

Print On Demand

Chair: Don Collins
Panelists: Carol Kasper
Donna Shear
Sylvia Hecimovich
Mary Alice Ball

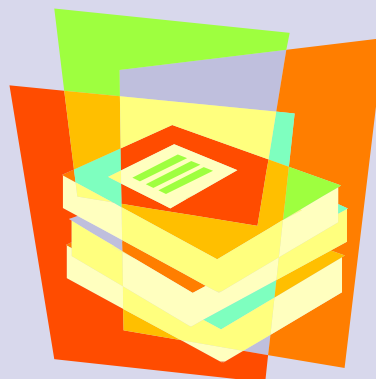
AAUP Annual Meeting
June 28, 2002



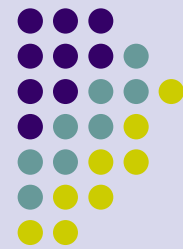
Physical Book



Digital Book



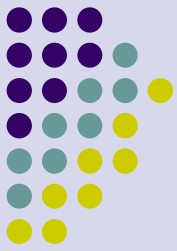
Central Repository



Chicago Digital Distribution Center

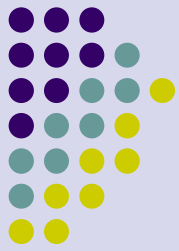


- Introduction - Don
- Rationale – Carol
- Selection – Donna
- Production - Sylvia
- Overview of BiblioVault - Mary Alice

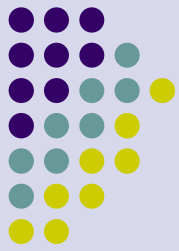


Rationale

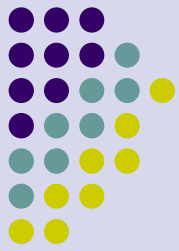
- Addressing identifiable market needs
 - Small quantities
 - Consistent demand
 - Erratic demand
- Assisting scholarly and professional research
- Leading users to university press books
- Advertising and visibility



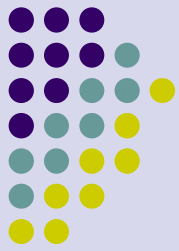
- Market needs (On-demand)
 - Small quantities for seminars and upper level courses
 - Consistent small demand on annual or bi-annual basis
 - Erratic demand
 - One-time demand
 - Unpredictable demand
 - Renewed demand for OSI or OP books/test
 - Bound galleys



- Assisting research through electronic data depository (Bibliovault)
 - Opening up the resources of university press books
 - Data searches reveal more than card catalog info
 - Data searches provide richer info than commercial sources such as Amazon
 - Data searches lead researchers to unanticipated sources



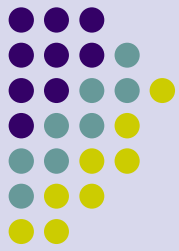
- Leading users to university press books
 - Advantage of making university press information easily accessible through electronic searching
 - Increases the likelihood of increased use and citation



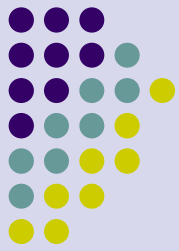
- Advertising and visibility
 - Increases with each hit on an individual university press's books
 - Promotes awareness of the university press community, its resources, and its commitment to service
 - Promotes bookstore, classroom, and library sales of hard copy books

Selection:

The Economics of Print on Demand: A Look at Alternative Choice Decisions



- Gross Margin versus Contribution Margin
- Economic Order Quantity



Gross Margin versus Contribution Margin

→ Heart of whole POD issue

Gross Margin:

Net revenue of a product
(**Full cost** of producing product)

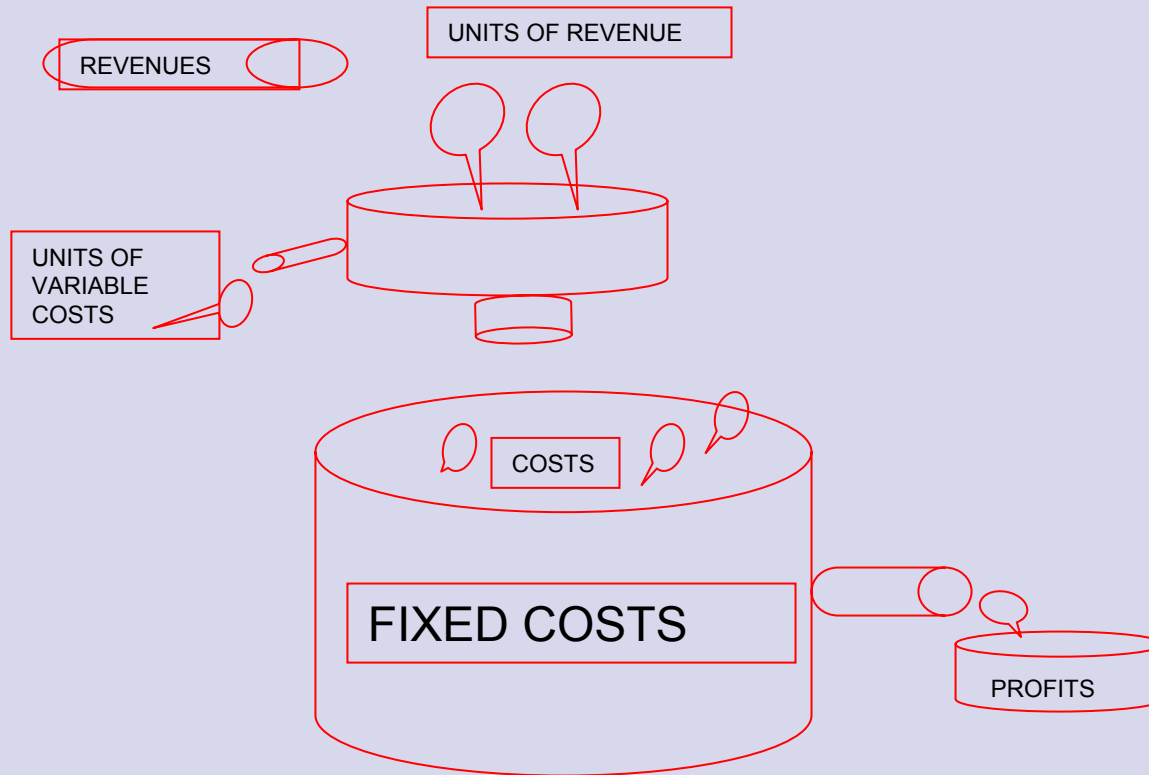
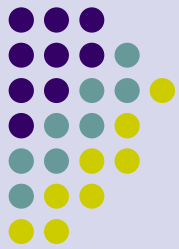
Gross Margin

Contribution Margin:

Net revenue of a product
(**Variable cost** of producing product)

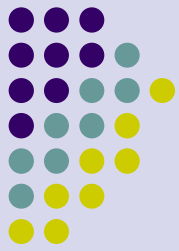
Contribution Margin

Schematic of Contribution



In a FULLY COSTED PRODUCT priced to reflect that, each unit of revenue contributes to the fixed cost “pot” and ultimately to profit.

However, in some cases, it’s enough to have just a tiny drop fall into the fixed costs pot so long as that product
a) is not the bulk of your revenues and b) at least covers its own variable costs.



Costs

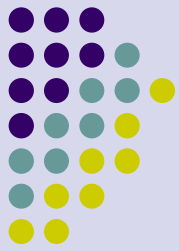
POD versus *Traditional* Printing

POD

- Direct material
- Direct labor
- Fulfillment

Traditional

- Direct material
- Direct labor
- Indirect labor and SG&A
- Cost of Cash
- Inventory write down
- Freight In
- Fulfillment



Print on Demand

- Direct material

Variable by unit (total cost less than in traditional printing)

- Direct labor

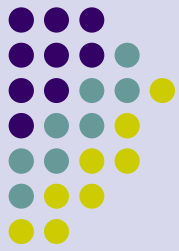
No labor for Press: labor burden shifted to CDDC, Edwards Bros (e.g., monitoring inventory, initiating print request, scheduling, etc.)

- Fulfillment

Variable by unit

No inventory write down, no cost of carrying, no indirect labor since book is already sold

If net selling price covers unit variable costs and small additional amount, will be a “tiny drop” in the fixed cost pot, but still a drop



Example: *Philosophy of POD* by Donna Shear Sells about 50/year

Choice One:

Traditional Printing (300 units)

- a six year supply
- cost of carrying
- inventory write down
- must consider marketing efforts to sell the book
- reprint requires time from production department, sales department
- freight in

Choice Two:

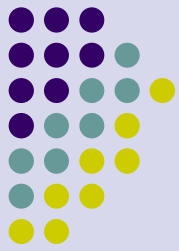
Out of Stock Indefinitely

- loss of revenues of 50 books/year
- risk substitution of this text by competing Press's *The Zen of PODing*
- author dissatisfaction at having book out of stock

Choice Three:

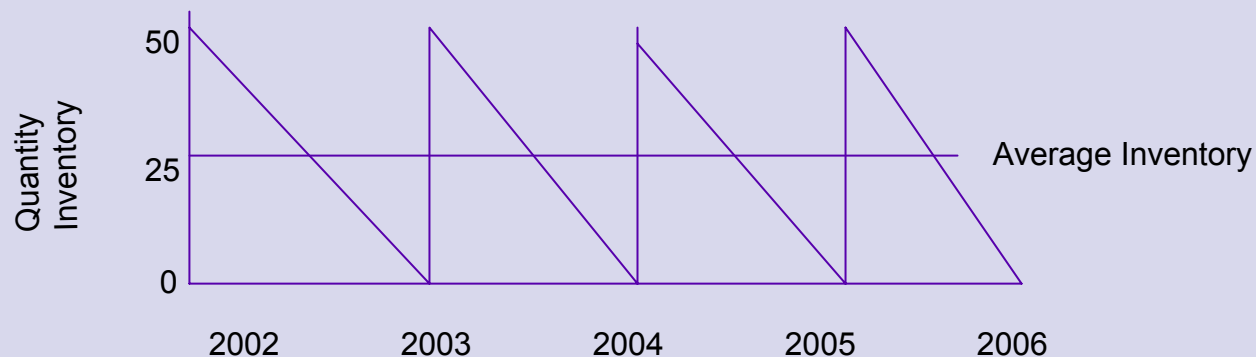
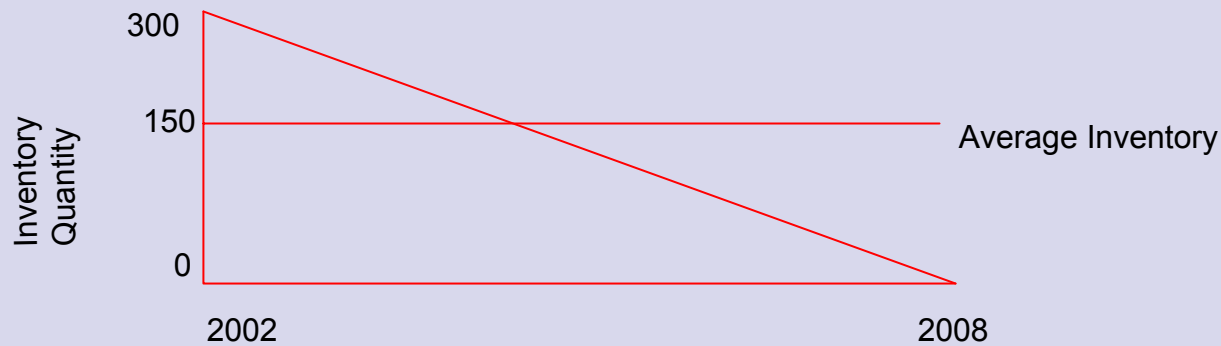
Print on Demand

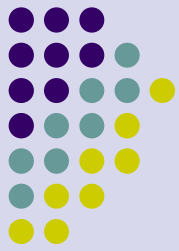
- List Price: \$25
- Variable unit cost: \$13
- Net selling price: \$20
- Fulfillment cost: \$2.80
- $\$20 - \$2.80 = \$17.20$
- $\$17.20 - \$13 = \$4.20$
- \$4.20 drops into FIXED COST pot



Briefly One Other Approach: Economic Order Quantity

Considers the relationship between “setup costs” and “inventory carrying costs”





Selection Rationale

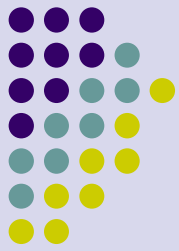
Criteria

- Sell 25-75 copies/year
- Sell 100-150 copies/year but are due to be obsolete in 1-2 years
- Paperback
- No halftones
- Short/specialist discount

Reason

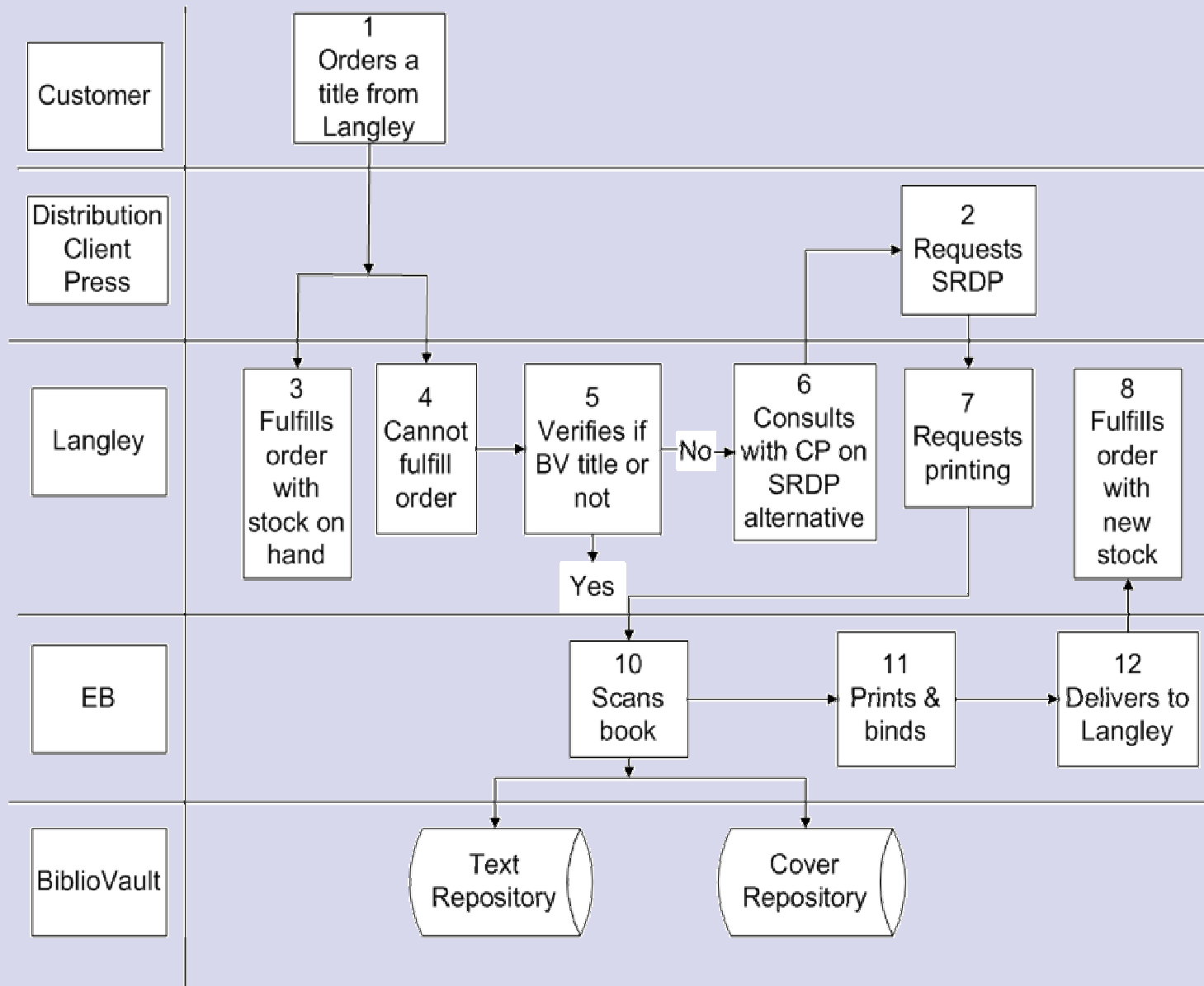
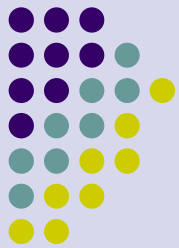
- With traditional printing, would be subject to inventory write down, carrying costs
- Binding costs on cloth preclude profitable or break even scenario
- Technology on half tones not there yet
- Allows for greater margins, suggests lower returns market

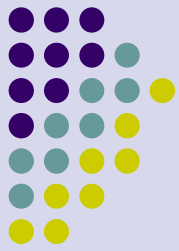
Production



- CDDC
 - Location
 - Equipment
 - Edward Brothers' role
- Production challenges
- Schedule
- Process

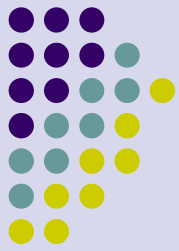
General Print Request Process



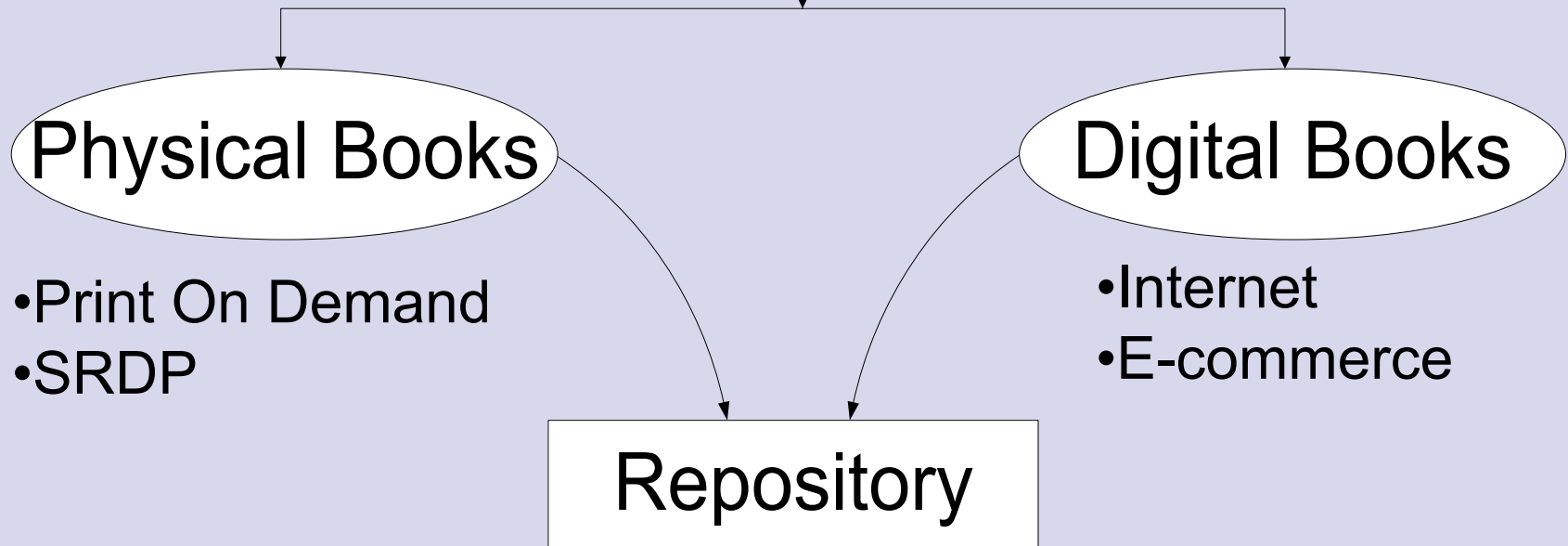


Reality and Vision

- Economics
 - Impetus to examine new models
- Technology
 - Challenge of technological innovation
 - Format *NOT* Medium
 - Free-floating digital data not medium tied to machine
 - Reliance on standards
 - Make choices today that set us up for tomorrow
- Next Step -- eBooks



Distribution
Center

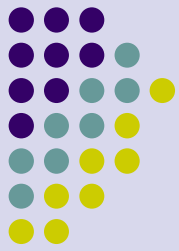


- Print On Demand
- SRDP

- Internet
- E-commerce

Repository

- Continuing archive
- Management of digital files
- Collapse time & geography

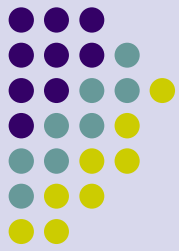


Enabling Searching

- Use metadata to describe books
- Scan books → TIFF images (dumb)
- OCR TIFF images → ASCII files (smart)
- Combine TIFF images → raster PDF
- Raster vs. vector PDF
 - Raster – from scanned images - reprint vendors
 - cannot be searched
 - Vector – from typesetting files - printers
 - can be searched

BiblioVault Metadata

OUTPUT



Describes content

MARC record (MODS)

DLPS OCR metadata

Structures and administers content

Client-supplied data

Langley record data

Technical metadata

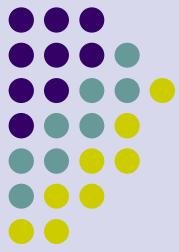
Descriptive record:

- 1) MARC
- 2) Dublin Core
- 3) ONIX

DLPS OCR metadata

INPUT





Questions??