

KAPLAN

Kaplan EPUB3 Pilot Proposal

In partnership with BISG and IDPF

Introductions

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Executive Summary

- **Scope of project**

Produce two mini eBook editions (2-3 chapters each) from our *MBA Fundamental: Accounting and Finance* title, one following current EPUB2 specification, second with supported technologies from EPUB3 specification

- **Title Information**

MBA Fundamental: Accounting and Finance is currently one of Kaplan's bestselling digital titles with an enthusiastic author

- **Audience**

Professionals advancing in their careers, current business school students

- **Timeframe and cost**

Preliminary work has begun and will continue with entire pilot completed at the end for Q1 2012. Cost of R&D and testing: \$13,750

Objectives

- Test market sensitivity to price point of enhanced EPUB3 features
- Determine consumer perceived value of EPUB3 enhancements
- Evaluate new EPUB3 technologies from a customer viewpoint
- Prioritize investment in emerging and future EPUB3 technologies
- Document best practices for developing products with these enhancements

Assumptions & Dependencies

- Our chosen subsections of *MBA Fundamental: Accounting and Finance* title, focusing on budgeting, will appeal to a wide audience.
- User/Customer education will be a necessary component of our marketing
- We may learn/observe behavior that will cause us to reassess which features to include in the pilot
- Features that add visual enhancement or interactivity will appeal to a larger selection of customers than less visible improvements, such as MathML
- Our chosen features will be supported by reading devices by our distribution date
- Retail partners will allow forms or links to forms to be embedded in the EPUB products

Test Case Features

○ **Interactive Tables and Forms**

- Sortable cell data
- Ability to selectively hide and reveal relevant data
- Dynamic forms to process user-provided data

○ **MathML support**

- Scale highly formatted equations upon text resizing
- Improve authoring workflow by eliminating conversion to graphics
- Enable users to select content

○ **Improved CSS Support**

- Employ rich typography styling to better align the print and digital reading experience
- Progressive enhancements to exploit advanced features in capable reading systems
- Create adaptive layouts to improve reading experience across multiple devices

Screenshot: Interactive Tables

iPad 5:35 PM 70%

Library MBA FUNDAMENTALS Accounting

Stylized headers with controls for sorting data

straight-line method is \$610 ($\$3,050 / 5$).

Year	Annual Depreciation	Accumulated Depreciation	Book Value at End of Year
1	\$610	\$610	\$2,640
2	\$610	\$1,220	\$2,030
3	\$610	\$1,830	\$1,420
4	\$610	\$2,440	\$810
5	\$610	\$3,050	\$200

Zebra striped rows and other rich formatting, to improve legibility

3. The rate for straight-line is 20 percent ($1 / 5$); therefore the double-declining-balance rate is 40 percent.

Years	Annual Depreciation	Accumulated Depreciation	Book Value at End of Year
1	$\$3,250 \times .4 = \$1,300$	\$1,300	\$1,950
2	$\$1,950 \times .4 = \780	\$2,080	\$1,170
3	$\$1,170 \times .4 = \468	\$2,548	\$702
4	$\$702 \times .4 = \280.80		\$421.20
5	$\$421.20 - 200 = \221.20		\$200

Use MathML to create scalable equations

4. The depreciation rate is .20 per year ($\$40,000 - 8,000 = \$32,000 / 160,000 = .2$).

Years	Annual Depreciation	Accumulated Depreciation	Book Value at End of Year
1	$15,000 \times .2 = \$3,000$	\$3,000	\$37,000
2	$22,000 \times .2 = \$4,400$	\$7,400	\$32,600
3	$20,000 \times .2 = \$4,000$	\$11,400	\$28,600
4	$18,000 \times .2 =$	\$15,000	\$23,600

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Screenshot: Improved CSS Support

iPad 5:35 PM 70%

Library MBA FUNDAMENTALS Accounting and Finance

CHAPTER 11

- Gross profit margin: 25%
Net profit margin: 7%
Return on assets: 14%
Return on equity: 20%
- A/R turnover: 7.63
ACP: 47.82
Inventory turnover: 43.33
Total asset turnover: 2.08
- Current ratio: 2.3 times
Quick ratio: 1.8 times
- Debt-to-total assets: 46.9%
Times interest earned: 9
Fixed charge coverage: 6
- | Ratios | Industry Average | Company Ratio | Comment: "Good" or "needs improvement" |
|---------------------------|------------------|---------------|--|
| Gross profit margin | 21.58% | 30% | Good |
| Net profit margin | 9.6% | 5% | Needs improvement |
| Average collection period | 37 | 32 | Good |
| Inventory turnover | 23.5 | 12 | Needs improvement |
| Times interest earned | 6 | 10 | Good |
| Current ratio | 1.38 | 2 | Good |

CHAPTER 12

Income Statement

..... Vari- Favorable or Unfa-

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Annotations:

- Gross profit Margin: 25%**
Net profit margin: 7%
Return on assets: 14%
Return on equity: 20% (Callout: employ CSS to improve legibility and overall aesthetics)
- highlight good (Callout: highlight good)
- highlight needs improvement (Callout: highlight needs improvement)
- Allow user to focus on the content they are trying to understand (Callout: Allow user to focus on the content they are trying to understand)

Screenshot: Editable Forms

iPad 5:35 PM 70%

Library MBA FUNDAMENTALS Accounting and Finance

be judged, and it also takes into account the behavioral aspects of budgeting.

The design and maintenance of a responsibility accounting system should allow for behavioral factors. Managers should have input into the goals and standards of their areas of responsibility. If a manager works to set her goals, motivation is maximized. If a manager believes a target is unrealistic or that the plans were developed without her participation, motivation is minimized.

There should always be an opportunity for management to respond to the variance analysis of performance reports. Only controllable expenses and revenues should be the focus. Holding someone accountable for events outside his control will destroy the integrity of the responsibility accounting system and could lead to demoralized managers.

Reports from a responsibility accounting system are the essence of management by exception. Management by exception calls for managers to focus on the problems. It is especially effective and efficient to report only those items with significant variances from budget, for this heightens awareness of areas that need immediate attention.

TEST YOURSELF

1. Complete the analysis below. Calculate the variance for each line item and note whether it is favorable (F) or unfavorable (U).

Problem 1
Income Statement

	Actual	Budget	Variance	Favorable or Unfavorable
Sales in units	22,000	23,500		
Sales	\$484,000	\$505,250		
Cost of goods sold	264,000	282,000		
Gross profit	\$220,000	\$223,250		

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User editable forms

Distribution Strategy

- Retail distribution (Apple, BN) v. Independent distribution (Ibis, etc.)
- Pre-retail launch via independent distribution
 - Survey
 - Parametric usage data compilation
- Retail distribution
- Priced for impulse, with EPUB 3 slightly higher:
 - Price point for EPUB 2 version: \$1.99
 - Price point for EPUB 3 version: \$2.99

Product Evaluation: Testing Methodology

- Prelaunch ethnographic research (8 participants)
 - Primary goal is usability testing
 - Based on observation of user
 - Deliverable: white paper on best practices for design and development for feature sets
 - Builds on currently existing research on eBook and Textbook usage
- Parametric data compilation (All users of product)
 - Pre-retail release: Usage data collection
 - Market release: External data points compiled and used for product evaluation (See next slide for details)
- Survey research (goal: 200 respondents)
 - 7% margin of error
 - Online survey with linkbacks in product offering incentive
 - Opt-in by users
 - User evaluation (alpha users, disliked, etc.)
- Panel back focus groups (15 participants)
 - Specific user types from survey participants
 - Qualitative data

Product Evaluation: External Data Points from Retail Distribution

Quantitative

- Download figures by account
- Product reviews (stars) by account
- Survey results
- Social media engagement
- Market share by device/retailer
- Device ownership and usage trends

Qualitative

- Representative comments from social media
- Representative comments from product reviews
- Representative comments from email
- Customer service inquiries
- Content satisfaction
- Feedback on design and presentation

Preliminary Timeline and Milestones

- Product Development (06/01/11 – 8/31/11)
 - Content development
 - Develop digital editions
 - Internal user testing
 - Set up user data collection
- Preliminary Research and Product Iteration (8/16/11 – 10/15/11)
 - Revise digital editions
 - Finalize digital editions
- Pre-retail launch independent distribution and testing (10/16/11 – 11/16/11)
- Public Distribution and Data Collection (11/16/11 – 01/01/12)
 - Public distribution
 - Customer survey
- Data Analysis and Reporting (01/01/12 – End of Q1 2012)
 - Survey analysis
 - Panel interviews
 - White paper released

Product Development (06/01/11 – 8/31/11)

- Content development
- Develop digital editions
- Internal user testing
- Set up user data collection

Preliminary Research and Product Iteration (8/16/11 – 10/15/11)

- Revise digital editions
- Finalize digital editions

Pre-retail launch independent distribution and testing (10/16/11 – 11/16/11)

- Parametric usage data collection

Public Distribution and Data Collection (11/16/11 – 01/01/12)

- Public distribution
- Customer survey

Data Analysis and Reporting (01/01/12 – End of Q1 2012)

- Survey analysis
- Panel interviews
- White paper released

Deliverables

- Whitepaper outlining research and findings
- Documentation of best practices for handling math and interactive objects
- Documentation outlining business impacts for similar development

Feedback

- Strategy
- Evaluation
- Deliverables
- Open questions
- Communication and updates

Contact

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