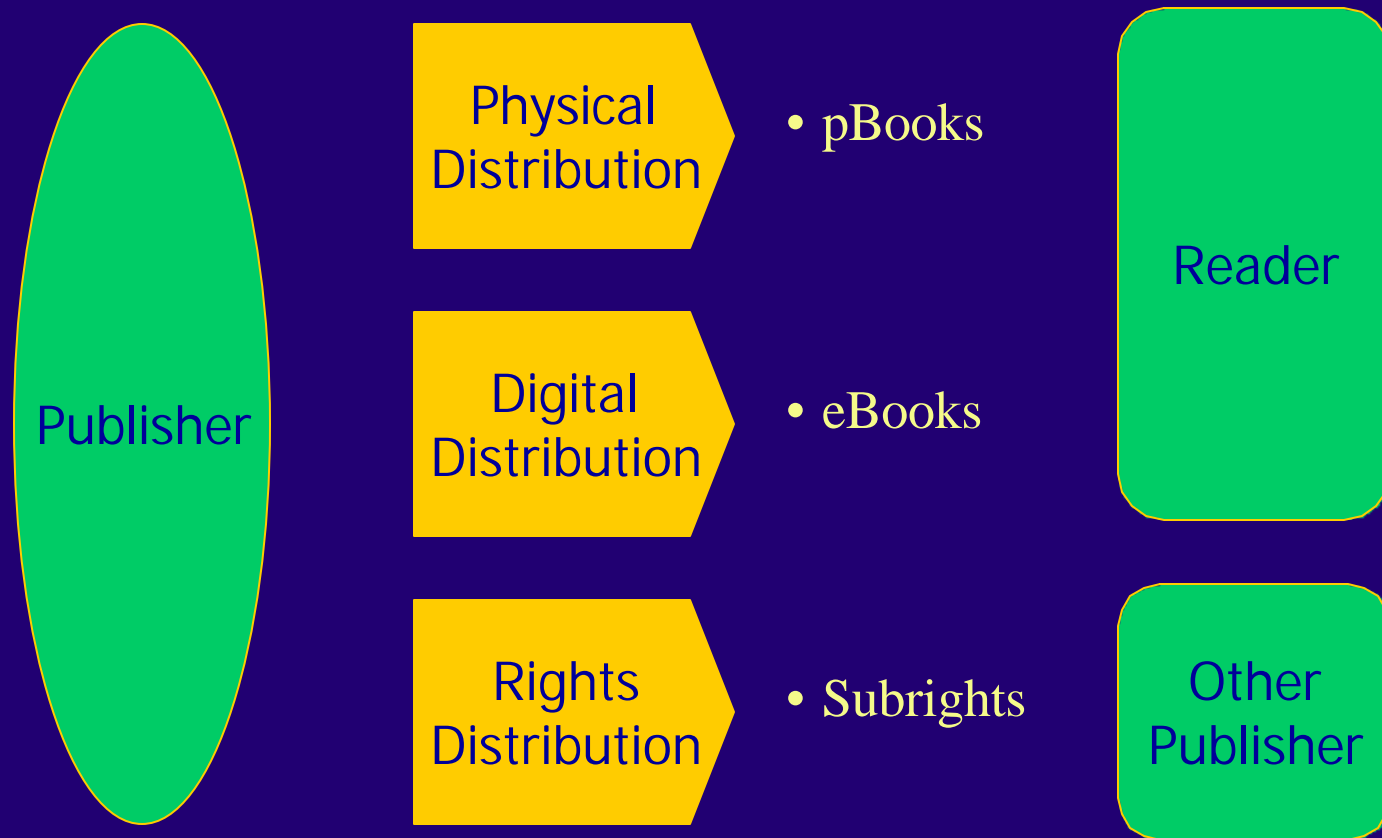


The eBook Supply Chain: Opportunities and Challenges

October 9, 2001

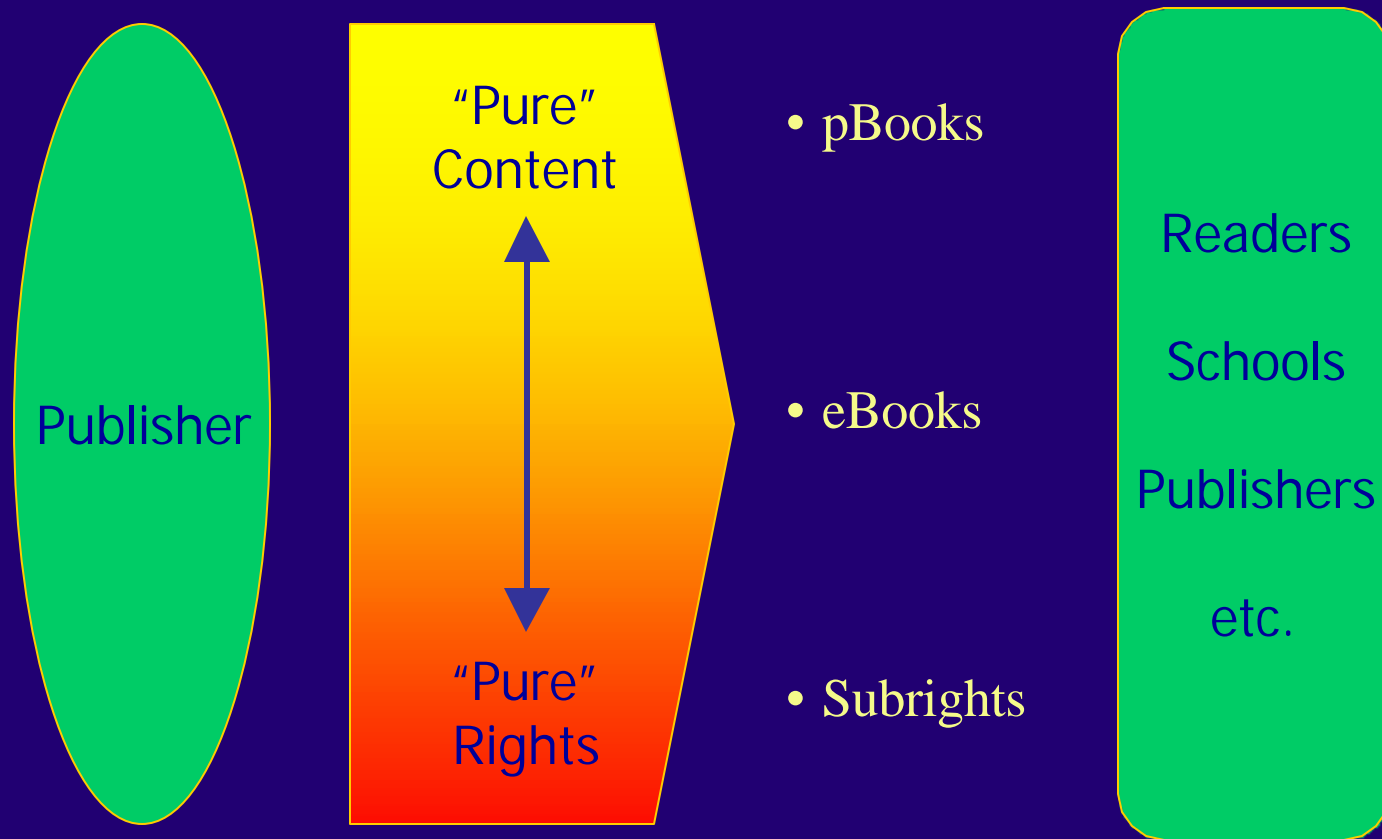
Ken Brooks, President
Publishing Dimensions
kbrooks@pubdimensions.com

There are three distinct types of distribution



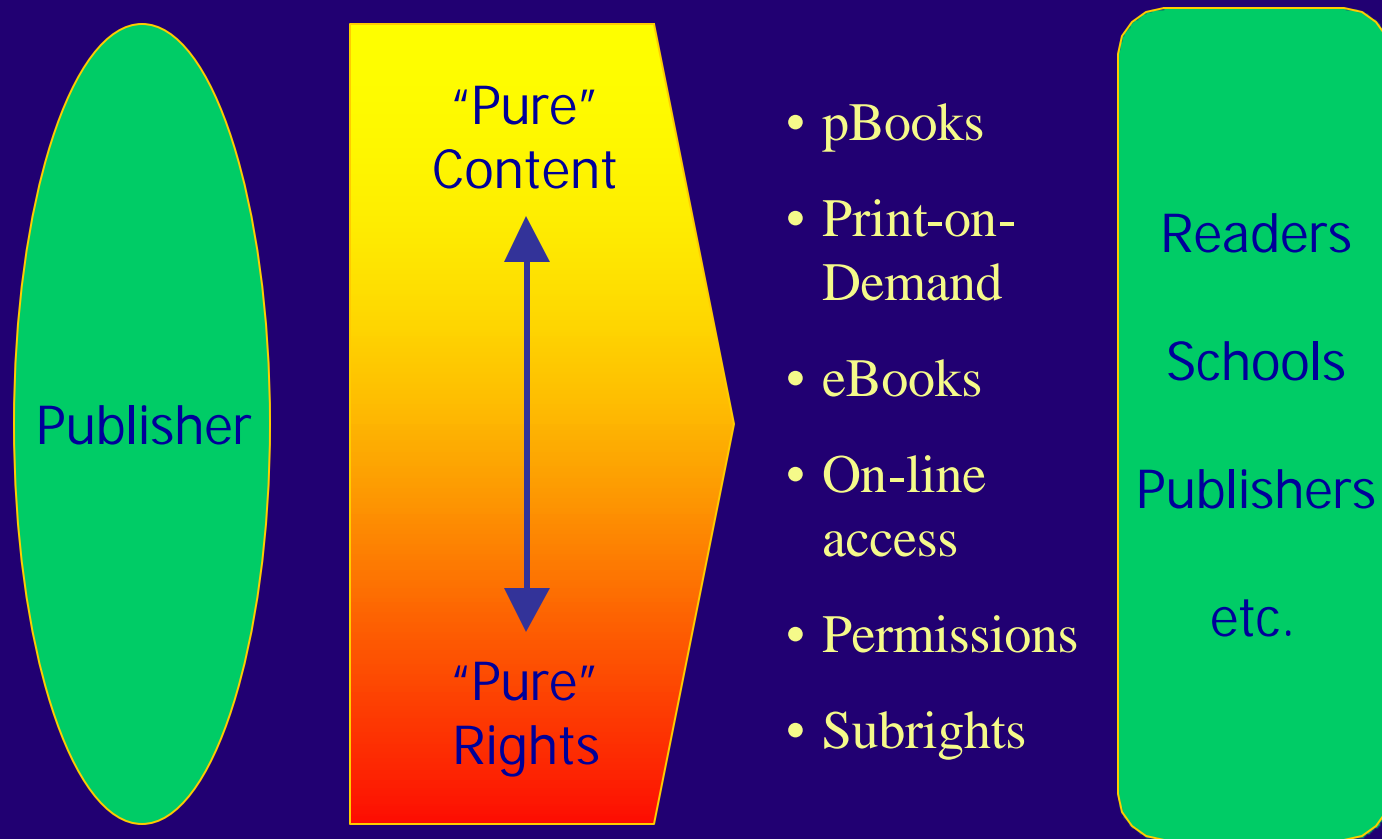
Distribution

The boundaries are beginning to blur



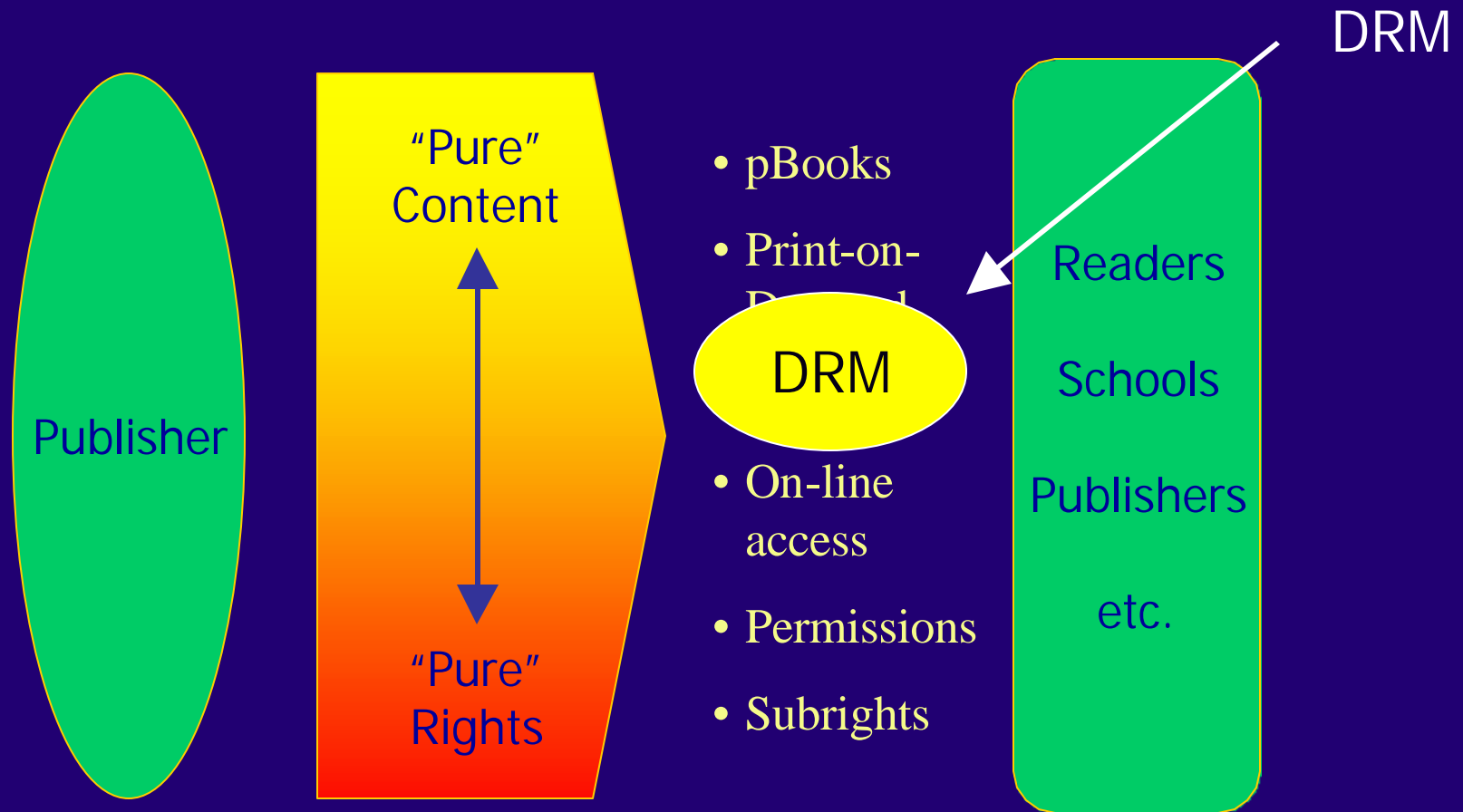
Distribution

The new transactions fill in the gaps



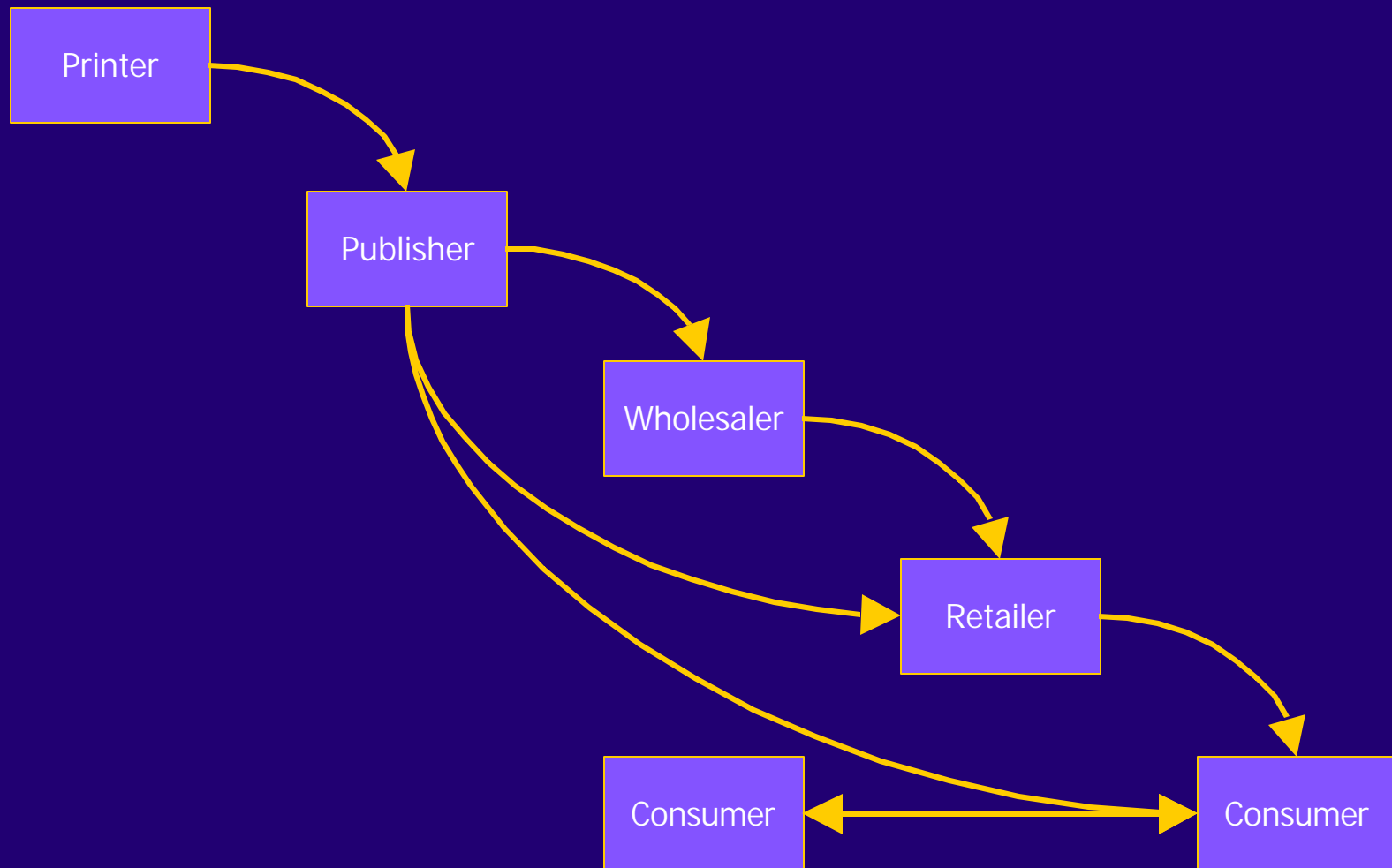
Distribution

DRM is a small piece of a much larger picture

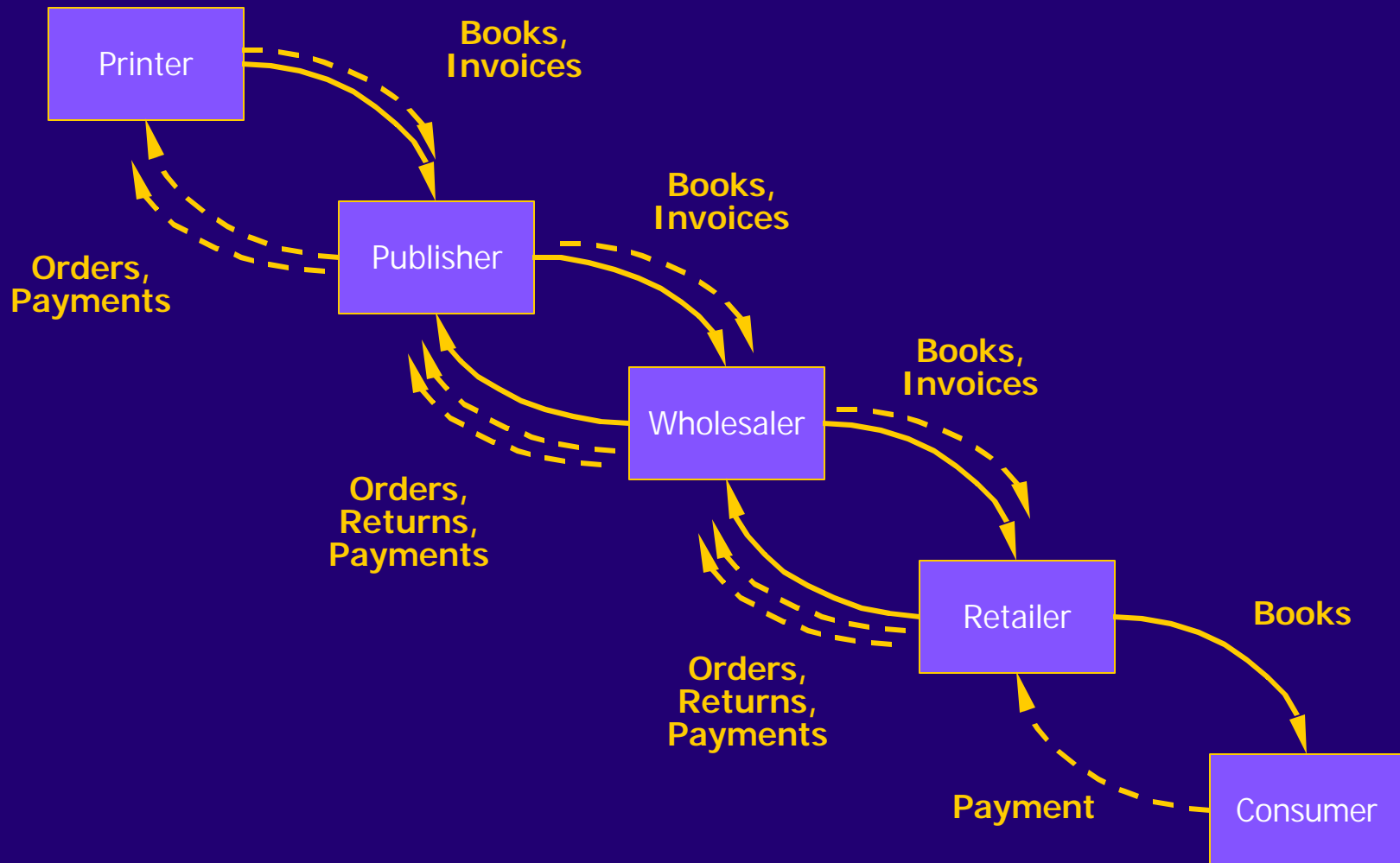


Distribution

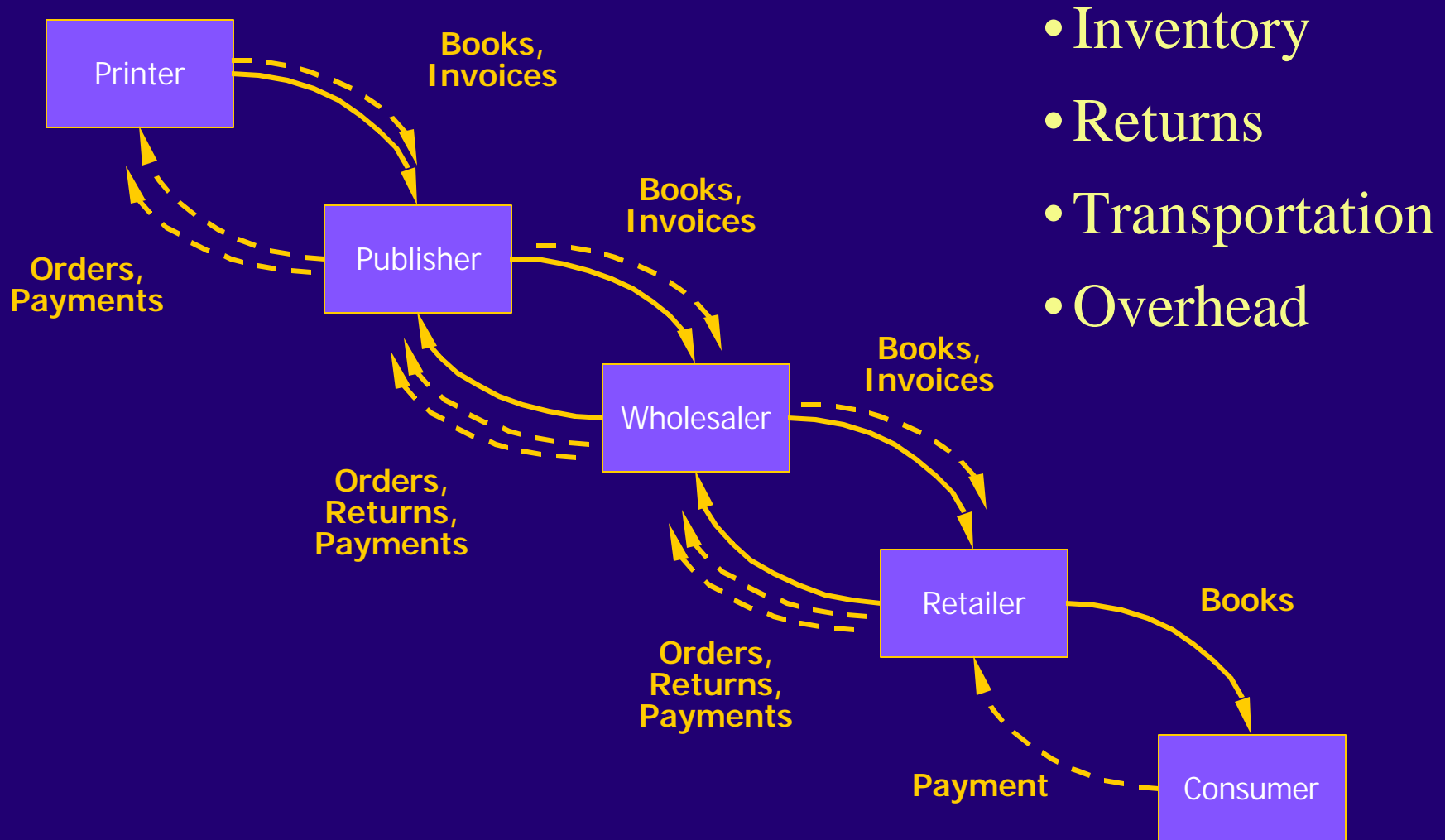
The pBook supply chain



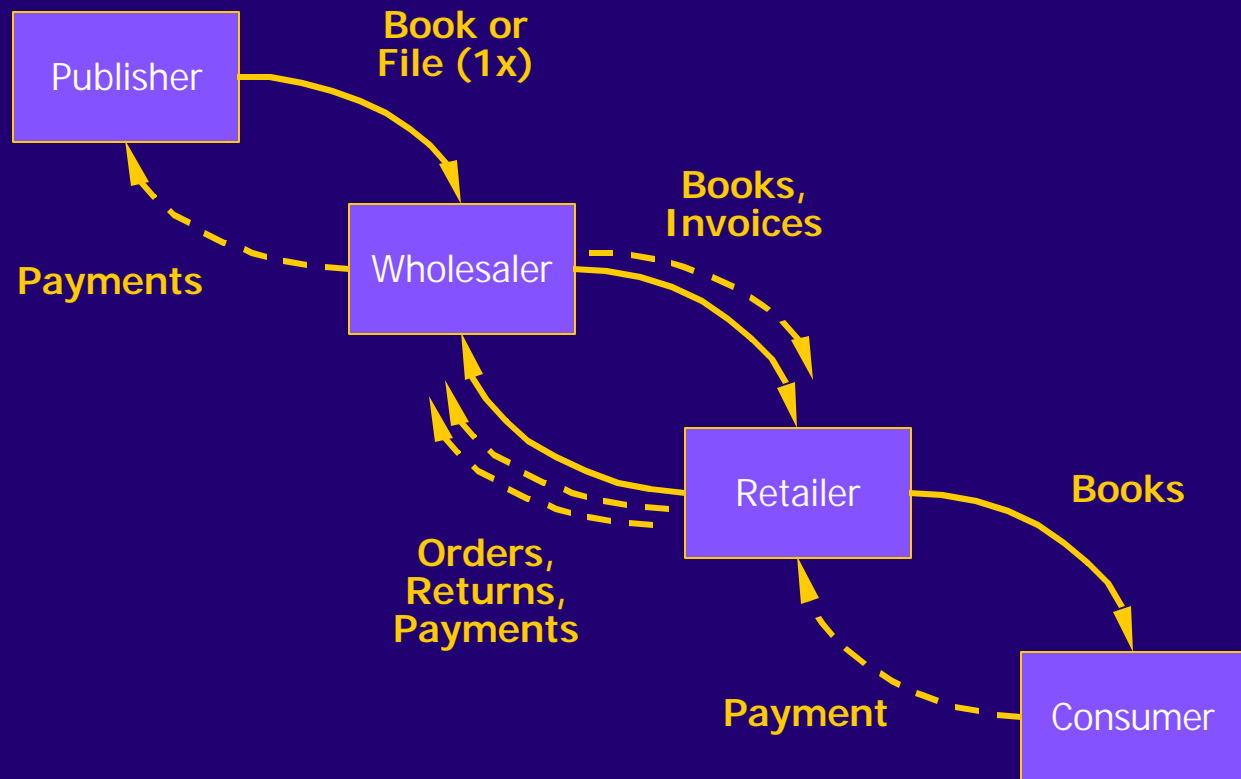
Each arrow really reflects multiple transactions...



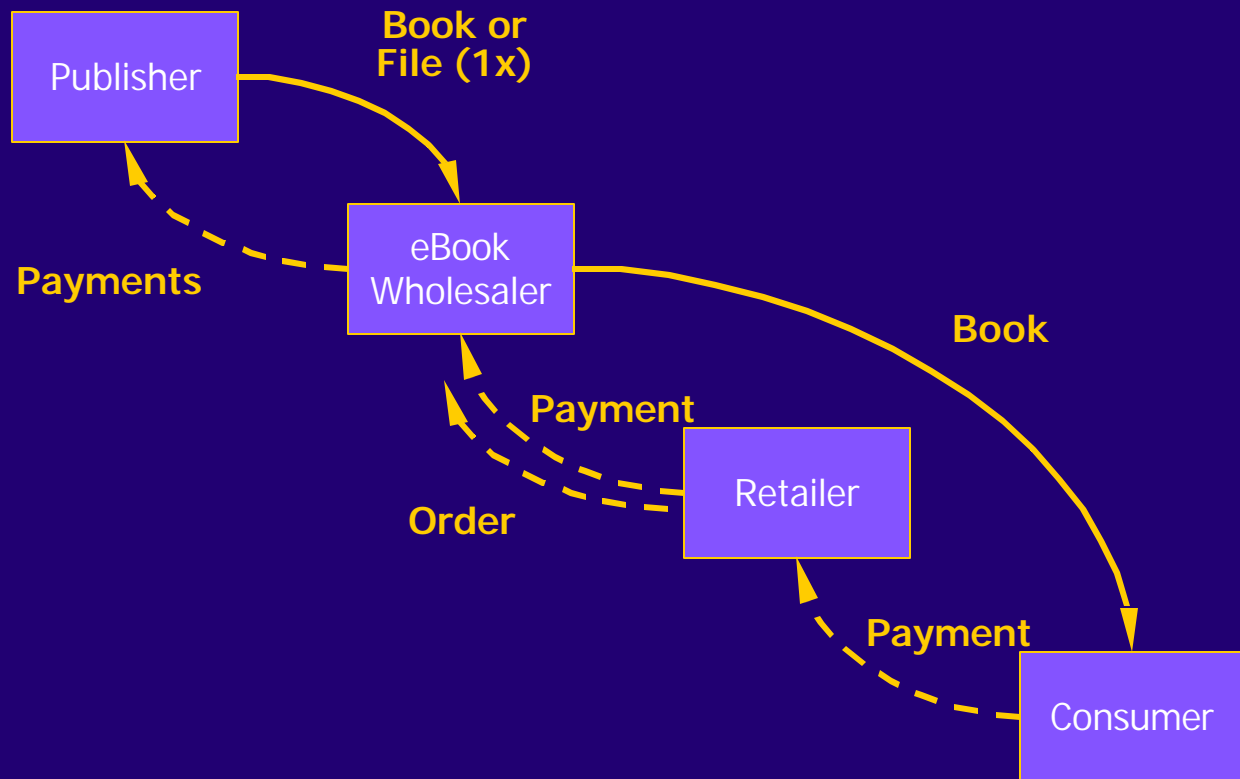
...leading to a good deal of excess cost



Central POD simplifies the process for publishers



eBooks simplify the *entire* chain



Operational issues

- Sales reporting
- Revenue recognition
- COGS accounting
- Inventory accounting
- Royalty accounting and reporting

And there are interesting developments...

- Sales continue to steadily grow
- Conversion and initial preparation are becoming increasingly well-understood and common
 - Multi-format publishing is common
 - Publishers creating standard designs and specifications
- Microsoft continues to improve the capabilities of their reader
 - Reader 2.0 for PDAs
 - Increasing support of linking
 - Increasing support of complex layouts
- Adobe continues to introduce tools to make PDF more adaptive and adaptive formats easier to turn into pages
 - Acrobat 5.0
 - PDF now has reflow capability and allows structural markup
 - InDesign 2.0 has table and other critical feature support
- Palm Digital Media continues to outpace all other formats in sales
- Technology continues to develop
 - Screen resolution
 - Device cost (Franklin, Gemstar)

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