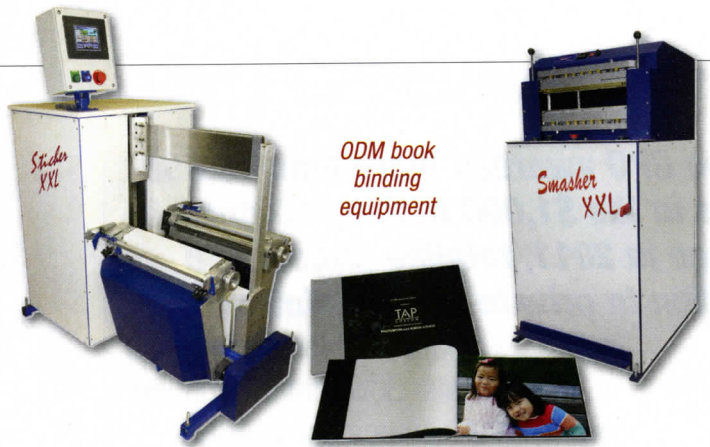# One for the Books

ODM book binding equipment

Sticher XXL

Smasher XXL

On demand book printing makes for a profitable niche market. *By Jeffrey Steele*

Think e-books are destined to kill off their printed counterparts? Don't believe it. Yes, retail book sales are declining, the proof being closure of long-standing bookstore chains. But the rise of the e-book is terrific news for the digital printing of books, says Stacy West, director of marketing for Océ North America in Boca Raton. Publishers run shorter runs than before, she says. And shorter runs spell opportunity for print service providers wherever books are read.

You could be among those PSPs seizing the opportunity.

Book production is a viable market for PSPs, says Chuck Stempler, president of an AlphaGraphics franchise in Seattle. But there's one caveat: "The print provider needs to have the appropriate technical capability, meaning not only the appropriate equipment to manufacture a book, but the pre-press expertise," Stempler says. "It's a specialized product. It's not like sending someone to the moon, but there's a lot of uniqueness you have to learn.

"These are not insurmountable boundaries, but the barrier the typical printing company must hurdle is determining whether they can manage their internal efficiencies well enough to ensure they can be profitable on short runs. If you're producing only 25 or 50 books, every person that touches that project needs to be very good at what they're doing, and not wasting time."

Digital on the Rise

West says the book publishing industry is ripe for digital transformation. Though total number of pages is expected to drop two percent per year from 2010 through 2015, digital book pages printed will grow 29 percent annually, she says. Digital printing today accounts for four percent of all books printed, and will grow to 15 percent by 2015, according to Interquest. Océ counts half of the top 20 book printers as valued partners, according to West. One customer has 16

Print samples from the Xerox Espresso

units running more than 109 million pages a month with 98 percent uptime.

According to John Conley, vice-president of commercial print and publishing for Xerox, on-demand book production has provided printers with significant growth opportunity for a number of years. The reason: the many inefficiencies built into the old book manufacturing process, he says.

As manufacturing and distribution capabilities have grown more efficient, investing in low-quantity manufacturing solutions has become very attractive for publishers as a platform and attractive for printers as a revenue producer. All the while, Xerox and other manufacturers have been creating print solutions that are very economical for short runs, and printers have invested in that equipment.

Though all book manufacturers were once east of the Appalachians, today they can locate across the nation, in or near the places where books are bought by customers.

"There's not an integrated network yet," Conley says, "but I foresee a nice integrated network that publishers will be able to utilize. They will have negotiated prices with that network, will drop orders into the network, and books will be produced much closer to the point of distribution."

What Printers Need to Know

In order to be successful in on-demand book manufacturing, printers need first to identify customers. For many, those customers will be small to medium-sized book publishers. There are thousands of such publishers, Conley says, ensuring many printers in book production will be able to find clients fairly locally.

Second, they will have to be automated. "You'll need a storefront, so your customers can find you and get their work orders in to you," Conley says. "And you'll have to have a workflow able to ingest your customers' order information, and in an automated fashion, drive the administrative and production functions of the business. It will do the job order, queue it to the right press, produce the work, produce a shipping manifest, and ship to the point of destination of your customer: a retail outlet, a book warehouse, or direct to a customer."

Printers can plug together off-the-shelf software and create a good part of the touchless workflow, he says. "You can get a lot more of the software pieces today, so you can do it more cost-effectively," he adds. "The hardware is also better. The best way to describe it is to say there is a lot of investment going on in workflow, finishing, and one-color and four-color print-on-demand solutions."

West also touts automation as a key. "Finding a workflow partner that can integrate into your MIS system to automate inventory, accounting, logistics, and overall management will be important to success in this market," she says.

West stresses that PSPs must find a niche that allows their salespeople to create opportunities. It may be in trade books, education, manuals, legal and reference books, or children's books. "Once they begin to print books for one customer, there are often other customers in the same market that surface," she points out. "Then a print provider can develop expertise in certain verticals for types of print requirements, regulations, or binding—all things that can add margin to a job."
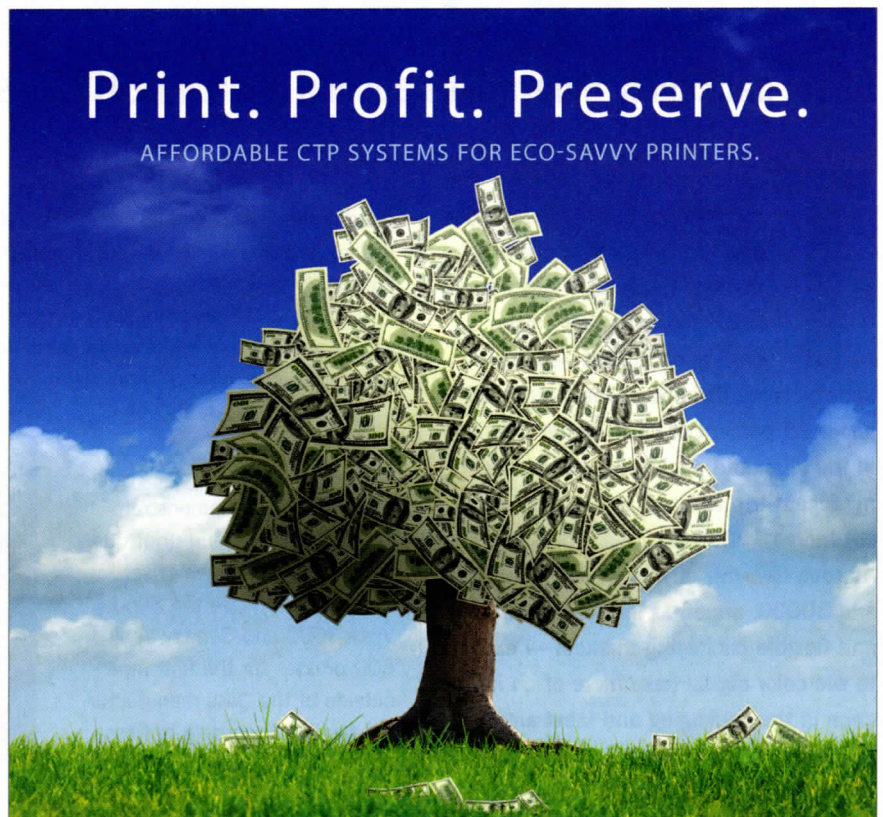
Judging Books by Their Covers

If you're going to produce books, you may want to consider hardcover books. There is a cache to hardcover that other books don't enjoy, says John Jacobson, partner in On Demand Machinery (ODM), which manufactures a line of on-demand hardcover binding machinery, ranging from semi-automatic to fully automatic equipment. "A hardcover book signifies value and durability," he asserts.

As the digital revolution has advanced, Jacobson says, the book market has moved in the direction of print on demand for both environmental purposes and for the purpose of delivering smaller, more obscure titles. "Aligning yourself with a publisher allows you to do their back print books, short print books, and out-of-print books and be that publisher's provider for their non-mainstream book production," he notes.

For about $80,000, Jacobson says, a printer can buy a case-making system that makes the hardcover itself, a casing-in machine that glues the bound pages into the hardcover, and the building-in machine that presses the books and forms the joint or hinge area of the book. "The only additional

piece needed is an adhesive binder or a book-sewing machine that would bind the actual pages together," he reports.

Digital book printing can address many of the industry pain points and offer incremental revenue to the value chain participants, West says. "It may seem at first that unit costs are higher than conventional offset printing," West adds. "But when customers factor in set-up, inventory carrying cost, the cost of returning unsold books to be pulped, it becomes clear digital provides many be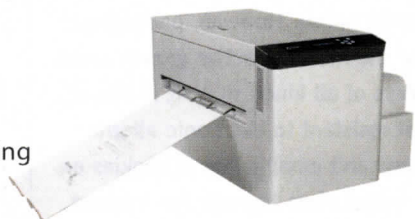nefits, including a lower per-unit cost for shorter runs." ▶▶