Interview with Brian O'Leary, Book Industry Study Group

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KENNEALLY: The Book Industry Study Group's membership includes publishers and libraries as well as manufacturers, wholesalers, distributors, and retailers. Together, they form the links in the industry supply chain. The next time you sit down to read a book, remember to thank all of them.

Welcome to CCC's podcast series. I'm Christopher Kenneally for Velocity of Content.

The supply chain is a network of organizations and individuals responsible for creation, production, and distribution of a product. The supply chain for publishing, especially in the digital age, isn't static, but is in constant motion and evolution.

Executive Director Brian O'Leary joins me from New York City to share details on BISG's recent initiative to forge a shared vision for the future of supply chain communication in publishing. Welcome back to Velocity of Content, Brian.

O'LEARY: Thanks. It's always good to be here.

KENNEALLY: We're happy to have you indeed, Brian. What does supply chain communication mean in the book publishing instance? Who's communicating to whom about what?

O'LEARY: Yeah, we have two buckets. The first we call senders. Those are typically publishers, the entities that create metadata, for example, and send it to other parts of the supply chain. Then we have recipients. These would be aggregators, distributors, retailers, libraries – folks who receive information from publishers about the books that they're putting out.

Metadata is broken into three buckets. It's not the only way that communications occur across the supply chain. But the buckets are bibliographic, the kinds of things like the title of a book, the author, etc. There's commercial metadata – how much are you selling the book for, on what terms, in what markets? Then there's marketing metadata, the kind of copy that explains what the book's about, maybe some reviews, could be awards, etc. – things that help people understand the book itself, particularly readers.

Other information that might be communicated across the supply chain – availability of the book. Capacity, for example, of a printer or a distributor. Sales data – that's typically coming back to a publisher. Inventory data – the inventory is maintained in a variety of different places, sometimes by publishers themselves, other times by distributors, and sometimes even at retailers. Shipping status and even information about returns are all part of the panoply of things that we think about when we talk about supply chain communication.

KENNEALLY: You're focused on the future, Brian, but I have to ask you about how well the supply chain communication is working today in publishing.

O'LEARY: Well, it's broken. It was built for the 1970s and 1980s, a time that was somewhat simpler than what we have right now. It was good at supporting one-way communication, so publishers sending metadata and other information to the supply chain, and when there were few business models, sales data coming in that kind of matched those models.

What's happened particularly with the advent of digital content and digital business models, most notably with the launch of the Kindle in 2007, is that the number of different business models has exploded. You can still buy a book, but you can also buy an ebook, which is not really – it's more of a license. Libraries in particular will buy books on a variety of different terms that didn't even exist 30 or 40 years ago, things like lending 26 times and then you have to buy a new license, or lending for a year and then you have to return. These are things that didn't exist in a world of physical books, but do exist now with digital content. So we're trying to find ways to both support the more complex business models that are being used to sell and license books, but we're also trying to find ways to take costs out of the system.

KENNEALLY: Describe a shared vision for the future, Brian. What would supply chain communication in publishing look like in 2030?

O'LEARY: I think there are probably many different ways that we think about it, but one of them is essentially a shared set of repositories where there are multiple data sources and multiple communities. You mentioned at the outset our membership consists of publishers, distributors, retailers, and others, but we see a way in which all of those entities would contribute to standard repositories of valued data. So everything that you need is in those repositories, and you can trust it.

But there would also be responsibility for not only contributing data, but also maintaining and using that data following clear guidelines or standards, something that doesn't really exist now. We tend to push a lot of data out in a somewhat uncontrolled way, and there are no repositories. There's no way to really know what the market is doing.

We would see every valued data point – and I gave you kind of a range of it a moment ago – but every valued data point has a home and clear delineation about who owns that data point and how the data may be used. So there's rules and permissions. This would allow people to have much greater access to much greater context for the work that they're doing, but still protect the proprietary nature of certain data stores.

And I think within that, we'd see a common sense of purpose. We'd organize the data in ways that either reduce expenses or sell more books or both.

And we'd love to see communications channels that were easy to maintain and also readily expandable to meet new opportunities. There's a nimbleness that doesn't exist in the existing traditional supply chain.

KENNEALLY: How important is ROI to the success of this initiative? Will you need to demonstrate that this is all going to lead to lower costs and higher sales?

O'LEARY: Well, those are two of the measures. Nothing gets done without a sense of purpose. BISG was built to solve problems that affect two or more parts of the business, and part of our measure is can we sell more books, and the other piece is can we find ways to reduce cost? I think this would do both. But we have to demonstrate it.

That's part of the process that we're in right now. We've created a vision of what it is that we want to achieve. We pulled together about two dozen supply chain professionals in a one-day meeting in January to kind of work through the vision, and now, we're trying to suss out what that ROI might look like.

It's relatively hard to introduce new business models in book publishing. We'd love to be able to support a different approach to that. So it's not just ROI in the sense of are we going to sell more books or lower costs, but can we also support new ways to get books into the hands of readers?

KENNEALLY: Brian O'Leary with the Book Industry Study Group, will improving supply chain communication in publishing lead to more reliable forecasting?

O'LEARY: It absolutely will. There are three elements of forecasting that are worth thinking about. There's obviously demand planning. So a publisher's trying to figure out what it is that the marketplace needs. That's often done in concert with accounts – some major retailers like Barnes & Noble, Amazon, or Books-A-Million, as well as with smaller accounts – independents – and some estimate of non-traditional sales.

But it's more than just demand planning. We also have to think about supply planning. Where are you going to get the books? If they're printed, where are you going to get the books printed? How far away is that from their ultimate destination? What kind of freight situation would need to be required?

And the third piece is inventory planning. Once you have a supply of books, where are they? How easily can they be accessed? How quickly do you need to replenish them?

Those three things are all pieces of a puzzle that are not really optimized right now. BISG's been involved in a project going back about two years now to improve forecasting. And I think that data repositories and kind of a supply chain model of the sort that we're imagining would be much more effective in informing not just publishers, but the balance of the supply chain on what's happening and what they can reasonably plan for. So forecasting would improve significantly.

KENNEALLY: Book Industry Study Group Executive Director Brian O'Leary, thanks so much for joining me today.

O'LEARY: My pleasure.

KENNEALLY: That's all for now. Our producer is Jeremy Brieske of Burst Marketing. You can subscribe to the program wherever you go for podcasts. You can also find Velocity of Content on YouTube as part of the CCC channel. I'm Christopher Kenneally. Thanks for joining us.

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