



Future of E-Books and Strategic Financial Implications for Publishers

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ABSTRACT

This paper examines the genesis of e-books. Analysis with respect to different aspects relating to business organization's involvement in the industry and authentic published information is studied with the help of secondary data. Questions such as who is reading e-books and why they are reading and where they are reading are analyses and insights documented. A set of conclusions is provided on the nature of the market for the future of e-books with strategic financial implications is provided to undertake future research.

KEYWORDS: e-books, book industry

1 Introduction

E-books are the electronic versions of printed books. According to Online Dictionary of Library and Information "It is a digital version of a print book designed to be read on a personal computer or an e-book reader (a software application for use on a standard-sized computer or a book-sized computer used solely as a reading device)".

E-book is a term used to describe a text analogous to a book that is in digital form and displayed on a computer screen. Based on the brief discussion we may say that E-books are books in computer file format and read about all types of computers, including handheld devices designed specifically for reading e-books. E-books are as familiar as their print counterparts or as unique as the electronic medium itself, containing audio, video or live hyperlinks. E-books could be delivered by download or e-mail files attachment or sold through online book shops like Amazon.

1.2 Origin and Evolution of E-books

The first printing press with movable type that was invented in by Johannes Gutenberg(1450 revolutionized the printing process by making it simpler and more affordable. The first novel was published in 1987 (Afternoon, A Story by Michael Joyce), electronic books did not capture public attention until the online publication of Stephen King's novella, Riding the Bullet in 4 March 2000 and could be downloaded for 2.5\$. Within 24 hours, the text had been downloaded by 400,000 users. Keith Loris, president and CEO of SoftLock the organization that provided the server support, sent to prospective purchasers, telling them that more than two lakh orders had been received and are not able to serve people as they waited for hours to download. The revenue obtained is five lakh US dollars, which indicated that it is a good venture as the revenue obtained is on the first day (www.planetbook.com). But publisher's revenue has not solved the consumer issues. The majority of eBook systems will be available only on individual machines of purchasers to prevent piracy. And the DRM technology initially used for King's eBook worked only with PCs or handheld devices. Glassbook provided the encryption and reader software for the PC version.

1.3 Situational analysis of e-book publishing

The concept of e-books came in vogue after Martin Eberhart and Jim Sachs who started their own companies and developed Rocket eBook and SoftBook, the first two handheld e-book reading devices (<http://www.scaruffi.com/politics/silicon/bios.html>).

Presently multinational industry was dominated by small U.S. start-ups like NuvoMedia and many small, Web-based, often amateur-looking e-book retailers. Companies like Gemstar, Microsoft and Adobe, Amazon is still dominating the e-book industry. However, all of the major U.S. publishing companies have launched extensive e-book production schemes. McGraw-Hill, Random House, Simon & Schuster, Harper Collins and Time Warner all have extensive e-book plans. They have all signed agreements with Amazon and Barnes & Noble, the dominant e-book retailers. In a short span of time, a large part of the e-book industry has been brought into the global economy by some of the most powerful companies in the world.

Presently there is an increasing interest in the use of e-books and other forms of online documentation of development disseminate in the information and provide global access to it.

Moreover, the tremendous technology related to the production and usage of E-Books is making them more and more popular. The factors behind the popularity of e-books include, advances in computer hardware and software, exchange of text and data electronically as a result of the Internet, compatibility of World Wide Web with a wide variety of document formats, electronic files used in the production of printed books are now being re-purposed for the production of e-books.

2. Formats of E-books

There exist many standard formats in which e-books are available. Some of the standard formats are being discussed as follows;

Adobe Portable Document Format (PDF) is a natural choice for eBook publishing because it is a universal standard that preserves essential attributes of the printed page. For example leading publishing companies including CABI, Springer publishes their e-Books in the PDF.

Plenty of e-book formats are available in including Mob pocket Format, E-Pub Format.

However, from above the table it is evident that leading publishing companies including Springer and CABI prefers PDF as their e-book format. Therefore, we can infer that the most common and preferred eBook format among various eBook formats is the PDF. The emergence of a commercial significant electronic book (e-book) market in the past three year has been the result of two allowing for the Kindle and quite-recent technological developments. The first, and most critical, has been a breakthrough in the technology for manufacturing reflective electronic paper displays (EPDs), introduction of affordable, lightweight and portable e-book readers such as Amazon's Sony's Reader. The second has been the root of reliable "3G" wireless broadband networks, which makes it possible to deliver digital books directly to reading devices without the intermediate steps of downloading files to a PC and then transferring them to a reader. Direct-to- device sampling and delivery, particularly with Amazon's Kindle and Apple's iPhone, have enabled impulse-driven e-commerce, which has been critical to early consumer adoption of e-books. The technology for e-books, however, remains nascent. The Kindle and its ilk are very much first-generation devices that deliver the minimally acceptable experience. Further development of the business will be closely tied to future technological developments, including flexibility and colour displays, format standardization and rich-media applications. As the market grows, there are numerous opportunities for other technology players, from social networks to cloud service providers and more. This report examines the trends and opportunities ahead.

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The latest version of Adobe Reader 8 which enables the users to view, print, search, sign and verify the authenticity of PDF files. It also includes new document viewing options, advanced collaboration, new features to help users more increased time-saving ways to work with PDF files, and other securely and consistently communicate and collaborate using PDF files.

Reader 8 is now integrated with Adobe Connect™ software, which enables users to instantly communicate and accelerate approvals with virtually anyone, anywhere, at any time.

3. E-Book Reading

Microsoft Reader - Microsoft Reader is free software for e-books that works with .LIT files and supports Clear Type Technology for easy reading on small PDA screens. This format is based on Microsoft Compressed HTML Help format. These books can be purchased and downloaded from large online stores, including Amazon.com. Its features include highlighting and doodling/scribbling designed for quick note taking, text notes and a search function. Other features include finding the last page you were on, your most recent page and a library of all the e-books you own. Depending on the book, there can be a cover image and images throughout the book. **MobiPocket** - The Mobipocket Reader is available for two platforms viz. PDAs and PCs. One can build, Mobipocket Reader for PC one can easily transfer the e-books from organize, read and annotate entire e-book library, create reading lists, edit metadata, filter, browse, search, customize page size, full width display, 2 or 3 column display, touch screen page turning, use the auto scroll feature. bookmarking, adjustable font size and colour, full text search. **DX Reader** is an XML driven intelligent reader solution to online eBook readers with a wide range of intelligent reading and facilities.

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3.1 E-Books – The End User Perspective (Source: Springer's report)

After years of development efforts, eBooks have begun to cement their place as a central part of the information experience. Research and academic libraries are building their eBook collections into a valuable resource for their users.

Springer survey of librarians at six institutions found that many libraries recognize eBooks as an ideal opportunity to expand collections while enhancing users' research experiences. And in a recent Publishers Communication Group study, 43 percent of the librarians surveyed said that their budget for eBooks would likely increase in 2008. While most librarians acknowledge that eBook programs are in their early stages, they also clearly recognize the significant impact that eBooks will have on the future of research and information retrieval.

End User Awareness and Usage of eBooks

1. Despite the relative newness of eBooks as a resource, most of the users surveyed were aware of their existence and had used them

at least once, whether through their libraries or through another source.

2. The study found that between 52 percent and 84 percent of respondents at each institution were aware of the availability of eBooks through their libraries.
3. Moreover, between 58 percent and 80 percent of respondents at each institution had used eBooks at least once, whether through their library or other sources.
4. For example, at University of Turku, 84 percent of users said they were aware that they had access to a large number of eBooks through their library, and 73 percent said they had used eBooks at least once. Springer's findings on the prevalence of eBook usage are consistent with a recent Joint Information Systems Committee (JISC) study in the UK.
5. The JISC study also found that while 46 percent of users obtained the last eBook they used through their library, nearly the same number (43 percent) obtained their last eBook via the Internet.
6. Clearly, even if users do not realize their library contains eBook offerings, they are encountering eBooks in their online research through sources like Google Book Search. Libraries have the opportunity to position themselves as a central, convenient source of extensive eBook content for users who would otherwise turn to the Internet for their eBook searches.

4 Trends in eBook User Behaviour

Frequency of eBook usage varied by institution, with most users indicating that they access eBooks on a weekly or monthly basis. Users also said that they primarily use eBooks for research or study purposes, rather than for leisure or teaching purposes. For example, at the University of Illinois at Urbana-Champaign, 78 percent of users said they use eBooks for research while 56 percent reported using eBooks for study, but only 10 percent mentioned teaching or leisure. Given most users' existing experience with seeking information on the Internet, research is a natural entry point for eBook usage.

Types of e-books are as follows, but not restricted to,

1. Reference works
2. Textbooks
3. Conference proceedings
5. Reference works End User Evaluation of e-book Advantages and Disadvantages

Advantages

1. Users overwhelmingly indicated that eBooks are useful to them and that they would like to use more eBooks.
2. Almost all respondents found eBooks useful, with between 85 percent and 96 percent of respondents at each institution rating them as either very or somewhat useful.
3. Moreover, between 79 - 92 percent of users at each institution surveyed liked using more of the e-books.

Disadvantages

1. Users cited the difficulty of reading books from a screen and a preference for traditional print books as the primary reasons for not using eBooks more often.
2. Given the users' comfort level and long history with print books, the challenge of making eBooks easier to read is a difficult one.

5 .The Future of eBook Usage (The End User Perspective- White Paper by Springer)

While users acknowledge that adoption of eBooks will continue to increase, they do not posit print books disappearing within the near future. Users expect that the transition to eBooks will happen fastest for research-related activities, rather than study, teaching, or leisure purposes. They also expect that reference works will most quickly make the transition to eBooks, followed by research monographs and textbooks. The user uses mostly Google.

They also said that they primarily use e-Books for research or study purposes, rather than for leisure or teaching purposes. Convenience and ease of access are most preferred attributes that eBooks provide and are engaging in new forms of book content usage to take advantage of their libraries' growing eBook collections. Print books are perceived to have an advantage in ease and enjoyment of reading. Finally, while e-Books will not replace print books in the near future, users are rapidly adopting them as complementary to print books.

5.1 Who is reading e-books?

As expected, students, researchers and professionals have adopted e-books much faster than the largest consumer market. This is likely due to the instant accessibility of ebooks, and the fact that a search of the entire contents of a book can be performed faster. E-books are extensively used by travellers because of their portability.

One surprising statistic to emerge from e-book adoption data is the number of people who just seem to like reading books on a computer screen. Of the ebooks sold by eBooks.com, 74.6% are read on computers, while the remainders are read on a vast variety of hand-held devices, including personal digital organizers (PDAs), mobile phones and e-book devices.

5.2 What is being read on ebooks?

The reading habits of e-book users are similar to that of mainstream book buyers. The following is the top e-book subjects;

Subject
Fiction
Business
Computers
Family & Relationships
Body, Mind & Spirit
History
Children's and young adult fiction
Religion
Languages arts & disciplines
Health & Fitness
Other
Percentage
Market size of e-books

1. The International Digital Publishing Foundation (IDPF), a US-based industry group, estimates the current e-book market to be about US\$50 million per annum.

2. The IDPF's figures are drawn from data provided by US trade (consumer) publishers. If library, educational and professional electronic sales are included, that figure will be closer to US\$155 million.
3. The overall English language book market is over US\$50 billion, which makes the e-book segment 0.31% of the total world book market. There's a long way to go. The printed book will be with us for a long time to come.

6. Conclusion

The overall characteristics of e-book market may be summarised as follows;

1. The market for online books is projected to reach US\$9.5 billion by 2012.
2. United States is the largest market for online books worldwide. The market is estimated at US\$4.8 billion in 2007 as stated by Global Industry Analysts, Inc.
3. Europe is the second largest regional market with a projected value of US\$2.76 billion in 2011.
4. The US and Europe together account for close to 95% of the global online books market.
5. The global and regional markets are expected to register CAGRs ranging between 13% and 17%.
6. Online sales of consumer books are estimated at over US\$4.2 billion in 2007.
7. E-book sales worldwide will jump from \$323 million in 2008 to nearly \$9 billion in 2013, according to a new In-Stat forecast.
8. E-book shipments, meanwhile, will soar from under 1 million to almost 29 million in the next five years.
9. "The total e-book market is about \$ 350 million in the year 2008 and expected to double or even triple to reach billion dollar market in 2009".
10. Academic and professional books are forecast to register sales worth about US\$3 billion in 2011.
11. Thirty percent of the e-book market is comprised of academic and professional books.

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