. Since many of these processes are not core to driving competitive advantage, companies should consider removing them, offloading/outsourcing them, or dramatically changing the way they fulfill them. Managed services may be a key strategy to avoid investments.

We believe that there are five main competency areas publishers should base their future-state digital operating model around:

- Excel with digital content
- Transform pricing models and back-office financial management
- Connect to and understand the consumer of your published content
- Transform and manage permissions, rights and royalties to attract the best content and to treat others fairly
- Develop new intelligence – information, insights and infrastructure

Many of our customers have worked hard to achieve success and we are proud to have been able to support this success. Customers, such as Ithaka/JStor, Walter DeGruyter, Brill and many others have been able to enable these imperatives with web based frameworks, optimized digital publishing workflows, enhanced ecommerce revenue streams and business transformation services and we continue to transform ourselves every day.

For more information on any of the discussion points, use cases or publishing models detailed here, please do not hesitate to contact me, or your local Klopotek support team.

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