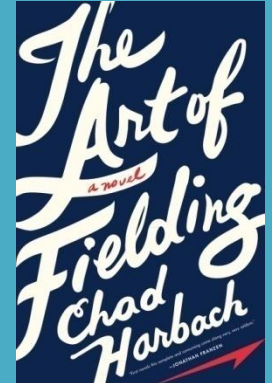
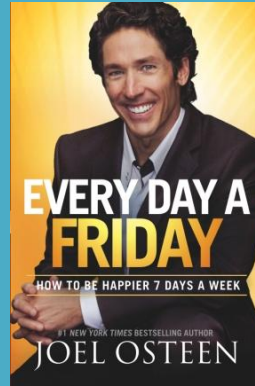
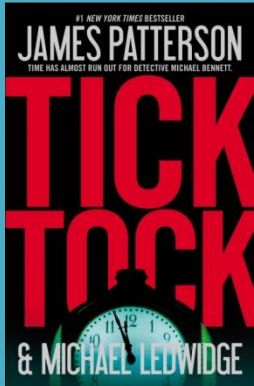


Book Manufacturers' Institute Annual Conference

November 7, 2011



Modern Publishing Implications

Ken Michaels, COO HBG

“The more things change, the more they remain the same.”

– *Alphonse Karr*

Publishing Constants

Finding Talent

Funding

Author Care

Quality of Work

Innovation

Marketing Reach

Sales and Distribution

“Change is the law of life
and those who look only to
the past or present are
certain to miss the future.”

– *John F. Kennedy*

Device Unit Sales in 2010

60M iPhones
15M iPads



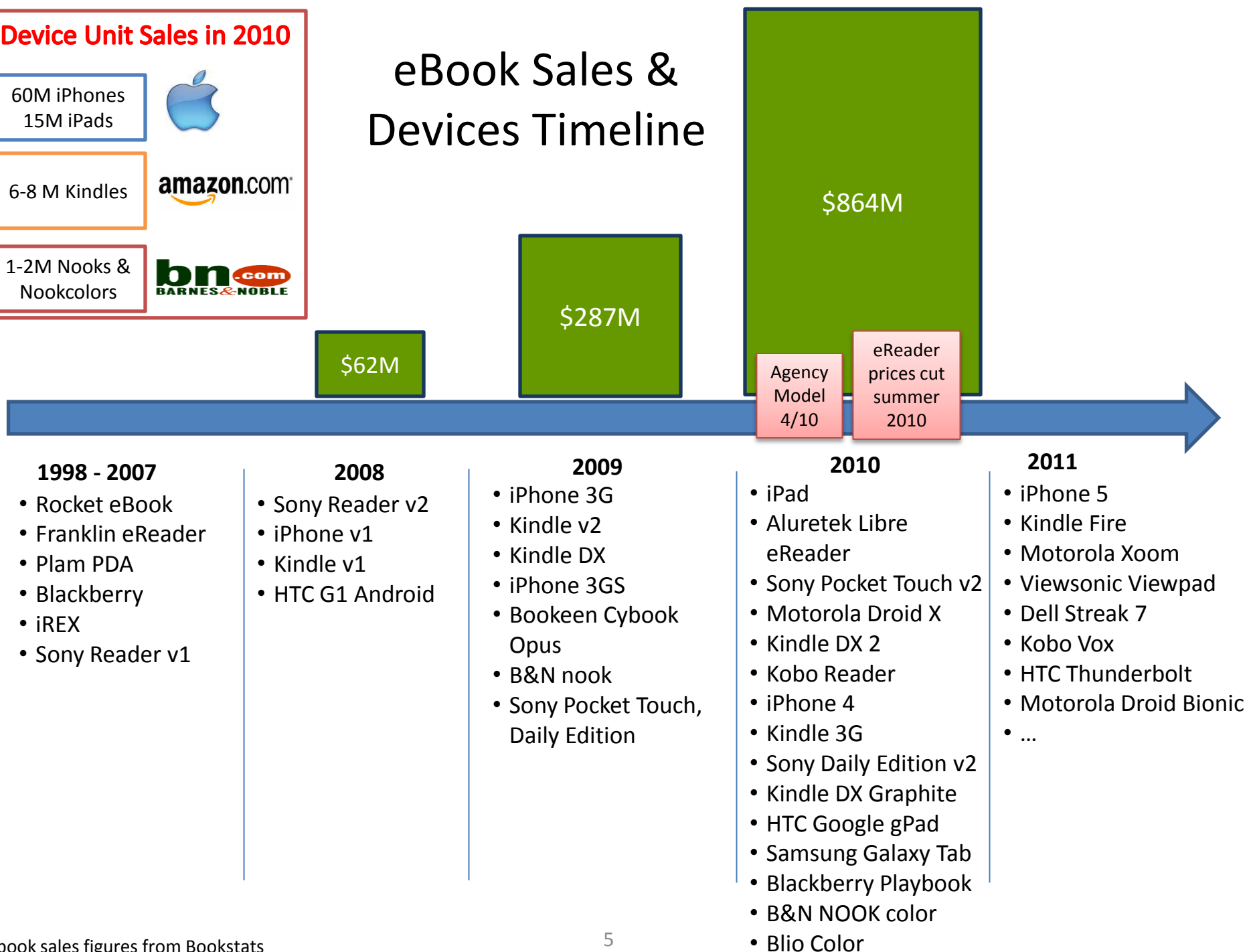
6-8 M Kindles



1-2M Nooks &
Nookcolors



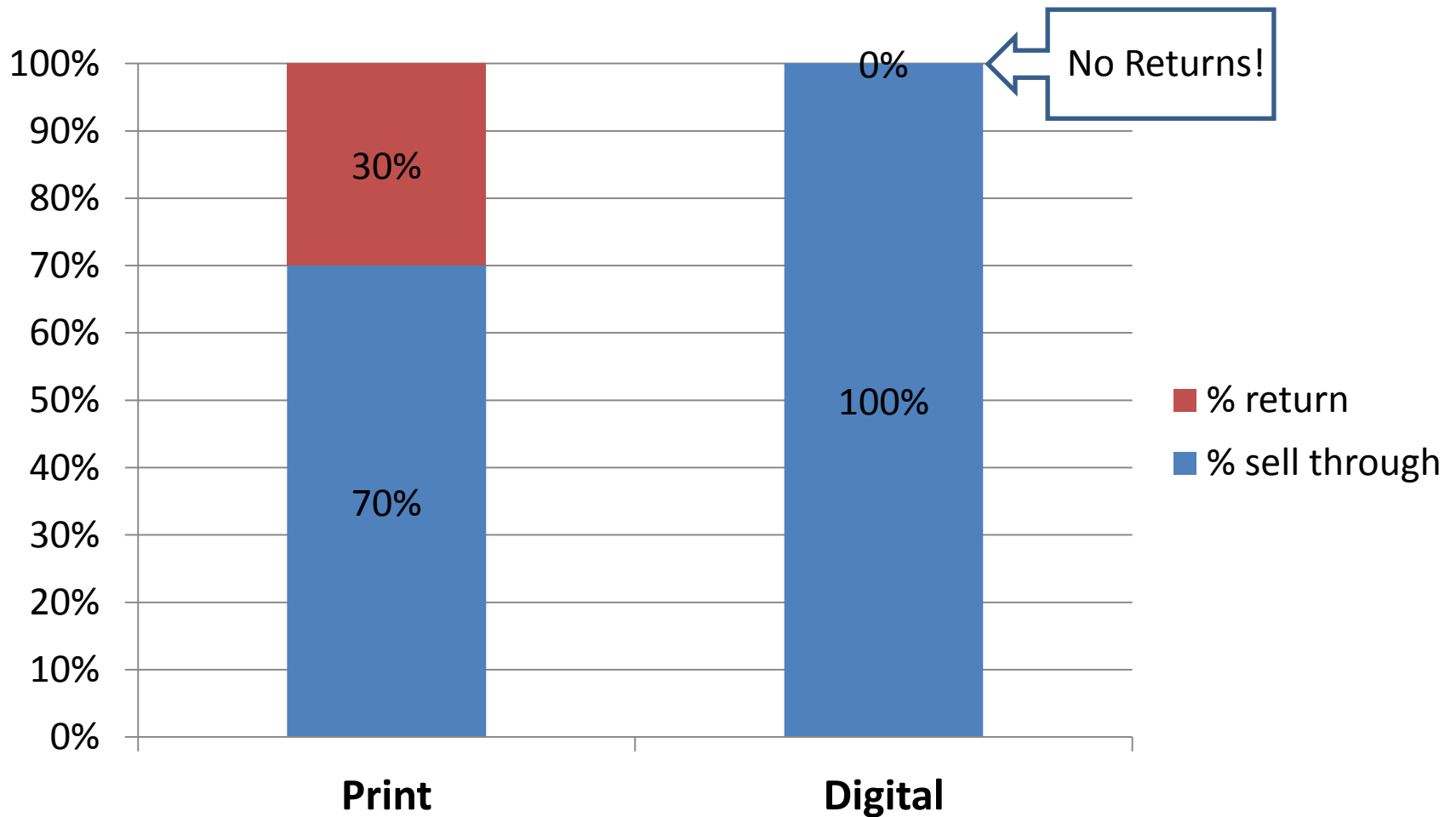
eBook Sales & Devices Timeline



Content Centric Workflow – Format Agnostic

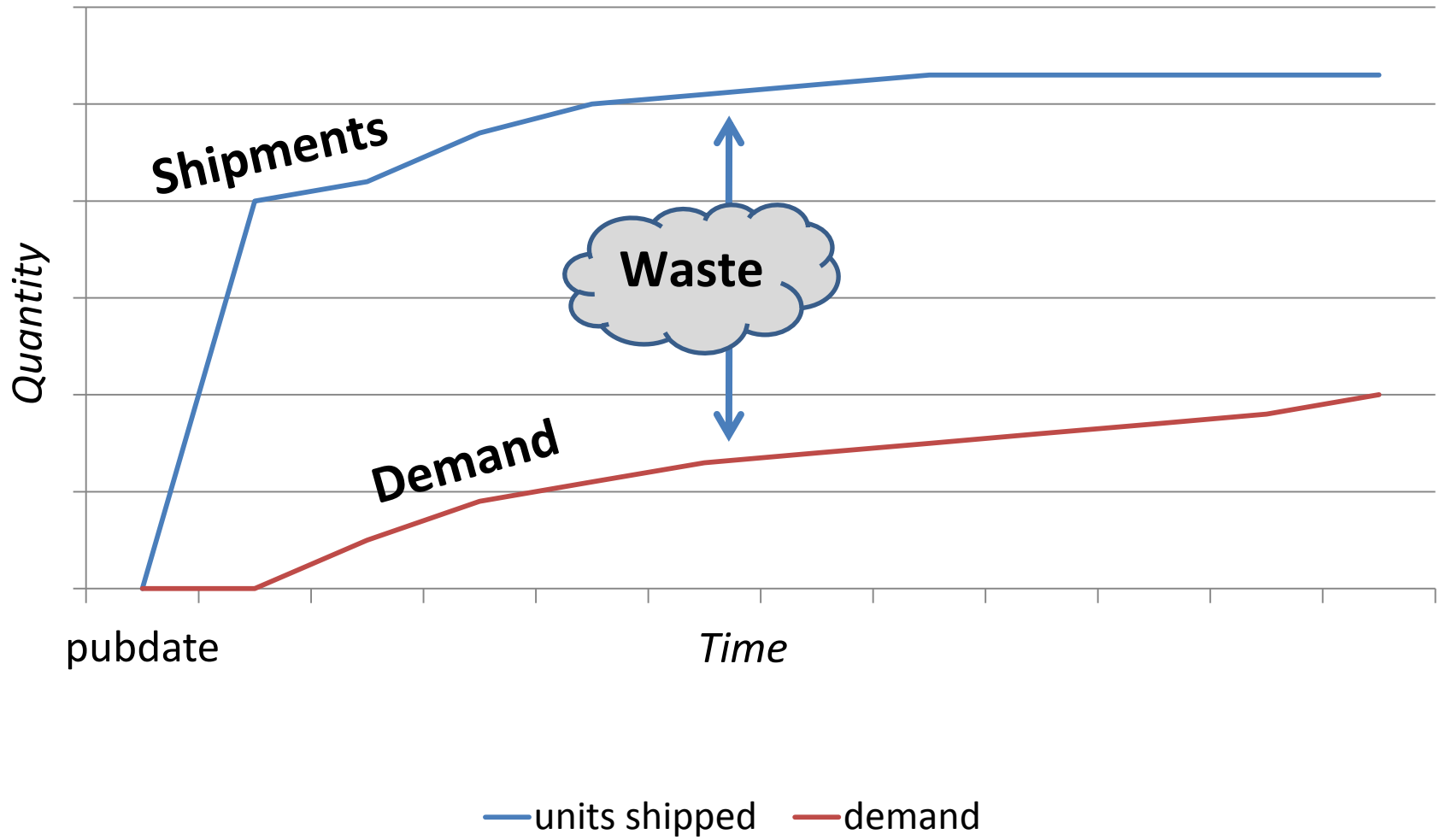


What Digital means for sell-through...

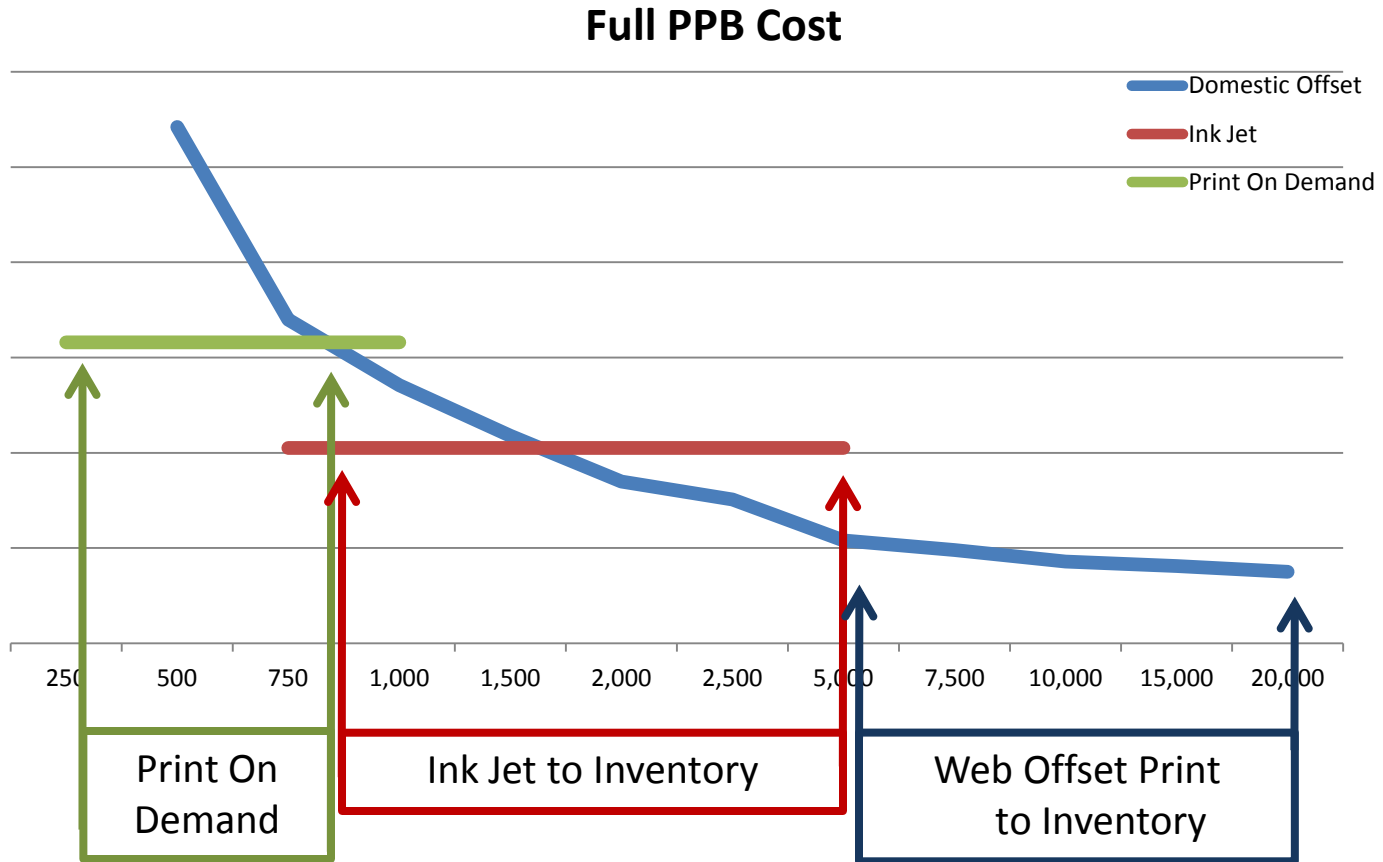


* Average return for HBG titles in 2010

Physical Returns

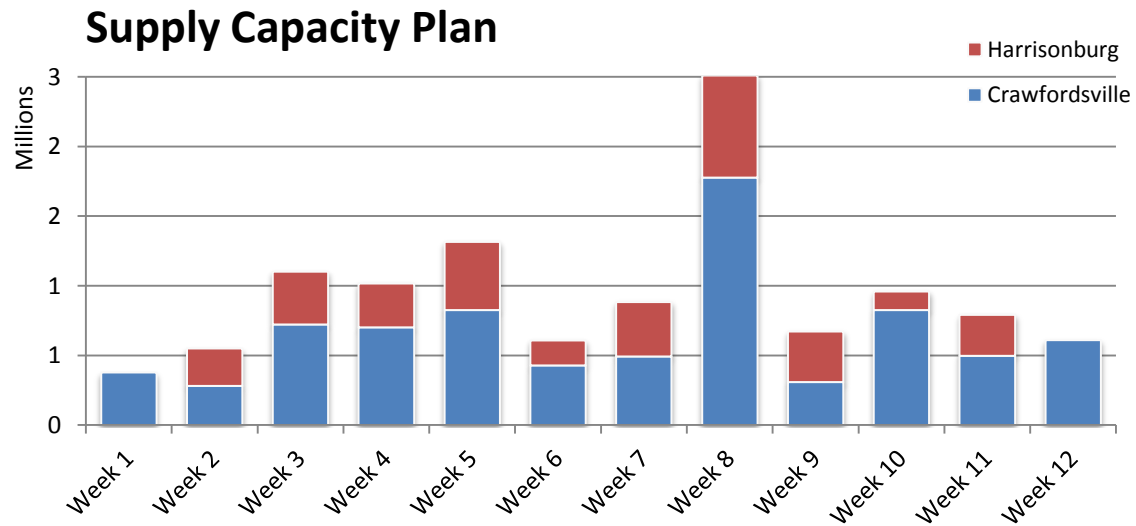
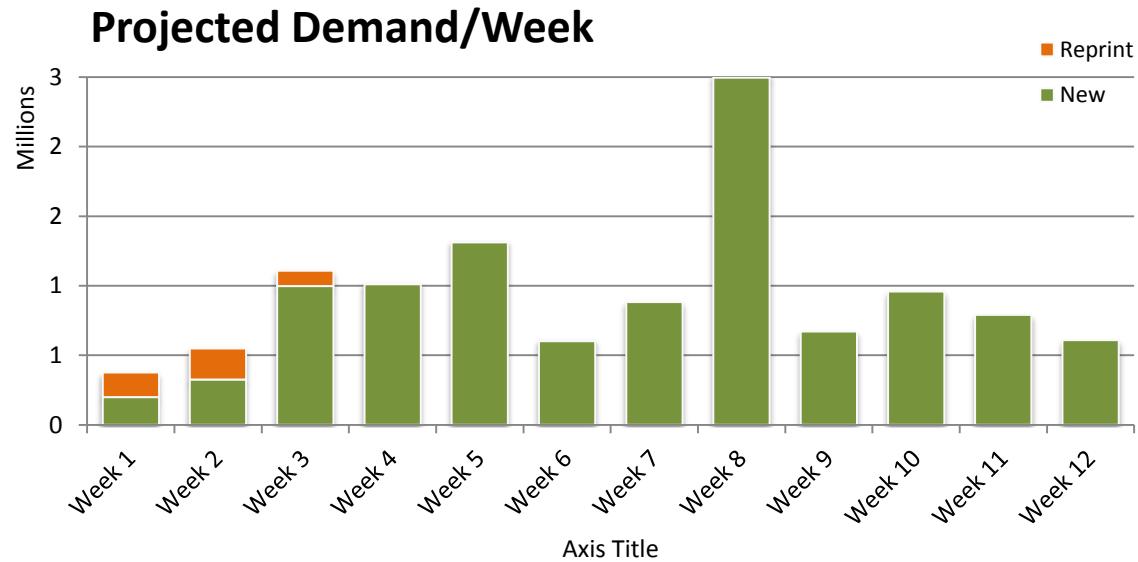


Speed and Cost will Drive Method



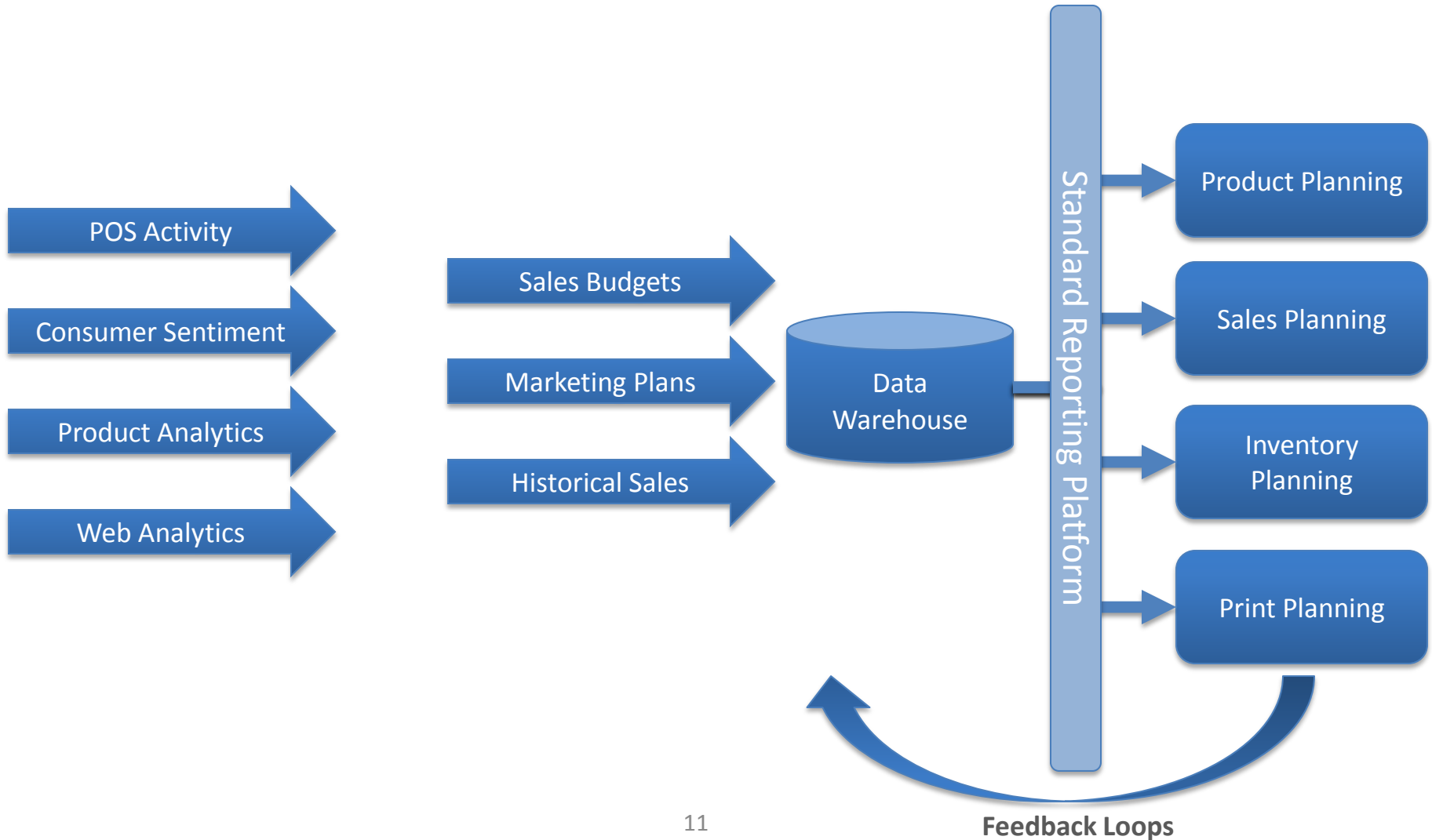
Direct forecasted replenishment to the ideal manufacturing platforms based on inventory turn targets and specification limits of assets.

Inventory Intelligence: managing volume and capacity

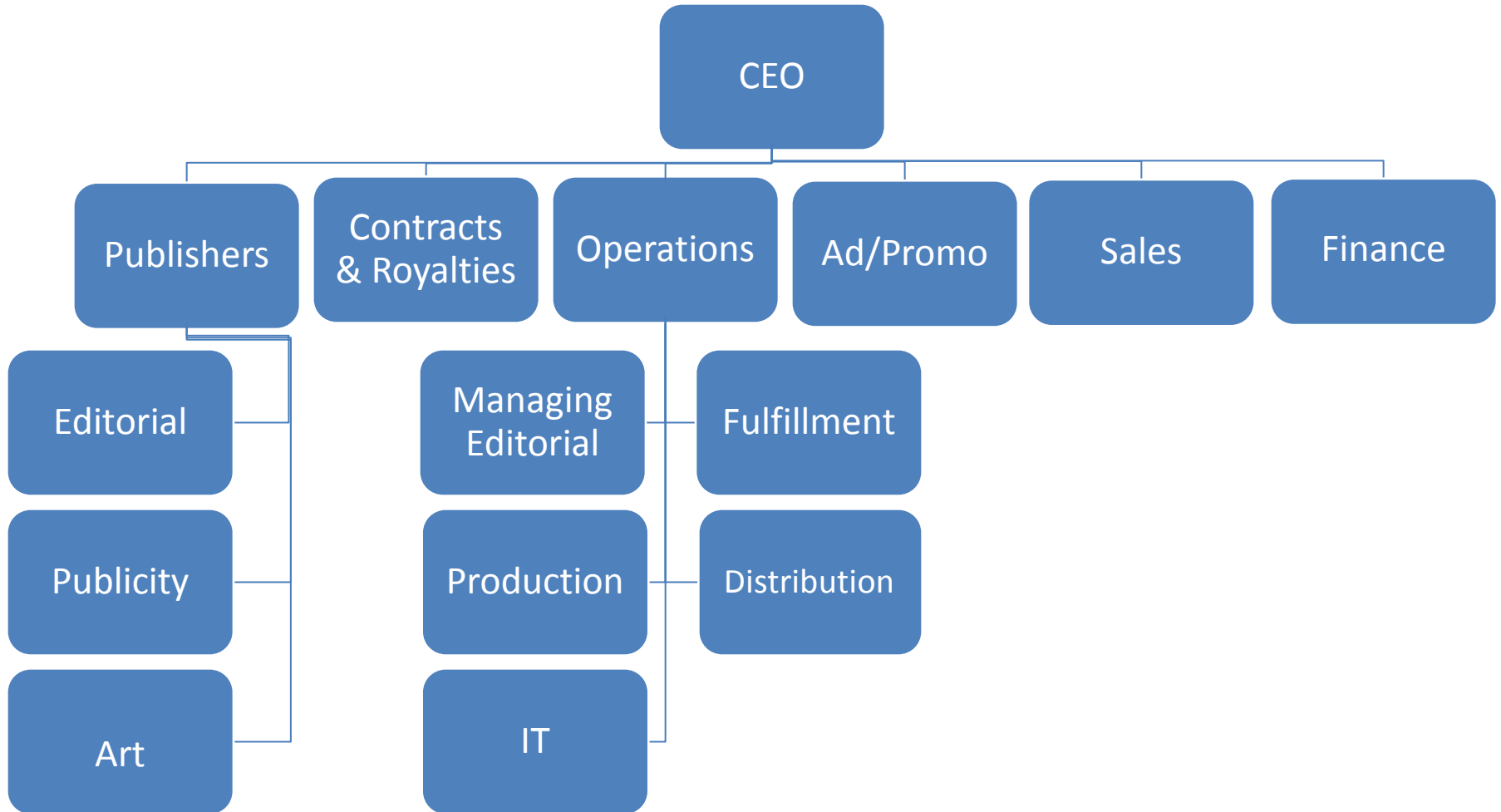


New Capabilities Require Enterprise-Wide Integration

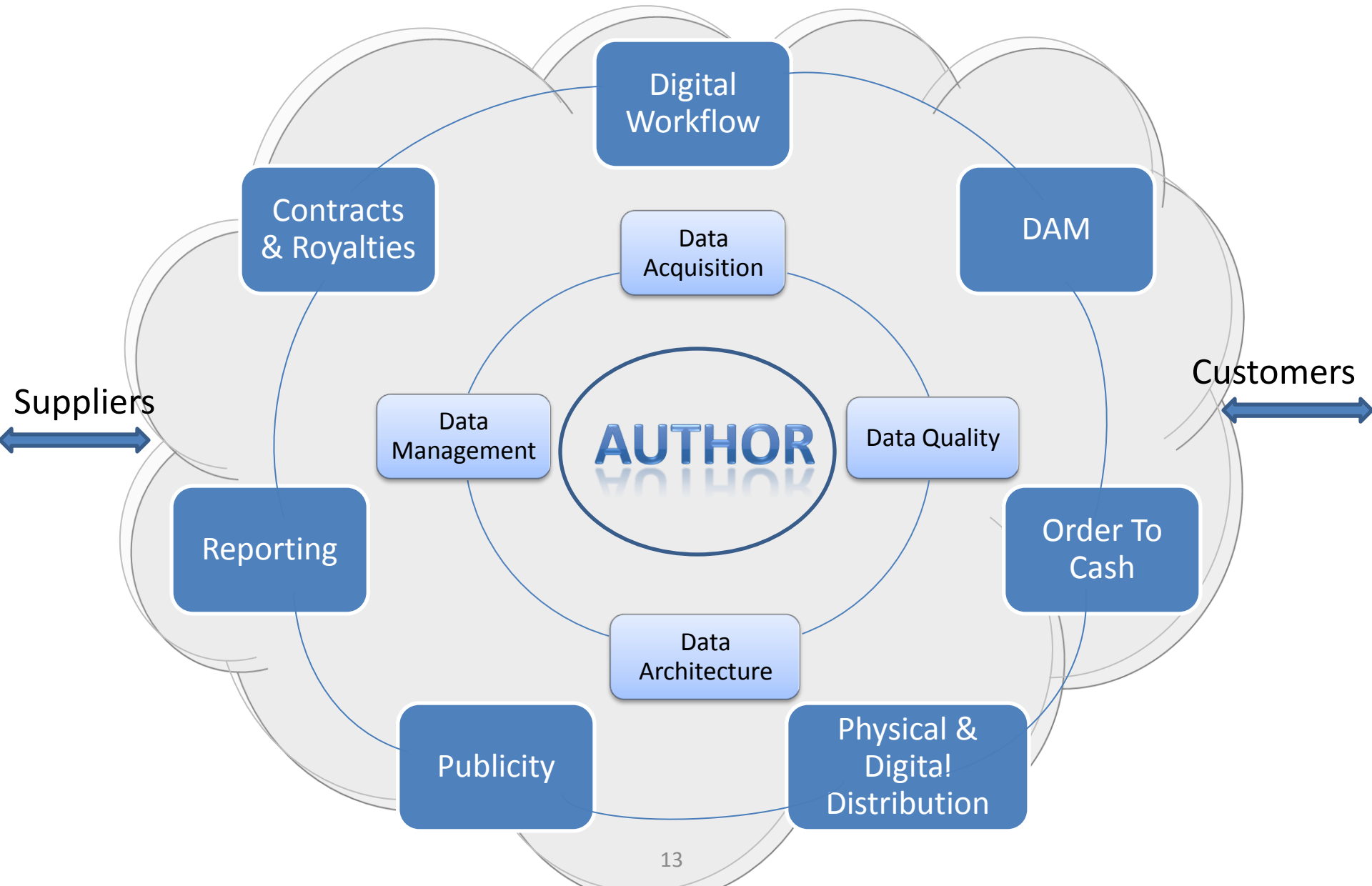
Externally Generated Data + Internally Generated Data + Power of Data Analytics with Scale = Enhanced Decision Support



Traditional publishing org structure ... working in silos



New Model: Process Simplicity, Integration of Workflows, and Continuous Improvement



Brand Management

Strengthening Brand Awareness & Demand with stronger
Publicity/ Marketing Tools



Contact Management

- Influencers

List Management

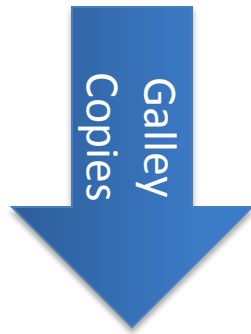
- Targeted distribution of marketing materials
- Outbound & inbound marketing

Campaign Management

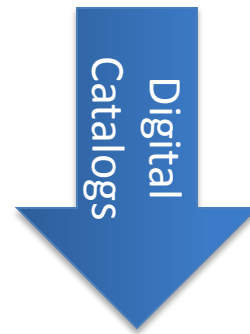
- Event-based, time-sensitive marketing activities:
 - Tours & signings
 - National media spots
 - Social media

Digital Sales Tools

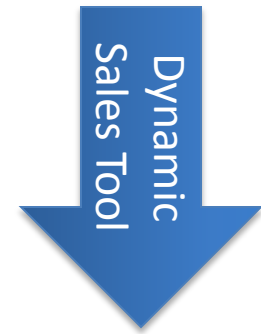
The publishing industry is developing new tools that are dramatically changing how we promote and sell content



- Bloggers
- Reviewers
- Media
- Librarians
- Educators

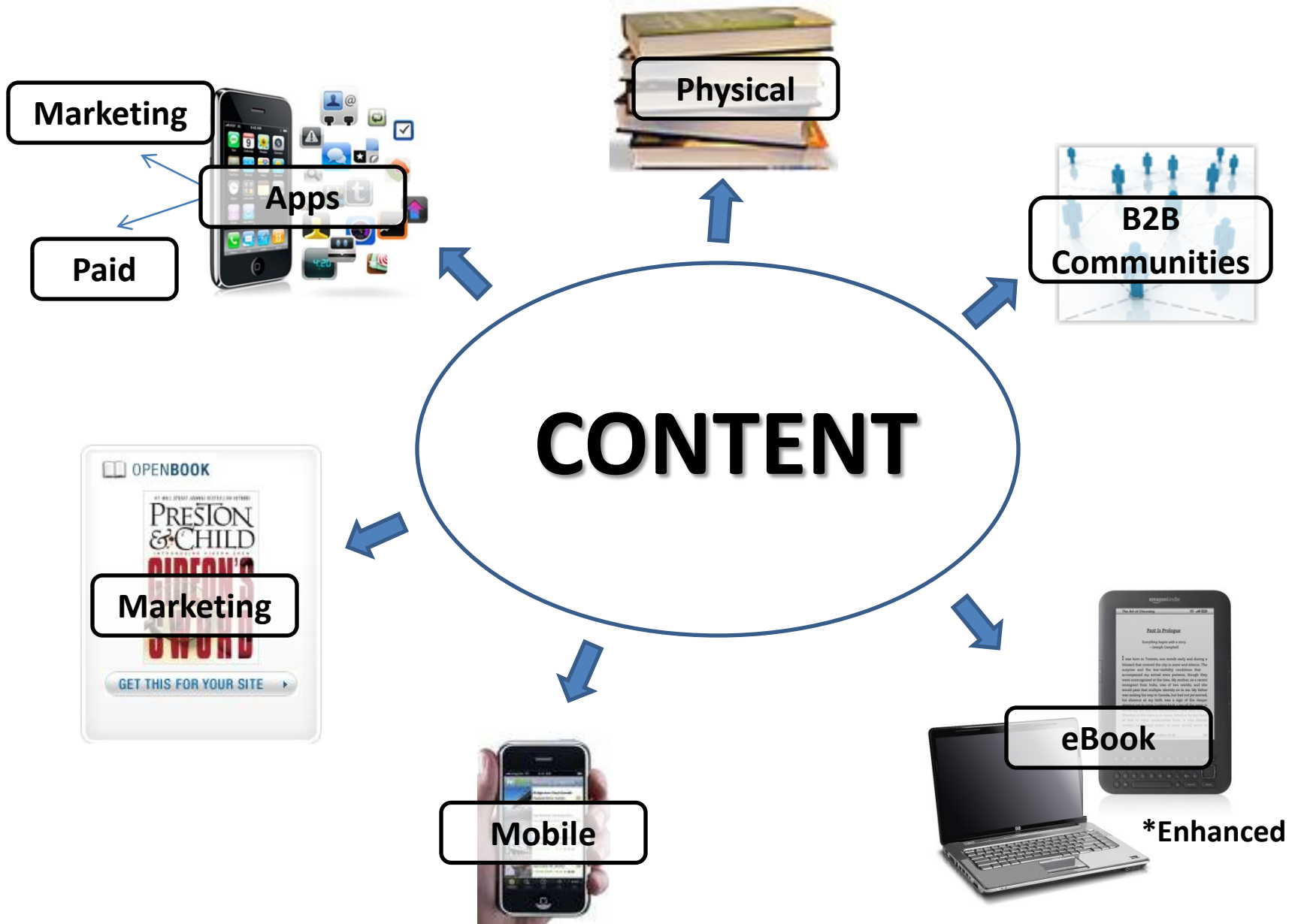


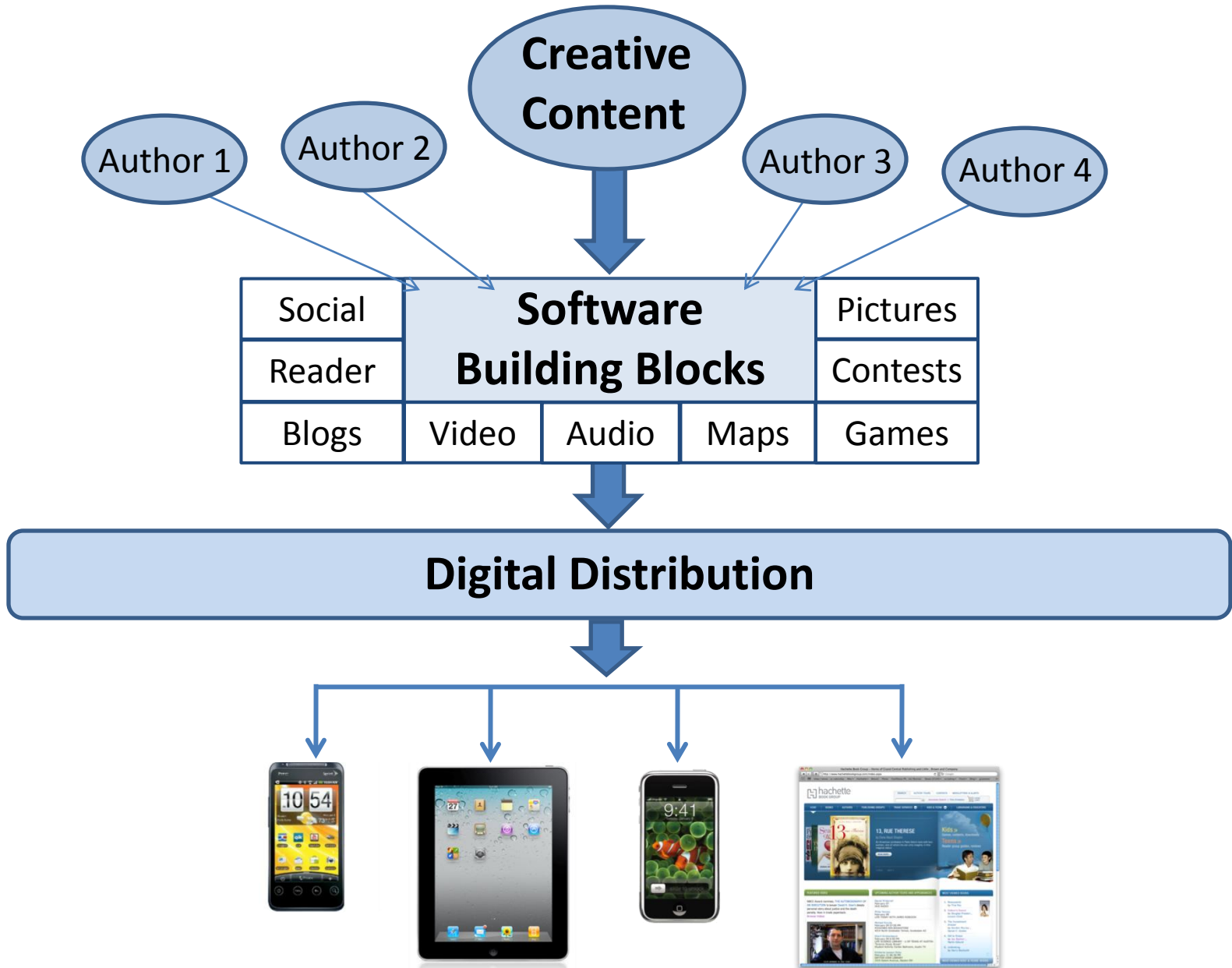
- Independent Booksellers
- Retailers



- Sales Force
 - All Booksellers
- [HBG Proprietary]*

Create Content Once for All Forms of Consumption





Foster a Strong Corporate Team Culture & Focus On Talent Management



Challenges to Supply Chain Partners

What we expect:

- Help workflow integration
- Capacity & speed guarantees (SLAs)
- Marketing material will be digital
- Analytics valued
- Feedback loops & workflow

“All is connected... no one thing can change by itself.”

– *Paul Hawken*

(Yoga Journal)