BIC

E-commerce for Publishers

A Simple Guide

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This guide is intended to provide basic information about supply chain e-commerce and to enable publishers to take advantage of the many benefits this can bring to their business and to their trading relationships

ABOUT E-COMMERCE

What is e-commerce?

E-commerce is a fully auditable alternative to the transmission of paper documents by post or fax and enables all your communication with your customers to be done by electronic means, minimising the risk of errors by reducing the amount of keying and rekeying in the process.

E-commerce is sometimes used to describe online sales from a web site to a consumer. Although this is an efficient use of technology to make sales automatically, the focus of this document is on business-to-business (B2B) electronic trading.

Why should I do e-commerce?

Because affordable and simple-to-use technology is now making the use of paper documents obsolete and prohibitively expensive. With a computer you can carry out many business functions without the retyping of critical information and transmit this information in seconds. Publishing and bookselling faces enormous challenges and must respond to them by eliminating unnecessary costs and increasing business efficiency. You will come under growing pressure from your bookselling customers to trade electronically as time goes on and, though it may be painful in the short term to develop new ways of conducting your business, the benefits will soon be apparent: less time taken up with paperwork, lower costs, fewer errors, quicker transactions, a better service for your customers and more sales.

How ready am I to do e-commerce?

Maybe more ready than you imagine. If you have a contract with a third-party distributor, it's more than likely that your distributor already does much of the supply chain e-commerce on your behalf. Most reputable distributors already have established electronic trading relationships with all your major customers and transacting your business with them in that way is part of the service you pay for.

But be warned: some of the smaller distributors run old-fashioned systems which don't do e-commerce. Realistically, it may take them some time for them to make the necessary reinvestment. Perhaps you should think about moving your distribution to one of the bigger and better capitalised companies.

So should I outsource my distribution?

You will have to do your own sums. But there is a real risk that, if you try to do your own order processing and distribution using manual and paper-based

systems, you will find yourself squeezed out of the supply chain. Major customers will increasingly be requiring electronic trading as a condition of doing business; or penalising you financially if you can't or won't.

Many smaller publishers have successfully and cost-effectively outsourced distribution, either to third party distributors or to wholesalers. This has enabled them to focus all their resources and efforts on core publishing activities, leaving distribution to be handled by experts with established systems and electronic relationships with all your major customers.

What business functions are affected by e-commerce?

All the main business functions which involve communication with your customers. For publishers who outsource distribution this may amount to little more than sending product information to data aggregators and key customers in electronic formats. If you self-distribute, you need to be able to receive and process orders electronically; send order acknowledgements and delivery notes if required, and generate invoices and credit notes. You may also need to receive and process returns requests following the rules of the Industry Returns Initiative (assuming you offer books on a returnable basis). Each of these business functions is addressed in the next section.

How should I assess my e-commerce needs?

The first question to ask yourself concerns the number, nature and size of your trading partners. As a small publisher you are likely to want to sell your titles through as many channels as possible, not just to small booksellers. Many of your trading partners will be major chains or substantial organisations, very possibly international or overseas companies. Nearly all of them - wholesalers, library suppliers, bookselling chains and large internet booksellers - will be capable of trading electronically and will want to do so with you. Their view will be that the more electronic trading that occurs in the trade the lower the costs and the greater the benefits.

Then you also need to review all your business processes to assess how you are going to integrate e-commerce into your business. Here you have to consider both the efficiency of your own business and the requirements of trading partners. E-commerce is all about communication, but the ideal objective should be to set up systems internally which help to make your business more efficient at the same time as satisfying the demands of your customers. For example, you should try to set up a process which enables you to receive orders electronically and then use the information in the orders to create acknowledgments, delivery notes, invoices and credit notes – without rekeying. This is perfectly possible with the main web-based e-commerce services.

Am I too small to worry about e-commerce?

If on the other hand, you serve specialised niche markets through a very limited number of customers, or you sell direct to the public through your web site, or you sell to schools or institutions, there may be little pressure on you to do e-commerce. Talk to your customers and find out what they want. Keep in mind that there will be increasing pressure on you in the future to trade electronically so a trading partner who may not currently order electronically may have plans to do so in the near future.

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Can I use my existing systems to do e-commerce?

This depends on your existing systems. If you have a reasonably modern publishing system it may be able to connect to an e-commerce service. You should talk to your systems supplier about this, bearing in mind that you will need to integrate with the systems operated by your key trading partners. Unfortunately, it's quite likely that you will have a number of different systems fulfilling particular functions within your business: a publishing management system, a production system, a product database, a generic accounting package, and so on. To do e-commerce you may well have to invest in additional systems and services which don't relate to others you have in use. So it may be a major task to rationalise the systems in your business, evaluate what they can and can't do, and take out wasteful duplications of effort and cost.

It may be worthwhile to take the opportunity to review all your systems and procedures and maybe invest in new systems if you can afford to, or review the outsourcing of distribution functions. If you do decide to invest in a new system, make sure it is e-commerce capable. Some systems suppliers continue to sell partial or obsolete systems: avoid them and take advice. Be sure to ask about a system's e-commerce capability and ensure it can accommodate all the business messages you need to do e-commerce with your trading partners. Some suppliers will say they can do e-commerce but are then unable to handle all the necessary messages. It would be worthwhile to ensure that your system supplier is accredited under the BIC Supply Chain Excellence Awards scheme.

What equipment do I need?

That will depend on the size of your business; but the assumption is that you have a PC with access to the Internet, preferably by broadband connection. This is now available from about £14 per month for unlimited access. Be sure to use appropriate security software (a firewall and a virus checker). A number of useful e-commerce services can be accessed without further investment, though as your business and your electronic trading increases you will need to keep both equipment and the services you use under review.

If you use a Mac within your publishing operation, you should be sure that it can run supply chain applications. Most systems – but certainly not all – have Mac versions; but you may find a PC gives you greater flexibility.

Will e-commerce save me time and money – or will it just help my trading partners?

It should do both. E-commerce will save you time and money. It should improve your business efficiency and speed up the service you give to your customers. It will also help to improve your relationship with key trading partners and could lead to them being more willing to stock your books in future.

What cost-savings could I expect to see when I have implemented e-commerce?

This depends on the systems you implement and your procedures, staffing levels etc. Most publishers who use e-commerce believe that it saves them several hours a week in staff time in receiving orders, generating invoices, authorising

returns and processing payments and remittances. It also helps to reduce errors and enables you to handle larger volumes at lower cost.

How do I start?

Talk to as many people as possible: trading partners, especially chains and wholesalers, your systems provider (if you already have one), the IPG, and other publishers. Develop a strategy for addressing the parts of your business which cause most difficulty or aggravation and where the quickest wins can be made. There is information on the Book Industry Communication (BIC) web site; and you should investigate the solutions offered by batch.co.uk, PubEasy Exchange and BookNet Web.

The government is committed to expanding e-commerce usage throughout industry and the DTI (Department of Trade and Industry) has a website at http://www.dti.gov.uk/bestpractice/technology/index.htm which includes some useful information about e-commerce.

E-COMMERCE SERVICES

What services will I need?

If you are a small publisher, most of your e-commerce will be done using a variety of off-the-shelf trade services. That's in addition to the computers and systems you already operate. In this section you will find references to most of the services which you should consider using in your business. For example, you will want to subscribe to ordering services (TeleOrdering; Nielsen BookNet Web; or perhaps PubEasy Exchange). If you want to send invoices and credit notes, batch.co.uk has an affordable option for small publishers; or services provided by BookNet Web can also be used. There is a growing trend towards integration of these services: you should talk to the organisations and find out what their plans are before you commit yourself to any one solution.

Can I integrate these services with Sage accounting?

This is one of the biggest problems for smaller publishers who have invested in Sage or one of the many other generic accounting systems available in the marketplace. These are invaluable to run your business, but they do not as a rule integrate with e-commerce services; and nor do they recognise book trade identifiers such as ISBN. This means that you may have to enter manually the transactions which take place on your other systems. Integration with the more popular accounting packages is a high priority for many of the service providers and they may have solutions to offer: talk to them. Both Batch.co.uk and Nielsen BookNet have experience of integration with Sage Line50. Alternatively, if your business is growing, it may be time to consider moving to a publishing system which is financially-based, perhaps on a bureau basis.

Why send product information electronically?

Without accurate product information being available to your customers you will lose sales. Although you can't be sure your bookseller customers are accessing the best and latest information, it is in your interests to ensure that your product information is as correct and up-to-date as it can possibly be. Sending the data to data aggregators (chiefly Nielsen BookData, who supply almost all of the UK book trade, but also Bowker, BDS and perhaps individual wholesalers or other major customers) in an electronic format is the fastest and most reliable way of putting information about your titles into the supply chain with the minimum of delay; and, once the book is published, most distributors now expect to send price and availability changes to Nielsen BookData and others in electronic format every day.

Before publication, you are responsible for the accuracy and completeness of the information about your titles. It makes sense for you to hold this information in electronic form, e.g. an Excel spreadsheet or an Access database, which after consultation with the data aggregators you may be able to use to update their databases. There is software available which can convert Excel or Access into ONIX, the industry's standard means of communicating product data; or you may be able to buy a publishing management system which stores your data and outputs ONIX messages. Note, however, that any message you propose to send

must be tested by the recipient before you use it to make sure the transmission works and to validate the quality of the data you send.

What's the best way to receive orders?

You will want to receive orders in any form your customers may use! However, booksellers already regularly send high volumes of electronic orders, many of them through the TeleOrdering network. Nielsen BookNet Web enables you to pick up your TeleOrders from a web site when alerted to do so by an email. For the smaller publishers who in the past may have received orders through the post or by fax, this service will continue to be free. It may also be worthwhile to investigate the PubEasy Exchange service: this gives you a Web page of your own from which booksellers will be able to send you electronic orders.

Can I send order acknowledgments and delivery notes?

Not all trading partners use both these messages, so you may want to check this with them and use them selectively. The purpose of the acknowledgment is to identify which parts of the order you are unable to supply or where the price has changed. Acknowledgments can be automatically generated by BookNet Web and PubEasy.

Delivery notes, if required, can also be automatically generated by BookNet Web without rekeying. Some booksellers use the invoice as a delivery note (as the content is similar).

Can I supply invoices and credit notes electronically?

BookNet Web can generate invoices from the original order and transmit them. You can also key in invoice details to BookNet Web or into a service provided by batch.co.uk. It may be possible to post these directly to certain generic accounting packages: ask the providers for details. Note that the customer does need to have access to the same service as you are using.

Can I post remittance advice notes directly to my accounting system?

Batch.co.uk can integrate with a number of accounts packages and can post remittance data to the appropriate account. You should talk directly to Batch to clarify requirements and costs.

Can I authorise returns electronically?

Electronic returns requests and authorisations are a central part of the Industry Returns Initiative, which aims to standardise returns policies across the industry. Under this initiative, returns requests are submitted to standard acceptance parameters programmed into distributors' systems. At present this service is only affordable by bigger distributors (but that of course includes their client publishers). Batch.co.uk, which already provides a returns authorisation service to booksellers, offers a service which enables smaller publishers to receive returns requests online. You will then be able to respond electronically and participate in most aspects of the industry initiative.

What will e-commerce cost to implement and run?

Here are some basic costs to give you some idea:

Item	Start Up	Annual	Suitable for
PC	£500	£30	All
Phone line + ISP	£50	£240	Independents
Broadband + ISP	Free	£300	All
Subscription to PubEasy Exchange	Free	£300+	All
Subscription to Batch	Free	£1200	All
Subscription to Nielsen BookNet Web /TeleOrdering	Free	From free	All
Accounts software	£100 to £1000	£20 to £200	Independents
Nielsen BookNet EDI	£2000	£1500	Large independents
Communications and translation software	£2500	£500	Large independents
Integration work e.g. to connect to Accounts	£350 to £2000	£100 to £400	Large independents

N.B. All the figures shown in the table above are estimates. You should try to ascertain the exact costs before making any business or investment decisions.

SUMMARY

In this section we revise what we have covered and show at a glance the capabilities of the services and their suitability for your business:

Item	Bowker Link	PubWeb	PubEasy Exchange	BookNet Web PM2	Tele Ordering	Batch
Product Information	Yes	Yes	Yes	Yes	No	No
Orders	No	No	Yes	Yes	Yes	No
Order Acknowled-gements	No	No	Yes	Yes	No	Yes
Invoices	No	No	No	Yes	No	Yes
Returns	No	No	(Yes)	No	No	Yes
Cost	FREE	£150+	£300+	£500	£500	£120+
Trading Partners	Bowker	Nielsen	6000+ worldwide	500+	Most UK chains, wholesalers Library Suppliers	400+
Suitable for Small	Yes	Yes	Yes	Yes	(Paper + Fax)	Yes
Suitable for Medium	Yes	Yes	Yes	Yes	Yes	Yes
Suitable for Large	Yes	Yes	No	No	Yes	Yes (EDI service)
Description	Online input of product info	Online input of product info	Free online service via browser	Online Web service for Tele Ordering	30m+ order lines p.a.	Online (and EDI) payments and returns system

RESOURCES

Book Industry Communication
Peter Kilborn (peter@bic.org.uk)
020 7607 9021
www.bic.org.uk

Simon Edwards (simon.edwards@dial.pipex.com)
07742 988391

Independent Publishers Guild
Bridget Shine (bridget@ipg.uk.com)
01437 563335
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<u>Service providers</u>

Nielsen BookNet (TeleOrdering, BookNet Web)
www.nielsenbooknet.co.uk
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