

## **Building the On-demand Book**

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Victor Celorio truly has inventor in his blood. His uncle developed the first automatic tortilla-making machine. For Celorio, it was more practical to bring his machine-making destiny in line with that of an aspiring writer. And so in 1990 - the year Manuel Noriega surrendered to American forces, Time merged with Warner, The Simpsons debuted on FOX, the first McDonald's opened in Moscow, Nelson Mandela was freed from prison, the Hubble Space Telescope was launched and Iraq declared Kuwait to be one of its provinces - Celorio saw a laser printer and wondered how it could be used to make books.

It wasn't until 1995 - the year Amazon.com started selling books online - that Celorio would seriously begin developing his book-printer concept. In 1999, when research suggests that Americans were buying an average of eight books a year, three times pre-WWII levels, Celorio unveiled his InstaBook invention at a book fair in Los Angeles.

"The InstaBook system really requires only one operator and it is literally the size of a desk," says David DiMarcantonio, president of InstaBook Canada. "A book can be literally printed, bound and trimmed within 7 ½—2-1/2 feet, and because of that the system can be placed almost anywhere."

Traditional production of books is one of the most assembly-line-like processes in the printing industry, moving from one stage to the next in a shell environment. DiMarcantonio suggests this traditional process can be broken into 23 or 24 distinct steps, while the InstaBook technology can be defined in just a few steps. "Let's say every Indigo or Chapters had an InstaBook system," suggests DiMarcantonio. "Well, instead of waiting 10 days to get the book, the book can be produced and picked up in 10 minutes."

InstaBook approached bookstore giant Indigo about the technology, but

were confronted with the-chicken-or-the-egg problem. "They weren't disinterested, but they wanted to have more publishers on board and the publishers wanted to have more bookstores on board." The challenge of getting publishers interested rests in the ability to have authors quickly sign over copyright, while agreeing to production details of the book. (Not to mention, the challenge of publishing agents.) Currently, this is too long of a process for publishing companies to effectively use the technology.

"We decided to focus on those applications that really generate revenue quickly, rather than focus on something that we know will probably happen in five years," says DiMarcantonio. Now the InstaBook team is looking directly at what it calls selfpublishing centres, and will promote the systems to be installed within independent bookstores, home-based businesses, government offices and potentially large corporations. InstaBook is now in the process of installing a system in Milton, Ontario, with a company called Monsoon Books.

InstaBook runs three machines out of its Stoney Creek location and currently claims to have more than 200 customers, after it started to offer the service back in October 2003. It works with a lot of self publishing material, with authors and other people who want to put their ideas and concepts into book form, such as professional speakers looking for a little credibility. While DiMarcantonio does not think of this model as a grassroots movement, the company will certainly build through small businesses.

"We have plans to place the system in every city throughout the country, so effectively long term what that becomes is almost a distribution network," says DiMarcantonio. "If somebody wants a copy of a publisher's back-list title or an author's front-list title, if the non-exclusive rights have been granted to us to re-print the book, then an order is placed on a web store." Theoretically, the location closest to that buying consumer will receive the order and produce a book. Thirty per cent of the retail price is then remitted back to the content provider.

There is a natural concern for the InstaBook licensee to make money. "If they don't make money, we don't make money because we charge royalties

through the ongoing production of the machine," says DiMarcantonio, adding that a licensee location should budget anywhere from \$30,000 to \$40,000 to acquire the machine.

The strength of the InstaBook system may lie with back-list books. In today's cost-sensitive world (see below), publishers are extremely sensitive to inventory. "I very strongly feel, although I have no hard evidence and only anecdotal evidence, that the \$2-billion publishing industry in Canada can grow by at least 15 per cent if those back-list titles were available at any given time. And that is the lowest risk revenue that they can contribute to their bottom line."

InstaBook has admittedly stepped away from the book industry in terms of promoting its technology, because of the amount of effort it would take to bring them on side. "We truly feel that they are going to come onboard last, even though they should probably come onboard first," says DiMarcantonio. "We have had to do certain things in order to generate revenue and keep the company operational with revenue."

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