



TRANSCRIPT

BISG ANNUAL MEETING OF MEMBERS 2007

November 6, 2007 | 9:00 a.m. to 1:00 p.m.
Yale Club of New York | New York City

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Presentation TITLE:

A Year in Review 2006-2007

Presentation SPEAKER:

Michael Healy

Good morning everyone, and thank you all for coming to this year's BISG members' meeting. It's a great pleasure to welcome you all to these lovely surroundings in what is BISG's 30th anniversary year. I hope you will find it to be an interesting and informative meeting.

Our agenda this morning falls into two clear halves. I will be kicking off the first half with a review of BISG's year. One of the themes in that review will be the tremendous support BISG enjoys from so many of its members, so it's fitting that my review should end with a tribute to Jan Nathan, one of BISG's most loyal supporters who died earlier this year. That tribute will be given by Florrie Kichler, President of the PMA and Jan's replacement on our Board of Directors, and Dominique Raccah.

Before the break, John McParland from our auditors will present BISG's audited financial statement, after which we will complete the necessary election of our newest Officers and of our class 3 directors. We will then have a chance to hear from the sponsor of today's event, Mike Irving of IBS. IBS is one of our newest members, so we're very pleased to welcome Mike and to thank him for his very generous support of today's event.

In the second half of the morning, we will focus on the future and on three initiatives in which BISG is very closely involved. The first of these is the identification of digital publications and I am very pleased to welcome Michael Holdsworth who is preparing a White Paper on this subject commissioned jointly by BISG and Book Industry Communication. Michael's presentation will be followed by one from Richard Stark on BISG's new product data certification program. Richard is of course well known to many of you as Chair of our Metadata Committee and as the data guru at Barnes & Noble. Our final speaker, Ian Singer from Bowker, will talk about an initiative in the area of GDSN – the Global Data Synchronization Network. GDSN was a topic at a previous annual meeting some years ago and Ian's presentation will unveil a project which may make GDSN a reality for the mainstream book trade. After the presentations, our event will be concluded with some closing remarks from our other co-Chair, Andrew Weber of Random House, and with lunch.

Before we get to any of that, we have one formality to complete which is the approval of the annual minutes of last year's meeting. A copy of the minutes is in your delegate packs, so I need a motion to approve the minutes please.

When I was preparing these remarks last week, I looked back at the presentation I made last year. You may recall when I spoke to the annual meeting last year I was still six weeks away from taking up my new role, but I said at the time that I felt that my new position did not require me to fix anything, that the challenge was to build on the strong foundations left to me by Jeff Abraham and the Board of Directors, to innovate and to take BISG in some new directions.

A year on, I feel that original assessment is still the right one.

BISG is in very good shape. Our membership base is growing, our finances are strong and we are involved in a wide range of initiatives made possible by the commitment and active involvement of so many member companies.

In the course of the next few minutes I will be sharing with you the highlights of what we have been doing in the past twelve months. Before getting into the detail I think it's important to emphasize that BISG's success is built upon some very simple ideas:

- First, we have a very clear sense of purpose, set out in our strategic plan and abbreviated in our mission statement. Our job is to help make the business of the book industry more efficient.
- Second, we are unique in that we seek to represent the interests of everyone in the supply chain. We're not here to represent any single interest group or company. Our work is driven by the simple belief, articulated 30 years ago, that the industry can be made more efficient if everyone - printers, manufacturers, publishers, retailers, wholesalers, distributors, system and service suppliers, librarians - is participating in the effort.
- Third, we have to strike a balance between meeting the needs of today's industry and preparing for tomorrow. If we focus exclusively on either the present or the future we will lose that balance that I believe is at the heart of the success we have enjoyed in recent years.
- Fourth, and finally, I want to emphasize that any success that BISG achieves is possible because of the extraordinary degree of involvement from so many people working in our committees and task forces, supporting our publications, programs and events.

To see why BISG is still so relevant after 30 years and to understand why we are enjoying the success we are, it's necessary only to see the extraordinary contribution made by our members every day to our work.

I am delighted to report to you that the membership of BISG continues to grow very strongly. 40 new members joined our organization in 2006-2007, the highest number for several years, taking the total to 187 member organizations. It's also very satisfying that the new members reflect the diversity of our organization – trade publishers, university presses, paper and book manufacturers, libraries and library organizations, and service suppliers.

On the screen is a small selection of those that joined BISG this year. I'd like to welcome them all and to thank them not only for joining but for participating in our programs.

Unfortunately, membership of BISG is a two-way street and this year we lost a small number of valued members. Mergers, acquisitions and the occasional company failure are both a feature of our industry and events outside our control and when they happen we sometimes lose members. I'm pleased to say that in at least two cases – Scholastic and Books A Million - members we lost returned very quickly. It's great to have them back.

In an organization like ours where nearly 80% of our income comes from membership dues, a growing base of members helps build a strong financial position. Those of you who were here last year will recall

that the Board of Directors budgeted for a small loss of nearly \$9K to reflect the long period of nearly eight months when BISG had no Executive Director and also the one-off transition costs associated with my arrival.

I'm very pleased to report that we were able to improve on the budgeted position very significantly and to achieve a surplus of \$85K for the year. This allowed us to increase our asset base to nearly \$600K.

With no ED for eight months, it's not surprising that income for 2006-2007 was slightly down on the previous year, but the strong showing of new members plus careful management of our costs enabled us to avoid the projected deficit, show a good surplus and build our assets even further.

For 2007-2008, the Board has approved a budget that sees our income growing by approximately 11% but also allows for investment in BISG's infrastructure, notably a re-design of our web site and the replacement of our server. Following the steam pipe explosion on July 18 which forced us to evacuate our offices for 6 weeks, we will also be investing in processes and systems that protect our data more effectively.

Turning now to the various activities BISG was involved in last year, I'd like to organize this review in three parts: our publications and events, our programs, and the many activities carried within our BISAC and BISG committees. In this last part of the review, I will be helped by the Chairman of BISAC, Wendell Lotz.

Our program of publications last year was dominated, as it always is, by Book Industry TRENDS. We published the 30th anniversary edition in June to coincide with Book Expo and for the first time made it available as a single-use and multi-use PDF. As in previous years, its publication attracted a lot of media coverage and a standing room only crowd when we launched its findings at BEA in New York. A lot of people give very generously of their time to make TRENDS happen every year and I would especially like to thank Kelly Gallagher from Bowker and Judy Appelbaum from Sensible Solutions, as well as RR Donnelley, NMSG and Coral for all their support this year.

In recent years, a new edition of the BISAC subject headings has become a feature of BISG's program of publications. The 2007 edition has recently been published. It features major revisions of the Bibles and Graphic Novels sections. None of this excellent work would be possible without the leadership of Connie Harbison from Baker & Taylor, so I would like to take this opportunity to thank Connie and also bodies like the Evangelical Christian Publishers Association and the Christian retailers Association for their participation in the past year.

Among the familiar publications this year, one important new face stood out. Early in 2007 we published a policy document supporting the elimination of dual identifiers on books. This document came out of our Machine Readable Coding Committee, led by Tom Clarkson, and addressed an important area of inefficiency in our industry, namely the practice of putting more than one barcode on books and related products. This practice, which drives up costs and creates unnecessary confusion, has been a burden for many supply chain partners, so we took the opportunity to define clear policies in this area and to set out clearly which identifiers belong on which type of product. It was especially satisfying to get very strong support from almost all the major trade associations and industry bodies – including the AAP, ABA, ECPA, PMA, and GS1 US – before the document was published and to present really clear guidance to the trade on this important issue.

This year we also continued and extended our program of events. We had a very high profile at BEA in New York, setting up two seminars, one to unveil TRENDS 2007 and the other on Supply Chain 101. We also contributed to a session on RFID in bookstores and one on the environmental impact of the book

industry. All were very well attended and I'd like to thank everyone who contributed to their success, but especially I would like to thank Sally Dedecker who was invaluable in helping us arrange these events at BEA.

Cooperation with other trade bodies is an important part of achieving BISG's mission and for the first time this year we worked closely with NISO – the National Information Standards Organization – to set up a seminar on book trade standards for librarians at the American Library Association's annual conference. The event was very well attended and we propose to continue working closely with NISO in the coming year.

When I spoke at this event last year – six weeks before taking up this job – I committed to taking BISG in some new directions – directions that reflected the changing interests of our industry and directions that reflected new opportunities and challenges confronting our industry.

I would like to talk briefly now about how some of these new directions were represented in our programs in the past year.

Issue of digital technology were everywhere in our industry last year and it's a certainty that they will continue to be a central feature going forward. Whatever shape publishing and bookselling will take going forward, it's clear that a new supply chain is emerging – a supply chain in which the rules and standards are unclear. At BISG we feel we have a role to play in helping that supply chain be as efficient and effective as possible from the outset. Our engagement with the digital supply chain has been conducted this year on several fronts.

First, we have started the process of getting ONIX ready to represent digital publications more effectively than it does today. This is an international and therefore a collaborative effort but in our BISAC Metadata Committee we have started the process of gathering requirements for ONIX 3.0. We are also deeply involved in the debate in how digital publications should best be identified in the supply chain. We set up a meeting at Book Expo at which these issues were discussed and out of that meeting came the idea of commissioning a White Paper to stimulate debate and propose solutions in this complex area. Michael Holdsworth will tell you much more about this after the coffee break, but I want to emphasize two things about this work. It reflects our commitment to provide leadership in these areas – to provoke debate and find solutions – also to work collaboratively and internationally to find these solutions.

A reflection of this commitment to collaboration was our work earlier this year with the AAP to develop consensus-based standards for how digital book content is searched and retrieved among distributed networks. This work led to the Digital Standards Committee led by Kent Freeman earlier, about which I will talk further a little later in the presentation.

A second new direction this year for BISG was the development of certification programs in a number of key areas. Standards and best practices have been the vocabulary of BISG and BISAC for many years. Certification is an extension of that vocabulary – taking us for the first time into independent measurement of compliance. We have seen certification schemes drive improvements in quality and efficiency elsewhere – Canada, UK and Australia – and we believe they can make the same impact here.

I don't want to say much more about the schemes at this stage, except to say there is one to measure compliance with product label standards and another covering compliance with product metadata. Richard Stark will be going into much greater detail later this morning about the second of these two schemes.

A third new direction this year for BISG has been our growing involvement in the measurement of environmental impacts in our industry. Environmental issues are of course ubiquitous today and the book industry is increasingly alert to the impact our paper-intensive trade has. When we asked our membership at the end of 2006 what research priorities BISG should pursue going forward, it should not have been a surprise that the environment should figure prominently in their interests. Our response at BISG has been the development of a benchmarking survey to measure the industry's response to environmental issues, a survey that will lead to a report in February 2008. Behind this program you can again see three important characteristics of the BISG ethos:

- A determination to listen and respond to our members' interests
- A willingness to extend our traditional skills (in this case benchmarking) into new and groundbreaking areas
- A collaborative approach to working with other organizations as we move into these new areas.

Another thing central to the character and identity of BISG is the way we use committees and working groups to frame and drive our programs. At this point I would like to review the tremendous range of work carried out in these committees over the past year and focusing first on the work of BISAC I would like to welcome the Chair of BISAC, Wendell Lotz, who will review what has been going on in the various BISAC committees in the past 12 months.

Thank you, Wendell. Moving on now to work carried out within the BISG committees, I'd like to highlight just some of the major initiatives worked on in the last 12 months.

I'd like to begin with the Digital Standards Committee I mentioned earlier. This group grew out of work started inside the AAP. This work, which aims to provide standards for how digital publications are searched and retrieved among distributed servers managed by publishers and their channel partners, was moved to BISG in June, and since that time the committee, under the leadership of Kent Freeman, has sought to involve a large number of other constituents, including search engines like Google and MS, as well as a number of booksellers and DADs, in the process of taking the AAP work forward and making some consensus-based standards from it. This is clearly still a work in progress, but we are hopeful to announce standards in this area in the first half of 2008.

Inside DEIG, chaired by Craig Bauer of Houghton Mifflin, much of the effort this year has been in the revision of the guidelines for shipping container labeling and especially in the development of the first certification scheme for product labels. This scheme, which will be launched very shortly, will measure compliance with the standard product label and seek to encourage conformance with the standard. I'm very grateful to Craig and the others on the committee for their commitment in developing this scheme and I look forward to working with certification partners as the scheme is launched.

It's nearly three years since GS1 announced its so-called 2005 sunrise initiative aimed at standardizing around the GTIN family of barcodes and seeing the elimination of the 12-digit UPC. It may seem strange that our EAN Transition Task Force should be still working nearly three years after the intended point of transition, but it's a reflection of how slowly some trading partners have moved in the direction of GTIN. Nevertheless, and at long last, there are clear and unambiguous signs of movement in the right direction. Most of the major wholesalers have announced a clear commitment to EAN-13 barcodes and there are signs of progress in general retail and among the supermarkets. We're not there yet, but our EAN TF, under the leadership of Phil Madans and Maile Bergen, have done a great deal of work to provide information and guidance for our industry in this area. We recently launched a dedicated part of our web site containing useful resources about the transition, and this effort concludes our work in this area. The involvement of the wholesalers in BISG's work has been one of the important legacies of

this TF's work and I will be working with Phil and Maile in the coming months to plan the TF's agenda going forward in areas like GDSN.

Our Manufacturing group, led by Ira Carrel at B&N, was revived this year, and it has been extraordinarily productive since that time. For me one of the most encouraging signs of this revival has been the renewed involvement of so many manufacturers and publishers in the group and I am very grateful to them for that and to Ira for his coordination of this. The group has focused on the development of the X12 856 EDI message for drop shipments between manufacturers and retailers, and I would like to thank Tom Smith at S&S and the whole sub-committee that worked on this message for the very rapid development they accomplished. The group is already piloting the new message and working in parallel on the X12 940/945 warehouse shipment messages. We look forward to their continued progress in the year ahead.

Although the ISBN-13 Task Force was disbanded shortly after we completed the transition from ISBN-10 in January 2007, we are making preparations now with the US ISBN Agency to raise awareness in the industry of the imminent arrival of the first 979 prefixed ISBNs in April 2008. Although these numbers will be issued first in Germany, the implications are serious for those in our market who have not yet made a complete transition to ISBN-13 or who may be relying on makeshift solutions to make their conversions.

Before we complete this review of the year's activities I want to say a few words about our Research Committee's main focus this year, namely the environmental benchmarking survey. As I mentioned earlier, this first arose out of the results of the member survey we carried out a year ago. The project is an important collaboration between BISG's research committee and two partners: Green Press Initiative and Borealis Centre in the UK.

It is also made possible only by very generous donations by a number of companies and organizations, to whom I am very grateful for their support.

The project, the first of its kind in the US, was designed in May and will be available as a report in February 2008.

In conclusion, I would like to say that our organization is in very good shape. That condition is possible only because of the support you and your organizations give us and the extraordinary levels of commitment we get from those working in our committees, task forces and working groups. I am very grateful for that. On a personal note I am also very grateful to a long list of people – too many to thank individually today – who have made me feel very welcome in this role. I look forward to working with you all in the year ahead to build upon the achievements of the past 12 months. Thank you very much.