



Book Industry Study Group

Book Industry Study Group, Inc.

Annual Report

Fiscal Year Ending June 30, 2004



Annual Report Fiscal Year 2004

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Letter to our members

Dear Members:

Fiscal year 2004 was an extremely successful and productive year for the Book Industry Study Group, Inc. We managed to capitalize on the solid foundation we had built in the previous 12 months and continued to establish BISG as one of the publishing industry's key trade associations. Strong financial results, continued membership growth and the active involvement of members enabled us to pursue BISG's mission with focus — conducting research, developing and maintaining standards and creating industry policies and best working practices. The Book Industry Study Group is proud to celebrate another successful year and we are eager to launch into fiscal year 2005.

We are indebted to the members of the board of directors, the committee chairs and individual members who invested their time, energy and resources in the many BISG activities and allowed us to stay on the forefront of issues affecting our industry. Without their support, BISG could not have played such a key role in facilitating debate and discussion amongst industry participants and developing the consensus which drives our initiatives.

As BISG ushers in fiscal year 2005, we continue to pursue our three pronged mission: First, to provide a forum where every segment of the publishing industry can meet, debate and agree on issues of importance to the industry. Second, via our standards division (BISAC), to create and maintain common standards for the industry, with the goal of improving supply chain interaction and efficiency between trading partners. Finally, to provide pertinent information about our industry and its trends in the form of our widely-respected research publications.

A great many things have been accomplished this year with many more challenges on the horizon. In this annual report we will first discuss the financial results of fiscal year 2004 and the approved budget going forward. We will then list the main activities and milestones of the year, followed by the individual committee chair reports.

We look forward to working with you in the coming year as we strive to become another valuable business tool that contributes to your continued business success.

Yours truly,

Jeff Abraham
Executive Director

Financial Discussion

Two years ago BISG was faced with both a financial and membership crisis. With the support and leadership of the Board of Directors we developed and executed a two phased recovery plan. Fiscal year 2003 was dedicated to stabilizing the financial health of the organization, whereas fiscal year 2004 focused at building credibility and momentum with various new programs and initiatives. The financial results demonstrate the success of this plan and underscore the important role BISG plays in the industry.

As we enter fiscal 2005, BISG has adequate resources, systems and members to fulfill its core mission and provide its members with a substantial return on their investment.

Financial Results:

The audited financial statements, prepared by our auditors, McGladrey & Pullen, demonstrate the continued growth and success of the organization:

	Actual FY2003	Actual FY2004	% Change
Opening Cash Balance	\$11,797	\$71,243	504%
Revenue			
BISG Dues	\$301,186	\$455,780	51%
Assessments, Sponsorships, Events & Programs	\$126,250	\$12,520	-90%
Sales of Publications	\$42,297	\$70,754	67%
Interest & Other Income	\$2,969	\$3,397	14%
Total Revenue	\$472,702	\$542,451	15%
Cost of Programs & Sales			
Book Industry TRENDS	\$73,440	\$100,239	36%
Consumer Study	\$56,846	\$355	
BISAC Expenses	\$11,968	\$19,260	61%
Total Costs	\$142,254	\$119,854	-16%
General & Administrative			
Payroll Expenses, Fees & Taxes	\$186,720	\$199,174	7%
Stationary, Supplies and other office disbursements	\$38,390	\$43,763	14%
Professional Fees	\$24,814	\$8,577	-65%
Rent	\$10,057	\$11,760	17%
Website Design & Membership Database	\$7,853	\$7,368	-6%
Other Publicity and promotion	\$3,168	\$5,792	83%
Total G&A	\$271,002	\$276,434	2%
Total Disbursements	\$413,256	\$396,288	-4%
Surplus (Deficit)	\$59,446	\$146,163	146%
Closing Balance	\$71,243	\$217,406	205%

Membership dues increased by approximately 50% from \$301,000 to over \$455,000 for the fiscal year ending June 30, 2004.

The increase in revenue from dues is attributed to the increase in the number of paying members, the mix of membership levels and the improved collection ratios:

Active Members as of June 30, 2003	115
New Members in FY2004	48
Dropped Members in FY2004	14
Active Members as of June 30, 2004 *	149

* A directory of members is available on the BISG website and a detailed database with member contact information is maintained at the BISG office on 19 West 21st Street, Suite 905, New York, NY 10010.

Sales of publications generated approx. \$71,000 this fiscal year compared to \$42,000 in the previous year, an increase of 67%. Expenses were carefully controlled, notwithstanding the increase in activities and initiatives and total disbursements were reduced by 4% from over \$413,000 the previous year to approx. \$396,000 this year.

Cash Balance:

An increase of over \$146,000 to the organization’s cash balance was achieved compared to an increase of just over \$59,000 the previous year. This resulted in a year’s end cash balance of over \$217,000 as opposed to \$71,000 in the previous year – an increase of over 205%.

Budget:

The Executive Committee approved a new budget for Fiscal year 2004. The budget includes the following targets:

Revenue: a membership dues target of \$535,000 and revenue from sales of publications of \$60,000. These are aggressive but attainable goals and with the support of the Board, the Membership Committee and Marketing Committee we plan to achieve these results.

Expenses: we will keep running BISG on a tightly controlled expense budget and although the resources are now available we have not budgeted for costly new projects at this time. The Board of Directors and Executive Committee will continued to review project proposals and will amend the budget if necessary throughout the year.

The proposed budget includes total expenses of \$176,000 for the production of our publications and programs, which includes additional budget for educational programs and for the implementation of a new warehouse benchmarking system. Approx. \$372,000 is budgeted for our general & administrative expenses.

This budget projects a surplus of approx. \$102,000 which will increase our cash reserve to a total of close to \$320,000.

Key Activities and Milestones

BISG Bulletin:

Led by Judith Appelbaum, Chair of the Publications Committee and Michael Psaltis, Editor, BISG continued to release a monthly email news bulletin to keep members abreast of industry issues and concerns. To date the BISG Bulletin has been a success – and members should be expecting the twelfth issue in early October. If you are not currently receiving the bulletin, be sure to contact the office so that we can add you to the distribution list. An archive of the bulletins is available at: http://www.bisg.org/news/bulletins_index.php

New Members Area of the BISG Website:

Over the past year, BISG launched a new Members Area of the BISG website, which allows members to login to a members only section where they can read minutes, post messages, access shared files, and store committee files. The Members Area facilitates communication within the various BISG and BISAC committees, and is part of an ongoing effort to improve and maintain the BISG website.

BookExpo America 2004:

BISG traveled to Chicago to participate in BookExpo America. At the conference we led two successful and well-attended panels and distributed a two-sided flyer outlining the benefits of membership and current committee initiatives. Executive Director, Jeff Abraham, moderated a panel aimed at helping companies use standards to communicate and exchange data across the entire supply chain. Sally Dedecker, Chair of the Marketing Committee, moderated a panel which shared details and provided insight into how organizations can use the wealth of available industry data to make business decisions. Special thanks to all of our panelists: Michael Cairns, Jim Benjamin, Tom Clarkson, Wendell Lotz, Kevin Spall, Albert Greco, Barrie Rappaport, Jim King, John Helmus, and Michael Hoynes.

For more information, as well as speakers' bios and presentations, please visit the summary located on the BISG Website: <http://www.bisg.org/news/bea.html>.

Membership Database:

Owning and operating a sophisticated membership database is a key asset to a membership driven trade association. The database allows us to track membership, contact lists, renewal dates, generate e-mail lists, maintain and store member contact information—which guarantees that BISG will continue to provide for its members extensive networking opportunities. This June, the office completed an annual review of the entire database which served to update member contacts and ensure the accuracy of the database.

Book Industry TRENDS 2004:

This spring, BISG released the 27th annual edition of *Book Industry TRENDS*. The May release date, nearly three months earlier than last year's August release date, represents an ongoing initiative to make BISG's flagship research publication available as early as possible within the year so that data can be better incorporated into companies' business plans. *TRENDS 2004* was prepared for BISG by the Center for Communications and Media Management at Fordham

University's Graduate School of Business Administration, with interviews and commentary by Gayle Feldman, contributing editor of Publishers Weekly and author of *Best and Worst of Times: The Changing Business of Trade Books 1975-2002*.

The 2004 edition of Book Industry TRENDS features a wider array of data from private and public companies, government agencies, trade associations, interviews with experts, and customized surveys. Leader's from the industry's major segments share insightful commentary on how the numbers are impacting their own organizations, and a new design makes both statistical and analytical material more accessible and easier to use. Lastly, for the first time, Book Industry TRENDS includes a report on America's huge and growing small-publisher segment.

Formation of BISG Task Force:

BISG formed a task force, co-chaired by Fritz Foy of Holtzbrinck Publishers and John Bohman of Random House, to further explore and facilitate the transition to EAN barcodes on all books in the mass merchandise channel. This came in response to concerns expressed in recent industry meetings about the ability of channel partners to comply with BISG's recommendations and implementation dates related to its Product Identification Policy.

One of the objectives of the task force is to canvass mass merchandise retailers and evaluate their readiness to handle EAN barcodes and other issues related to this transition. Feedback from this investigation will help identify issues requiring further work, such as database management and price changes. In addition, the team will focus on finding solutions that will aid in the adoption of the recommended standard on all books and one which will allow all partners in the supply chain to manage books at the item level, providing much more information for improved inventory management.

The following BISG members are active participants in the BISG Task Force:

- Association of American Publishers
- BookNet Canada
- Dorchester Publishing
- Harper Collins
- Holtzbrinck
- Kensington
- Pearson Ed
- Penguin Group (USA)
- Product Identification & Processing Systems
- Quebecor
- Random House
- Scholastic
- Simon & Schuster
- Time Warner Book Group
- Wiley

Participating ID's and Wholesalers include:

- Anderson Merchandisers
- Anderson News
- Hudson News
- Levy Home Entertainment
- Levy Circulating
- The News Group

Making Information Pay Conference:

Organized by Ted Hill, Chair of the BISG Business Solutions Committee and sponsored by VISTA International and Nielsen BookData, the February 4th *Making Information Pay* conference offered valuable insight into what top companies from all facets of the publishing supply chain are doing to improve their bottom lines. Over 100 attendees from all links of the industry value chain joined speakers from Bowker, Baker & Taylor, Sourcebooks and others as they shared their views on how better information can significantly improve channel performance. Special thanks to our speakers: Michael Cairns, Dominique Raccach, Jean Srncz, Jonathan Nowell, and Mike Shatzkin.

For more information, as well as speakers' bios and presentations, please visit the summary located on BISG Website: <http://www.bisg.org/conferences/biz1.html>.

In light of the success of the *Making Information Pay* conference, the BISG Business Solutions Committee is discussing other conferences for the upcoming year, such as *Making Information Pay II*, an in-depth conference about the importance of data quality in business transactions.

Special Session on RFID:

BISG kicked off 2004 with a Special Session on RFID at the Annual Meeting in September. Organized by the New Technology Interest Group, the members' only session focused on educating membership about the benefits of the controversial new technology. Special thanks to our speakers: Jim Lichtenberg, Kevin Ashton, Frederick Weingarten, Brian Green, Deveron Milne, and Per Ostram.

For more information, as well as speakers' bios and presentations, please visit the summary located on BISG Website: http://www.bisg.org/news/rfid_highlights.html. With the help of BISAC Secretary Fred Hoffman, BISG has also compiled an internet archive of articles related to the various RFID issues touched upon in the presentations. This can be viewed at the following address: http://www.bisg.org/news/rfid_archives.html.

Policy Statement on RFID Privacy Principles:

Kevin Spall, Chair of the Policy Committee, and Jim Lichtenberg, Chair of the New Technology Interest Group drafted BISG Policy #002, which specifically addresses new aspects of privacy protection for personal information that are expected with future implementations of RFID technology. The new policy outlines principles which should be followed by all businesses, organizations, libraries, educational institutions and non-profits that buy, sell, loan, or otherwise make available books and other content to the public utilizing RFID. The RFID Privacy Principles Policy is anticipated to be approved at the BISG 2004 Annual Meeting.

Shipping Label Standardization Initiative:

In April, the Distribution Executives Interest Group (DEIG), chaired by Jim Benjamin (Baker & Taylor) released the Guidelines for Shipping Container Labeling, a set of standards for product labeling and label placement. The placement of the shipping label is particularly challenging given the various size cartons being used both for bindery and mixed SKU cartons and because of the current carton scanning configurations that are being utilized by publishers, distributors and booksellers.

Warehouse Benchmarking Initiative:

In collaboration with the iDEAs team of The Georgia Institute of Technology, DEIG has developed the first warehouse benchmarking model designed specifically to measure the relative total resource efficiency and pinpoint attributes, practices, and technologies which impact the operational efficiency of warehouses in the book industry.

Using the model, members of BISG can compare their warehouse performance to the best realistic performance across a group of anonymous industry warehouses. The data collected considers resource inputs and service outputs to measure relative total resource efficiency, and pinpoints the specific warehouse attributes, practices, and technologies which impact operational efficiency.

BISAC Subject Headings version 2.8:

A new and improved version of the BISAC Subject Headings was released in April 2004 by the Subject Codes Committee. All members should have received their complimentary copy via e-mail (please contact the main office if you have not yet received yours).

Several significant revisions have been implemented in this latest version. BISAC codes have been assigned to new categories in the Games section, including Sports Gambling, Blackjack and Fantasy Sports. In the Music and Sports & Recreation categories, new categories have been assigned including Coaching, Extreme Sports, Rodeos, Softball and Sociology of Sports. In addition, the new version includes codes assigned in the Performing Arts category to eliminate the confusion between terms for Video and Film.

Additionally, in December, the Committee developed a tutorial, available on the BISG website, which helps publishers use the codes in their particular environments. The tutorial addresses common inquiries related to Subject Headings usage for publishers and retailers, and also addresses common general questions about the BISAC Subject Headings List. The tutorial can be viewed on the BISG website at the following link:
http://www.bisg.org/publications/bisac_subj_faq.html.

ONIX version 2.1:

BISAC and BIC/ EDItEUR continue to collaborate successfully on various ONIX initiatives. The latest version of ONIX - the international standard for representing and communicating book industry product information in electronic form – was updated by the Committee throughout the year. Some updates include amendments to the ONIX Code Lists such as the adding of values to the Publisher status code list, Price type code list, and the Rights territory and Rights region code lists. The Metadata Committee, Chaired by Richard Stark of Barnes & Noble, continues its efforts to improve the ONIX standard and facilitate its implementation throughout the supply chain.

Additionally, in November, Robert Baensch, Chair of the BISG Education Committee, organized a one-day intensive introduction to ONIX. With speakers focused on publishers', wholesalers', and retailers' perspectives, as well as an introduction to XML, the course gave participants the information needed to create a capability for ONIX and use it within their respective

organizations. Special thanks to all of the speakers: Robert Baensch, Charlie Benante, Fran Toolan, Andrew Porter, Sam Dempsey, Mike McDonnell, and Joy Boysen.

EDItX XML Messages:

As a result of the continued efforts by BISAC's Internet Commerce Committee (ICC), and EDItEUR, progress is being made on both adding a code to identify a Statement / Remittance Advice transaction message to the FTP Filenaming Standard and updating invoice elements. The ICC continues to make progress in regards to updating X12 from version 3020 to version 4010, and has released a Roadmap for Electronic Commerce which details implementation strategies for EDI in relation to BISG's Product Identification Policy.

For more information, visit http://www.bisg.org/docs/BISG_EDI_Roadmap.pdf and read: *EDI Strategies for the Book Industry and the 13-Digit ISBN: A Roadmap for Electronic Commerce.*

Increase to the Bookland EAN Price Add-On:

In February, the BISAC Machine Readable Coding Committee proposed changes to the Bookland EAN Price Add-On, which opened up additional segments of the number range so that list prices from \$100.00 to \$499.99 can be accommodated. This new standard will ensure better efficiency and accuracy at point-of-sale when handling titles priced over \$100.00.

For more information, visit http://www.bisg.org/docs/Price_Increase_in_Add-on.pdf.

Joint Working Group between the Publisher/Manufacturer Committee and XBITS:

In November, the BISAC Publisher/Manufacturer Committee, Chaired by Brian Sharlach of McGraw-Hill and Diane Degener of Vonhoffman, formed a joint working group with XBITS to promote the implementation of electronic transaction standards in the Book Manufacturing Supply Chain including the papiNet and XBITS standards, two XML standards.

BISG Committee Reports

BISG's wide array of committees and interest groups provides an ongoing platform for the advancement of industry issues, guidelines and policies. These committees are actively managed by our members and meet regularly (usually on a bi-monthly basis). This past year we expanded the list by adding a new committee, the Business Solutions Committee. Additionally, we reactivated the dormant Research Committee.

The Business Solutions Committee was established with the purpose of creating a committee whose focus is business issues, benchmarks and best practices relevant to the BISG membership. Chaired by Ted Hill of Ted Hill Associates, the Business Solutions Committee was charged with providing BISG members with information regarding business issues, benchmarks and best practices that support the book community.

The revitalized Research Committee, Chaired by Kelly Gallagher of the Evangelical Christian Publishers Association, is charged with examining select industry developments and trends, initiating market studies and identifying areas where research can help BISG members do business better.

Business Solutions Committee

Submitted by Ted Hill, Chair

The Business Solutions committee was established in November 2003 to promote best practices of benefit to the book industry. The committee, chaired by Ted Hill (THA Consulting) was formally launched in February 2004 with the highly successful conference Making Information Pay which drew a standing room only crowd. The first committee meeting was held in April and has since grown to close to 2 dozen members with representatives from a strong group of industry players ranging from large publishers such as Random House, Simon & Schuster and John Wiley, to leading companies representing a broad cross section of the supply chain such as Bowker, BookScan, Lightning Source, Quality Solutions, VISTA and Barnes & Noble.

As a first initiative, the Business Solutions committee has chosen the issue of improving data quality with a specific focus on promoting the implementation and use of the ONIX standard. Accomplishments in this area include the creation of a first draft proposal for a Data Quality Certification Program which was circulated to the BISG membership at large in August. Most recently, the Business Solutions Committee formally agreed to work with the BISAC Metadata committee to jointly create a document outlining best practices for data quality which, with the existing proposal, will form the basis of the first phase of the Data Quality Certification Program.

Distribution Executives Interest Group (DEIG):

Submitted by Jim Benjamin, Chair

Fiscal year 2004 was a busy and productive one for the Distribution Executives Interest Group (DEIG). Four on-site meetings were held, supplemented by numerous sub-committee conference calls. The highlight meeting was held on June 15, 2004 at the Random House warehouse facility in Crawfordsville, Indiana with 25 industry professionals in attendance. The meeting included

tours of the Random House facility as well as the Time Warner Book Group facilities in nearby Lebanon, Indiana. Special thanks need to go to Chris Demyanovich of Random House and Gerry Cummings of Time Warner for arranging these highly-educational tours.

During the year, the DEIG committed most of its time to two major initiatives.

1. Shipping Label Standardization

DEIG formed a sub-committee to recommend revised voluntary standards for shipping labels and carton/pallet level product identifiers. The goal of this sub-committee was to recommend standards for the book industry that will simplify capturing data at all stages of shipping, warehousing and receiving between publishers, distributors and booksellers, and help align the book industry with global trade. We received tremendous interest from within the industry on this topic.

The committee, led by Chris Demyanovich of Random House agreed on the following:

- Adopt current standards of the ANSI/UCC-128 label placement
- Consistent placement of information on the label to facilitate receiving
- Label size
- Placement of label on package
- UPS labeling/bar-coding compliance (working with representatives of UPS)

On June 3 at Book Expo America in Chicago, the new guidelines were presented by Jim Benjamin (DEIG chair) as part of a BISG-sponsored panel on the benefits of standardization within the book industry.

The “Guidelines for Shipping Container Labeling” document is available on the BISG website at: www.bisg.org/docs/Shipping_Label_Guidelines_04-2004.pdf.

2. Benchmarking iDEAS Model

DEIG, in collaboration with a team at The Georgia Institute of Technology has developed a book-industry specific warehouse and distribution benchmarking program. By entering key warehouse data, the model allows an individual warehouse to compare itself anonymously to a larger group of warehouses to validate performance metrics. Georgia Tech has collected over 600 warehouse data records over the past four years, and has created a model which identifies and accounts for the book industry’s unique warehouse attributes, such as the volume of returns processing, handling of new releases, value added services, etc. Participants use their browser to enter the appropriate data in a convenient, tabular format. It is possible to enter data over any number of sessions, and it can be edited once it has been submitted. Nobody can see the data of a participant, except the research team that is part of a quality check on values entered. Members will have results sent back to them in about two minutes.

BISG will be initiating this new program at a September 21 meeting and workshop hosted by DEIG. Gil Harper, from Penguin Group (USA) was instrumental in initiating and bringing this project to fruition.

3. Other Topics

Although no formal project work was initiated, the following topics were discussed/considered, and may be the subject of future work by the group:

- EDI Standards
- RFID
- Returns Shipment Labeling
- ASN (general education)
- Vendor Compliance Standards

Marketing Committee:

Submitted by Sally Dedecker, Chair

During the past year the Marketing Committee has undertaken a number of initiatives in an effort to bring added value to current members and attract the attention of new members.

Press Releases – Produced a number of press releases and continue to maintain a media list. The committee has maintained media contact to insure that the organization obtains coverage for events, policy statements as well as new programs.

Trends – Developed and executed a successful marketing plan that provided the organization with a successful pre-publication event, media coverage and strong sales. Additional initiatives are planned for Fall 2004.

BEA 2004 – Developed and coordinated two well-attended panels in Chicago. Committee members worked with members of the Standards Panel and the Data Panel to insure solid presentations. In addition, the committee coordinated pre-convention efforts to promote the event to insure solid attendance.

ISBN-13 – Committee members are working with BISAC members on content for the website related to changes in the ISBN.

BISG Website – During the year efforts continued to enhance the BISG site to make it more valuable to members and to insure that visitors find beneficial information and content.

BISG Marketing Materials – Committee members created new materials to be used at events hosted by the organization as well as other industry events. Efforts are being finalized for a style manual.

Other Committees – Assistance provided to other BISG committees in an effort to market their initiatives. Some of the efforts include support to the Education Committee for ONIX events as well as the Membership Committee and several BISAC Committees.

New Technology Interest Group (NTIG):

Submitted by Jim Lichtenberg, Chair

After discussions during several board meetings, it was decided that the NTIG might be put in a state of quiescence pending a technological innovation that required attention in the future.

However, interest in exploring the issue of RFID -- a technological innovation that is being driven by Wal-Mart and the Department of Defense -- led to a joint effort of NTIG and the Policy Committee for the creation of a set of RFID Privacy Principles, in collaboration with the American Library Association. These principles are to be voted on at this meeting. The goal of these principles, should RFID technology eventually be instituted in the publishing value chain, is to reassure consumers in advance that their privacy will be respected.

NTIG was responsible for assembling a working group that included not only key members of the publishing value chain but also outside organizations such as the Port Authority of New York and New Jersey, IBM, and the Privacy Commissioner of Ontario, Canada as well as RFID technology vendors to libraries -- each of whom had relevant expertise. After several meetings of this working group, chaired by NTIG chair, Jim Lichtenberg, a set of principals was drafted and revised. Jim Lichtenberg served as a panel member at the Annual Meeting of the American Library Association in June at which RFID in general, and the BISG/ALA privacy principles in particular were discussed.

Planning is now underway for a second phase of activity which will involve the identification of potential “use cases” in library, production and retail environments. The goal of this second effort is to work toward a more rationalized implementation RFID, should that prove to be a reality for publishing.

Policy Committee:

Submitted by Kevin Spall, Chair

In March of 2003, the policy committee kicked off an effort to understand issues related to Radio Frequency Identification with the basic assumption that this could be a technology which could bring significant benefits to the book industry. It was soon evident to the committee members that before getting to deep into the business implications and tangible issues surrounding RFID, we should tackle perhaps the most controversial element associated with the technology... personal privacy. Therefore, with the help of the new technology committee chair, we assembled an impressive team to discuss RFID as an enabling technology and the impact that it could have on privacy.

After 16 iterations and countless hours spent discussing privacy implications, the second policy was submitted to BISG membership review and feedback. After having received all of the feedback, the committee has made appropriate updates and subsequently has prepared a final draft of Policy #002: RFID Privacy Principles for membership vote for approval. Upon approval, the policy committee will begin delving into more of the business application of RFID and the book supply chain.

Publications Committee:

Submitted by Judy Appelbaum, Chair

The Publications Committee focused primarily on TRENDS and the BISG Bulletin during the past year, and also worked on integrating its activities with projects emanating from the Research Committee and the Business Solutions Committee, as it will continue to do.

For the first time in most people's memories, TRENDS came out in May, early enough to get exposure and coverage at BEA and to be more useful to members in planning.

This year's edition featured several improvements, including sales reports and forecasts based on a wider range of data; write-ups of interviews with leaders in major industry sectors; a report on America's huge and growing independent-publisher segment; and redesigned pages that make data easier to access.

While TRENDS 2004 was still going through the publication process, we began working with the office on TRENDS 2005 and – thanks partly to committee member Jon Karp and his colleague Richard Elman at Random House – additional improvements are now under way.

The BISG Bulletin, with Michael Psaltis as editor, continues to spread the word about both current and upcoming BISG and BISAC projects to the entire membership and beyond.

Research Committee:

Submitted by Kelly Gallagher, Chair

The newly re-formed Research Committee has met twice in this past year. The first meeting took place this past May and was attended by approximately 14 industry professionals representing a broad industry spectrum. This first meeting was designed to set the parameters for the work of the committee, with a special focus on the process the committee will take when assessing a research proposal.

The Research Committee has established three primary projects for the coming year as we seek to re-establish the goal of providing quality and timely research to the publishing industry. These include the following:

1. **2005 Trends Report** – The Research Committee will work closely with the Publications Committee and the BISG office on this cornerstone report by providing a critical review process as the report data is created. Additionally, we will assist in the post publication

phase by providing a comprehensive survey to members to assist in assessing the usefulness and potential enhancements to the report.

2. **Used Book Study** – As the committee reviewed a list of potential studies and their impact upon future business in the publishing industry, a used book sales study generated the most interest. Currently this project is in the proposal phase as we are assessing the necessary data collection methodologies and funding process to complete the study. Current timeline is as follows:
 - a. September 2004 - BISG Board approval.
 - b. Mid October 2004 - data collection methodology defined and industry participants confirmed.
 - c. Early November 2004 - RFP distributed to potential research organizations interested in creating the study.
 - d. Mid November 2004 – research organization chosen and study process begins.
 - e. March 2005 – study completed and distributed.

3. **Product Packaging Study** – Another highly rated study by the committee centered the issues of product packaging and the influence they have upon the consumers purchasing decisions. Like the used book study, this study is currently in the proposal phase as we are assessing the necessary data collection methodologies and funding process to complete the study. Unlike the used book study which has a quantifiable methodology to collect and analyze the data, this study will require careful assessment as to how the data is collected, interpreted, and reported. Current timeline is as follows:
 - a. September 2004 - BISG Board approval.
 - b. November 2004 - data collection methodology defined and industry participants confirmed.
 - c. December 2004 - RFP distributed to potential research organizations interested in creating the study.
 - d. January 2005 – research organization chosen and study process begins.
 - e. May 2005 – study completed and distributed.

4. **Additional Projects Under Consideration** – Additional projects currently under consideration include:
 - **Operating and Performance Survey** - This study would take a detailed look at the various internal costs of doing business within the publishing industry and establish industry benchmarks and averages for publishing houses to assess their own cost of doing business.

 - **Salary and Benefits Survey** - This study would take a detailed look at the various positions and departments within the publishing world and establish industry benchmarks and averages for publishing houses to assess their own internal HR operations related salary and benefits offered.

Both of these projects come as proposals from Industry Insights; a professional research organization specializing in research and educational services to trade and professional associations. Currently both of these studies are conducted in the

Christian publishing sector for the ECPA and have had strong support and acceptance.

Current timeline for these projects if they move forward is as follows:

- a. September 2004 - BISG Board approval.
- b. October 2004 - Survey reviews and editing process by Research Committee.
- c. November 2004 – December 2004 – Solicit participation of BISG members.
- d. January 2005 – Distribute Surveys to participants
- e. Mid-March 2005 – Release of Survey

As you can see, there is much to do and much the Research Committee can offer the BISG as a value added service to the industry. I would like to express my appreciation to those committee participants who have already made a commitment to actively engage in the process of bringing our industry quality research.

BISAC Committee Reports:

BISAC – Book Industry Standards and Communications – continued to develop important industry-wide standards through its various committees. This past year, Wendell Lotz of Ingram Book Group served as BISAC Chair, succeeding Ed Ramsey of Random House.

The following were key developments and milestones for some of the BISAC Committees:

Identification Committee:

Submitted by Albert Simmonds, Chair

For the past year the Identification Committee focused on

1. The ISO ISBN-13 standard that will be in effect from January 1, 2007
2. The parallel transition of the UCC to standard 13-digit UCC.EAN identification (Sunrise 2005).

The main activity of the committee was the development of a BISAC Transition 2005-2007 Product Identification site to document 13-digit identification issues and developments during the transition. The site is organized around various sectors (publishers, retailers, libraries, etc.) in both the traditional and the mass-market supply chains. The Machine Readable Coding Committee, chaired by Tom Clarkson of Barnes & Noble, developed both a statement of issues and projected timelines for developing solutions. All BISAC committees are actively involved.

Development is on schedule for a final review of the site at the September BISAC meeting, after which it will be publicly accessible. Maintenance and further development of the site will continue to be the focus of the Identification Committee for the upcoming year

Internet Commerce Committee (ICC):

Submitted by Eric Thronson, Chair

During the year just passed, the Internet Commerce Committee—in conjunction with BIC and EDItEUR—continued its work developing and refining XML-based business documents. The ICC also extended its responsibilities with the addition of X12 support. Lastly, the committee created an ISBN-13 roadmap document and started other educational efforts in support of this new product identifier.

In the XML arena, the committee completed work on the XML specifications for the following business documents.

- Library Order
- Trade Order Response/Order Status
- Status Enquiry/Response
- CDF

The committee is hard at work on other documents including the Trade Invoice and the Library Order Response. This year has also seen businesses in the book industry begin to adopt these documents.

Last year the committee endorsed ebXML as a transport mechanism for these XML documents. The committee is hard at work on broadening the approved methods for transport including work on an FTP standard. The different transport methods will allow implementers to choose a solution with the best fit of functionality and complexity for the situation.

The ICC also accepted responsibility for the X12 EDI standards for the industry. Work is underway to upgrade the recommended standard from version 3060 to version 4010. At the same time, suggestions from BISG members to improve the standard are also being incorporated in the new standard.

The committee also devoted its energies to supporting the migration from the ISBN-10 to the ISBN-13. An EDI roadmap document was prepared and submitted to BISAC. In it, the impact of ISBN-13 on EDI is explained. Then, a path is outlined that will allow the book industry to painlessly migrate EDI functions to the new product identifier. Efforts to educate the book industry were begun, including a presentation at ALA and more informal discussion with consumers of the ICC's standards. More education efforts are planned for the coming year.

This past year has seen the Internet Commerce Committee rise to new challenges while maintaining a focus on existing work. The committee is gratified that its XML documents are beginning to be adopted by the industry, and looks forward to a productive and rewarding twelve months.

Metadata Committee

Submitted by Richard Stark, Chair

The BISAC Metadata Committee has met eleven times since the last BISG annual meeting. The persons who worked on the Committee for all or part of the year were:

- Sam Dempsey, Baker & Taylor
- Rachel Rushefsky, Barnes & Noble
- Richard Stark, Barnes & Noble
- Brian Green, BIC/EDItEUR
- Joan Freeman, BookNet Canada
- Noah Genner, BookNet Canada
- Pamela Millar, BookNet Canada
- Michael Tamblyn, BookNet Canada
- Andrew LaCroix, R.R. Bowker
- Prudence A. Cendoma, Brodart
- Doug Minett, Canadian BISAC
- Laura Nixon Dawson, Dawson Simmonds
- Albert Simmonds, Dawson Simmonds
- David Martin, EDItEUR
- Norm Gorcys, HarperCollins
- John Hall, HarperCollins
- Andrew Porter, Harcourt
- Terri Kwong, Houghton Mifflin
- Cheryl Snyder, Houghton Mifflin
- Wendell Lotz, Ingram Book
- David Williamson, Library of Congress
- Joy Boysen, McGraw-Hill
- Donna Upton, Muze
- Mike Vago, Muze
- Karen Mattscheck, National Book Network
- Michael Healy, Nielsen Book Data
- Howard Willows, Nielsen Book Data
- Marcy Leif, Pearson Education
- Fran Toolan, Quality Solutions
- Sam Baum, Random House
- Liisa McCloy-Kelley, Random House
- Laurie Stark, Random House
- Lisa Charters, Random House Canada
- Neil DeYoung, Scholastic
- Helene Green, Simon & Schuster
- Tom Masciovecchio, Simon & Schuster
- David Bercovici, Time Warner Book Group
- Philip Madans, Time Warner Book Group
- Frank McDermott, John Wiley & Sons
- Mike McDonnell, John Wiley & Sons

The Chair wishes to extend his gratitude to everyone who contributed to the work of the Committee over the past year. He would also like to extend special thanks to Laurie Stark of Random House and Neil DeYoung of Scholastic for hosting the Committee meetings.

Reviewing and updating the ONIX for Books standard

The Committee's primary work over the past year has been to represent the interests of the U.S. and Canadian book trade in the continued development of the ONIX for Books standard. The Committee provided a great deal of input to EDItEUR during the development of the ONIX for Books, Product Information Message, Product Record Format, Release 2.1, revision 02, and ONIX Code Lists, Issue 3, both published in July 2004. Much of the Committee's work over the past year was put into the development of these updates to the ONIX standards.

Some of the major enhancements to the ONIX standard that the Committee worked on were:

- A major improvement in product form coding which resulted in the addition of a number of new data elements and code list values.
- Availability and status conditions have been more precisely defined and provision has been made for a clear distinction between a publisher's statement of status on a book and the book's availability in the supply chain.
- Audience and age-appropriateness data elements and code lists have been updated to allow for a more precise indication of the intended audience for a given book.
- New elements and code lists have been added in to enable different Bible editions to be exactly identified, particularly in the first instance for the US religious book trade, which is starting to implement ONIX. The code lists can be further developed to meet other national requirements.
- Rights data elements and code lists have been extended to enable worldwide territorial rights and certain types of non-territorial sales restrictions to be fully described.
- Availability date data elements have been updated to allow for more accurate statements of the actual date a given book will be in stock or on sale.
- Market-specific data elements have been enhanced to allow for precise statements on sales representation, agency, distribution, availability, etc. in specific markets.
- Pricing code lists have been improved to reflect trade practices in the U.S. market.
- Bar-coding data elements and code lists have been updated to allow for a more precise description of the actual bar-codes on a given book.
- The <Title> composite has been enhanced, and added in a number of places where titles may be required (e.g. for set or series), so that the same flexibility is available in each context.
- Identifier composites, based on a consistent common structure, have been added in a number of places where persons or organizations may be named, so that, where a suitable identifier scheme exists, they can alternatively be identified by a code.
- Descriptive text data elements and code lists have been updated to allow additional types of textual content to be provided in an ONIX record.

Work with the ONIX International Steering Committee

The Committee considered several questions that were referred by the ONIX International Steering Committee regarding the direction of future ONIX for Books development. The Committee offered its advice on ONIX policy in the following areas:

- Global versus market-related content
- Agents and distributors
- Contributor-related issues
- Character set issues
- Works versus products (“manifestations”)
- Reference names versus short tags in the XML tag names
- Short codes versus meaningful values in the ONIX code lists
- User-defined elements in ONIX
- Schema and namespaces
- Development of an ONIX standard for publisher/company information

Certification of the quality of product data in the U.S.

The Committee considered various ideas regarding a program to certify the quality of product data in the U.S. book trade. Successful certification schemes exist in both the U.K. and Canada, and these schemes were examined to determine if elements of them were adaptable to the U.S. market. Ultimately the Committee decided to await clear direction from BISG and the BISAC executive before proceeding with the development of the details of a certification program.

Work with ISO TC 46/SC 9/WG 4

Several members of the Committee were also members of this ISO Working Group that has been revising the ISBN standard. The Committee collected input from companies and organizations in our market that have a stake in the ISBN and the Committee members who belonged to the Working Group brought the concerns of these stakeholders to the Working Group.

The needs of the book trade in North America regarding the ISBN standard were channeled through the Committee to its members who sat on ISO TC 46/SC 9/WG 4. As a result, the needs of our marketplace on were incorporated into several portions of the revised ISBN standard.

Work with other organizations

In addition to the companies and organizations represented by its members, the Committee worked with a number of other groups throughout the year, including the following:

- BISAC Machine Readable Coding Committee (MRC): The Committee advised MRC on that Committee’s development of guidelines for the implementation of the ISBN-13 in the U.S.
- BISAC Product Identifiers Committee (PI): The Committee advised PI on that Committee’s development of documentation on the implementation of the ISBN-13 in the U.S.

- BISG Business Solutions Committee: The Committee coordinated its efforts on ONIX certification with those of the Business Solutions Committee
- AAP Enabling Technologies Committee (ETC): The Committee coordinated with ETC on the development of U.S. policy on the revision of the ISBN standard.
- EDItEUR: The Committee worked extensively with EDItEUR on the revision of the ONIX standard. Close collaboration between the Committee and EDItEUR was required in order to reach international agreement on revising the ONIX standard. The Committee worked closely with EDItEUR to ensure that the needs of all the markets where ONIX had been adopted were incorporated into the ONIX standard.
- BookNet Canada: The Committee worked closely with BookNet Canada to ensure that all the data elements needed in the Canadian market were taken into account in the revision of the ONIX standard.
- BIC Product Metadata Committee: The Committee worked closely with the BIC Product Metadata Committee to reach agreement on both the need for, and the use of many ONIX data elements and code list values.

Machine Readable Coding Committee (MRC):

Submitted by Tom Clarkson, Chair

In September of 2003, the Machine Readable Coding Committee had a number of issues on its plate related to the BISG Policy Statement on Product Identification. These included the ramifications of 2005 Sunrise on dual bar coding and the Price Point UPC on Cover 4, the development of guidance on the implementation and ISBN-13, and the expansion of the Price Add-On to the Bookland EAN bar code. To convey the information on these issues to the industry, the Committee undertook to revise the existing Bar Code Guidelines.

During the year, the Committee has met every other week (weekly when topics required it) by conference call. In addressing the issues, the Committee received input from representatives of the library community, the college store community, the trade bookstore community, the education community, I.D. wholesalers and their customers, domestic publishers and the AAP, foreign publishers and publishers' associations, the ECPA, and other BISAC and BISG committees.

The Committee researched the responses of the general retail community to the UCC's 2005 Sunrise Initiative and integrated the UCC's work where appropriate. It helped to develop the final BISG Policy Statement on Product Identification. It developed and oversaw the approval in March of an expansion of the Price Add-On to Bookland EAN to handle prices up to \$499.99.

Based on the BISG Policy Statement, the Committee worked on issues surrounding the transition from Price Point UPC to Bookland EAN on Cover 4 of mass market paperbacks, juvenile titles, and other books. It developed a survey to assess the status of those issues and organized a joint meeting with the AAP to disseminate the results of the survey. Following that meeting, the Committee supported the formation of a BISAC Task Force to refine the survey results through further investigation and to look at ways to implement the bar code transition.

With regard to the transition from ISBN-10 to ISBN-13, the Committee has been active in a number of ways to educate the book community and suggest how best the transition can be accomplished. Those efforts include presentations to publishers and other groups; the development and presentation of suggested implementation timelines, and the work now wrapping up on a Product Identification section of the BISG web site. This Product Identification section will provide guidelines and implementation recommendations to the various segments of the industry. The site will also include the revised BISG bar coding guidelines.

Future plans include continual updating of the Product Identification site and other efforts to aid in the implementation of the ISBN-13 standard, and revisiting issues concerning the size and display of the Bookland EAN bar code.

Publisher/Manufacturer EDI:

Submitted by Diane Degener & Brian Sharlach, Chairs

The Publisher Manufacturer Committee established a partnership with the XBITS Group of papiNet in late 2003. The Joint Group has developed a set of 12 Transactions based on XML Standards and is now focused on implementations. These standards facilitate bi-directional electronic data exchanges between publishers, printers, paper mills, and component vendors. Presentations were made at BookTech and The Book Manufacturer's Institute during 2004. Publishing Industry Software Suppliers are incorporating these transaction standards in their systems and product offerings. Several major publishers and printers, as well as smaller suppliers are now working on implementing these transactions. During 2005 the Committee will have frequent conference calls and webcasts, to supplement in person meetings, and improve the group's productivity.

The Committee plans to expand communication to all industry participants of the BISAC/XBITS Transactions and the benefits of using industry standard electronic messaging. Comprehensive documentation for implementation of the transactions, ROI and benefits of implementation, expanding and updating website information are underway as part of the communication endeavor. Publicity will include articles in industry publications and presentations at industry events.

Rights Committee:

Submitted by Judy Appelbaum, Chair

The Rights Committee continued to focus on the ISTC (International Standard Text Code), which got back on the track toward approval as an ISO standard with the appointment of a Registration Authority on June 30. As the Registration Authority's rights agenda emerges, the committee will develop plans to help get the new standard properly used.

Subject Codes Committee:

Submitted by Wendell Lotz, Chair

The Subject Codes Committee had a productive year in pursuit of its mission to develop and maintain the BISAC Subject Heading List and the accompanying Merchandising Themes List. Nine meetings were held with a steady attendance of 8-12 individuals representing major publishers, wholesalers and other data aggregators, and retailers.

Version 2.7 of the Heading List was released shortly before this official year began; it had a release date of June 2004. The committee spent the early part of the year reworking the Performing Arts, Music, Sports & Recreation, and Games sections of the Heading List resulting in the release of Version 2.8 in March 2004. As always Michael Olenick of Bowker is owed a debt of thanks for his extensive work serving as the 'secretariat' of the Committee.

After completing the sections for Version 2.8 the Committee continued on, reviewing the Family & Relationships, Computers, Juvenile Fiction and Juvenile Non Fiction. Review of the first of those sections just listed was completed by the end of the year and they will form the core of the Version 2.9 release tentatively scheduled for early 2005. The committee was ably led by regular member Mike McDonnell of Wiley in its revision of Computers and has been greatly assisted by Lori Banks of Random House, and Josh Weiss of HarperCollins in its Juvenile work.

In addition to its regular Subject Heading work, the Committee developed an FAQ document to answer those questions that come to the BISG office on a regular basis. This document has been posted to the website.

Further through the efforts of Doug Minett of CBISAC the committee was able to develop an XML presentation of the Subject Heading List for those who wish to take advantage of that technology in the development of automated means of version management. The document is available from the chair and will be posted to the website when issues resolving public access to the Subject Heading List are resolved.

One key issue faces the committee in upcoming months. That is providing more open, and perhaps free, access to the Heading List from the website. The Chair and Executive Director have this issue under advisement.

Finally, as the chair of the Subject Codes Committee has been appointed General BISAC Chair, Connie Harbison of Bowker has been selected to assume the chair duties beginning with the 2005-2006 season.