



Book Industry Study Group

Book Industry Study Group, Inc. • 19 West 21st Street • Suite 905 • New York, NY 10010 • Tel: (646) 336 7141 • www.bisg.org

BISG Annual Meeting of Members 2006

September 8, 2006, 10:00am-2:30pm

Executive Director Key Note Address

Michael Healy, Incoming Executive Director
Book Industry Study Group, Inc.

PRESENTATION NOTES

1. Introductory remarks

- I want to start by saying that I feel very privileged to be given this opportunity.
- It's an exciting time to take on the leadership of this unique organization.
- I wish to thank the BISG Board for giving me this opportunity and for entrusting this extraordinary organization to me in the next phase of its development.
- I must confess to feeling slightly presumptuous about making this presentation. Not only do I not take up my new responsibilities until next month, but I'm also conscious of not being a local, something you may already have picked up from my exotic accent.
- Nevertheless, those feelings of presumption are tempered a little by the fact that I have spent more than 20 years in the book trade, for a short time as a librarian, and for much longer as a publisher, and for the past seven years I have worked very closely with issues related to supply chain performance and standards. So I hope I can make some useful observations about our industry and its next phase of development, while recognizing that I have a lot to learn in a short time.

2. BISG Today

- I am very conscious and very grateful that I inherit from Jeff an organization that is in very good shape.
- As you have heard, our membership is growing.
- Its financial base is sound, with growing receipts and operating income.
- It has a higher profile in the US and international book trade than at any time in its history.
- It is led by a very committed and supportive Board of Directors.
- It is supported by a very large number of experts on its various committees and task forces, some of which you have heard from already today.
- And last but not least in Angela and Sara I have exceptional new colleagues who have worked so effectively to keep BISG going in the long transition period.



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- So I arrive in my new role, not really required to fix anything that is broken, but committed to building on very solid foundations, to extend and develop what is already in place but also to innovate and take BISG in some new directions.
- I want to spend the rest of this short presentation talking about these two facets: first, the consolidation and development, and second the opportunity for innovation and new directions.

3. Consolidation and Development

- Although most of us would agree that our industry is undergoing extraordinary change, we begin with a supply chain that is mature and that in many respects works very effectively.
- We are also working in a period of growth. According to my colleagues in Nielsen BookScan, English-language book sales in the main markets grew by 5.1% in volume and 3.7% by value between 2005 and 2006.
- The rate of growth may not be as great as many of us would like, but there is growth nevertheless.
- The appetite for higher margins is driving consolidation in publishing and bookselling and intense competition, especially on cover price in markets such as the UK.
- Growth is also evident in the well-documented phenomenon of the “long tail”. It has never been easier to become a publisher (and some would say never harder to succeed) and this is evidenced by the huge number of new publisher registrations we have seen in the US and UK and the continued increase in new title output.
- We also begin – and this is something I feel fortunate about – with an intelligent and carefully considered strategic plan for BISG for the period up to 2008.
- So for me, beginning with a context that is characterized by maturity, growth and stability, my immediate goal has to be to “sensitize my antennae” for those current issues that are of greatest importance to members and the wider industry.
- In particular I have a responsibility to focus and build on those existing initiatives that promote greater efficiency in the supply chain, that drive unnecessary cost out of our members’ businesses, and that encourage more electronic commerce.
- What that means in detail remains to be seen, but there are some clear pointers.
- First, January 1 2007 is less than 4 months away. There has been intensive effort to prepare for ISBN-13 but we have to recognize that unless the US industry is very different from the UK, there will be bumps on the road as we move forward. Not everyone has prepared properly for the changes, despite the excellent work done by Bob and the task force. Some are claiming to be better prepared than they really are. BISG will play a critical role in providing further support in 2007 as the transition gets established.



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- I believe there is much more to be done to promote e-commerce. In BISG we must monitor the development of web services standard to see how they might be appropriately applied to the book trade. We should progress the development of XML-based transaction messages and we must learn from those in the library supply chain doing interesting work in this area.
- I also believe there is an opportunity to encourage and acknowledge good practice in the supply chain (in product information and e-commerce) by establishing certification processes for the US industry. I have been involved in administering similar systems in the UK and I have seen it help and extend good practice in areas such as product information and e-commerce.
- These are simply some examples, but the point I want to make is that there is important work to be done to evolve initiatives already begun, to see them more widely adopted, to consolidate them, and to acknowledge their take-up. I believe it is an appropriate use of BISG's time and resources.

4. Innovation

- I think most of would agree that, after several false starts and wildly exaggerated predictions, our industry is now at the beginning of a period of transforming change.
- The change is being driven by many factors. Economic factors, of course: after all in the West we are living through one of the most sustained periods of economic growth ever recorded and we are now witnessing the realization of the potential long identified in Asian economies such as India and China. Social factors are important too, such as the enormous growth in access to tertiary level education.
- But I think we would all agree that technology is the most powerful driver in this period of change. Pervasive network access, cheap data storage, the "always connected" character of younger consumers and professionals – these are the influences likely to dominate the future of our industry.
- There is no lack of gurus willing to share their firmly held, sometimes apocalyptic views on what these developments mean for our industry. How far you subscribe to some of their wilder predictions eventually comes down to personal preference and outlook.
- But there's no doubt that some publishers (but by no means all) see their long-term futures as exclusively or significantly digital. The precise nature of that future can be hard to predict. In the UK, for example, some trade publishers freely admit having invested excessively in e-books while overlooking the opportunity of downloadable audio books, something they are quickly rectifying now.
- Equally there is no doubt that some librarians see their roles changing significantly to become custodians and managers of digital repositories.
- Whatever the nature and speed of the change, there can be no doubt that we will see the emergence of a new digital supply chain to meet the needs of publishers, booksellers,



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librarians, and aggregators, who will be focused on benefiting from the unique business opportunities offered by digital publishing and distribution.

- New players will emerge from this new supply chain. Securing their involvement in BISG and its work will be important to our future as an organization.
- It's my hope as this supply chain evolves that our industry will look to BISG for appropriate leaderships – in the development of policies and standards, in appropriate research to detect trends and measure the market.
- It doesn't require us to be at the leading edge or the "bleeding edge" of every passing trend. That would be inappropriate for the type of organization we are. But it is appropriate for BISG to monitor new developments, perhaps at some short distance behind that leading edge, so that we are ready at the right moment to respond in the best interests of our members.
- I am convinced that BISG, as the leading body for policy, research and standards in the world's largest book economy should be part of the wider international effort to improve the effectiveness of the industry. It's right for us to learn from best practice elsewhere, to co-operate with initiatives begun elsewhere and to get involved in them at the right time. I am thinking, for example, of international efforts to standardize electronic licenses between publishers and librarians for the use of digital content, or the embryonic initiative to standardize the naming and numbering conventions for publishers and imprints.

5. Conclusion

- There is a great deal to be done. Like all the past achievements of BISG our future successes will be team successes.
- I look forward to working with every one of you going forward – members, board members, committee members, and colleagues – as we begin what I hope will be the next phase of BISG's successful development.