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New technology prints books while you wait

By Michael Lerner, Forbes ASAP

Last week, the Borders Group Inc., the nation's second-largest bookstore chain, announced a deal with Atlanta, Ga.-based startup Sprout Inc. to place Sprout's print-on-demand equipment in Border's retail stores next year. This move is viewed as another salvo in the bookstore wars. Virtual bookstores Amazon.com and barnesandnobles.com tout their huge inventories as a major competitive advantage over their brick-and-mortar counterparts. But the ability to print books on demand, "levels the playing field, because stores can have access to millions of titles," says Victor Celorio, president of Instabook Corporation, a Gainesville, Fla.-based startup.

Showcasing the seventh prototype of his device last month at BookExpo America in Los Angeles, Calif., Celorio's company has developed a competing and arguably more user-friendly system than Sprout's--and it is already in use. The Instabook Maker is designed to access a catalog of titles over the Internet and custom print books in minutes. "It transforms the business of books in a radical way," says Celorio.

According to Jim Milliot of Publishers Weekly, book publishing is a \$23 billion industry in the U.S. But he points out; "The worst aspect of book publishing has been its distribution system." Typically, a retailer orders the number of books it thinks it can sell. But should the title prove to be popular, the store may not be able to order more if the publisher's inventory is depleted. Alternately, small stores can't afford to keep slow moving titles in stock. "There's no question that being able to print-on-demand would be a big help," says Milliot. He also thinks it would put a dent in the 30% to 35% rate of returned books, since a book would not be printed until it is already sold.

"The first time I saw a laser printer, I thought about making books with it," says Instabook's Celorio. He went into the printing business to learn about the industry, opening a chain of electronic printing stores in Mexico City in 1988. Customers could transmit electronic files via modem for printing. Ten years ago, Celorio began work on the Instabook Maker, studying engineering and later computer programming, in order to do the development himself. He claims tinkering comes naturally, because he comes from a long line of inventors, including his grandfather, father and an uncle, who invented Mexico's first mechanized tortilla maker. That invention efficiently transformed flour and water into a ready-to-eat staple. The Instabook Maker turns paper, ink and glue into a ready-to-read book.

The patented device, about the size of an office copier, comes equipped with a computer. Digital text files are input on disk or over a network. Customer's can search an online catalog of available titles at home or at the store where the device is located. Or a user can also search for key words in the text of books, which raises the possibility of printing custom books from chapters of multiple titles. Once a selection is made, the encrypted text downloads to the Instabook Maker for printing. Transactions are tracked electronically to bill the bookstore.

Instabook says the machine can paginate, print, fold and bind a soft cover, perfect bound, 200-page book in less than five minutes. It prints black-and-white line art and photographs and accepts preprinted cover stock. The company estimates the cost per book at 75 cents. Purchase price of Instabook Maker is \$29,000 or it can be leased for \$650 per month.

One of Celorio's first customers has been Middleburg, Va.-based Denlinger's Publishers. "Being a publisher is like being a gambler. You are taking a chance." said Gustav Postreich, senior vice president, explaining why the company invested in the machine "With this, if the sale of a title is only mediocre, we have not printed the 10,000 books that we would have had to print."

A typically press run for a title is 10,000, although it may be less for professional and technical books. Denlinger's acquisitions editor, Marcia Buckingham adds, "We can put more authors and more titles into print and not be bothered with warehousing and inventory." The company has printed a few dozen books so far and claims the quality is excellent.

"This technology lets stores maintain selection without maintaining the inventory. All kinds of books can remain in print. Out-of-print books can come back into print," says Mike Shatzkin, CEO of Idea Logical Company, a New York City consulting firm for the publishing industry. "Bit by bit, day by day, books that were once printed in a plant, shipped by truck and stored in warehouses will be printed on demand," adds Shatzkin. "It's going to make huge changes in the publishing industry. It's inexorable."

Victor Celorio said that the second book he printed with his invention was "The Art of War," a 2,000-year-old Chinese treatise on competition and conflict by Sun Tzu. In the battle of the booksellers, print-on-demand gives real world merchants a new weapon in their arsenal.

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