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**EVP Content, Sales &
Merchandising
@kobo**

global ebook retailer

launched: Dec 2010

in 10 months
1M users

+90 days
2M users

+70 days (last week)
3M users

34 000
employees

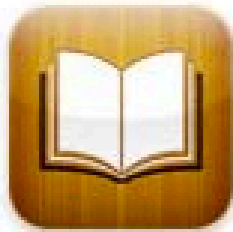
25 000
employees

200
employees!

Top Free iPhone Books Apps

Sort By: Best-sellers

1.



iBooks
Books
Updated Jul 23, 2010
FREE

2.



Kindle
Books
Updated Aug 23, 2010
FREE

3.



1.8 million Free Books – Read Ko...
Books
Updated Aug 28, 2010
FREE

4.



Barnes & Noble NOOK for IP...
Books
Updated Sep 03, 2010
FREE

5.



100,000 Free Books - Wattpad
Books
Updated Aug 26, 2010
FREE

6.



Marvel Comics
Books
Released Apr 01, 2010
FREE

7.



Love Quotes 500
Books
Updated Oct 06, 2009
FREE

8.



Audible
Books
Updated Sep 20, 2010
FREE

9.



Comics
Books
Updated Sep 19, 2010
FREE



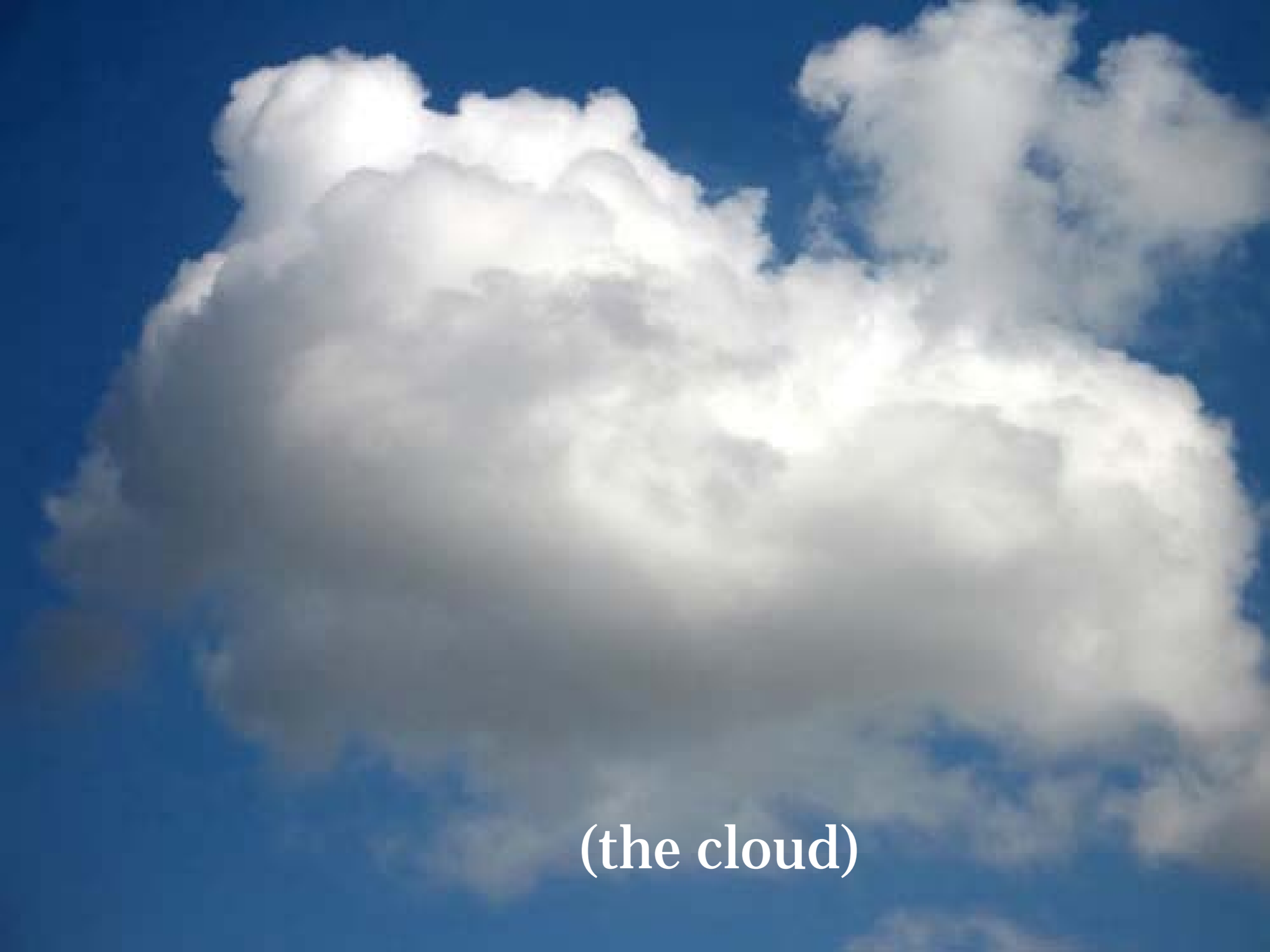
BlackBerry[®]

#1






May 2010
\$149



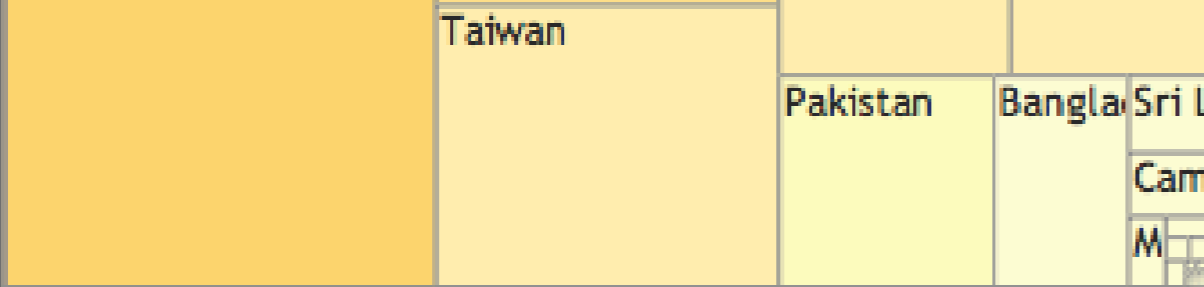
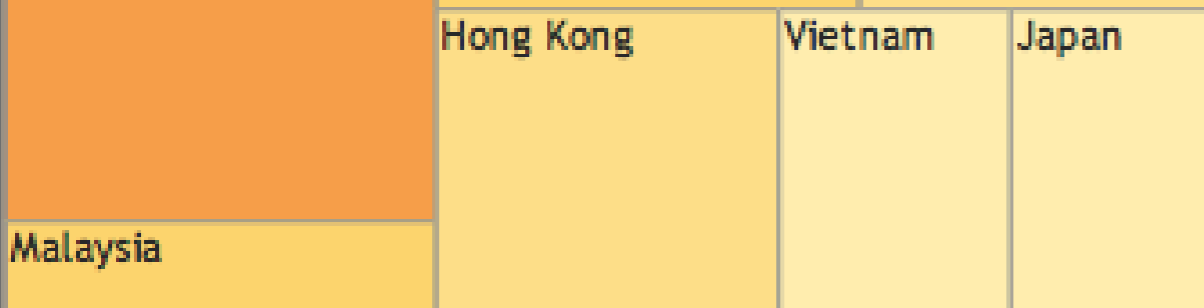
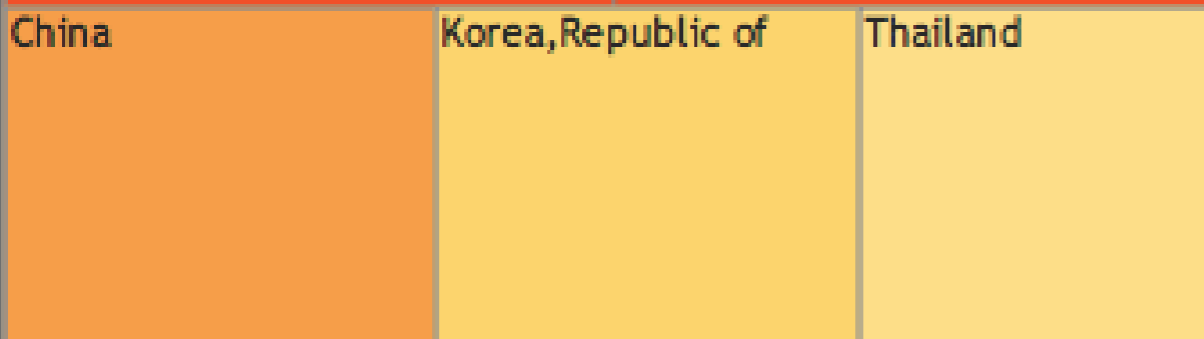
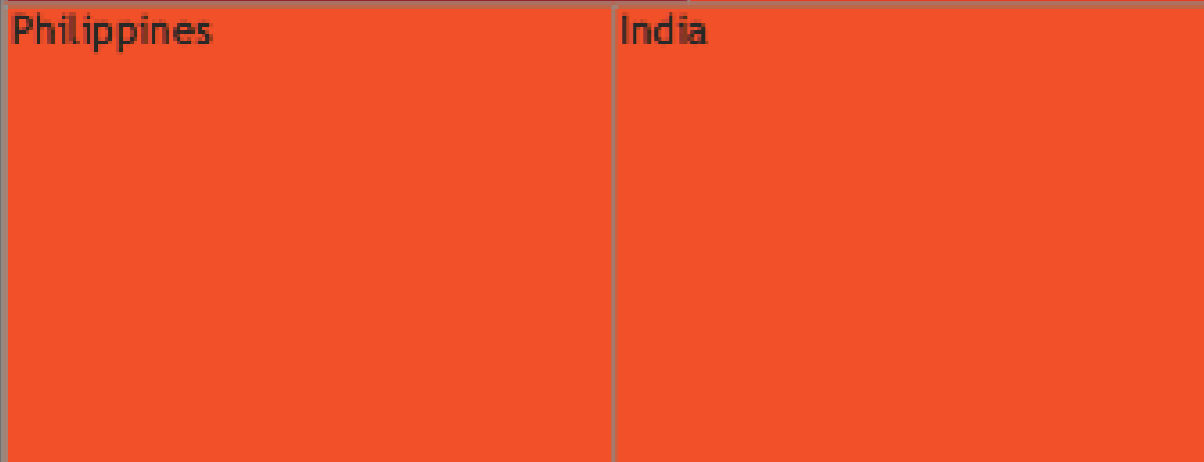
(the cloud)



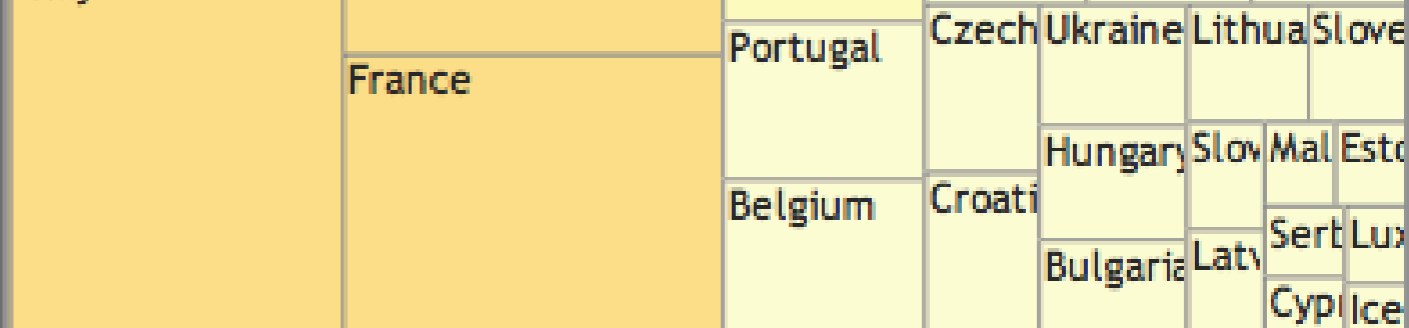
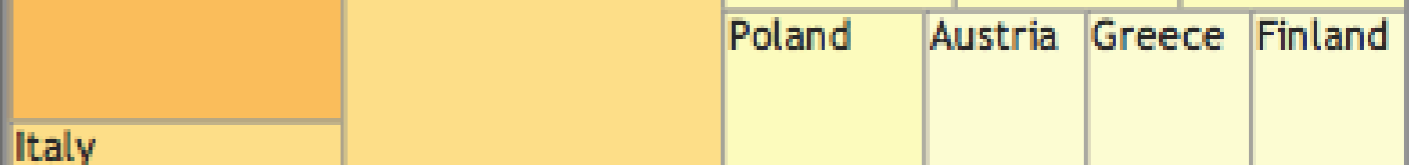
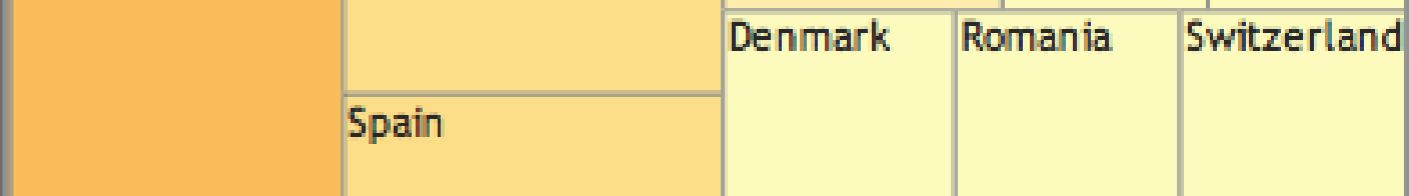
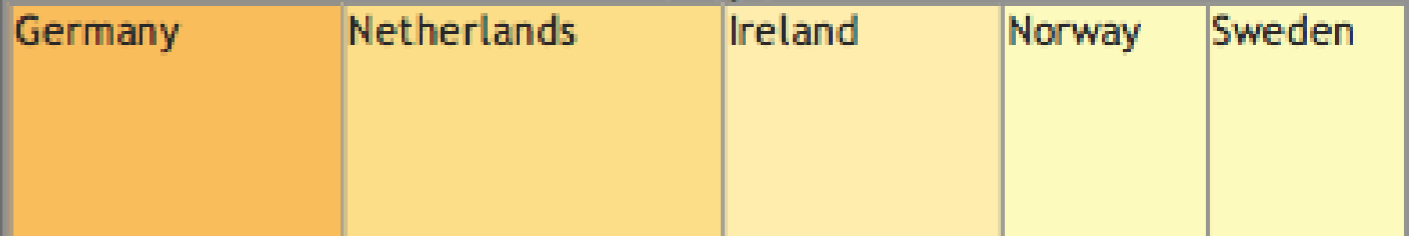
200 countries.

English everywhere

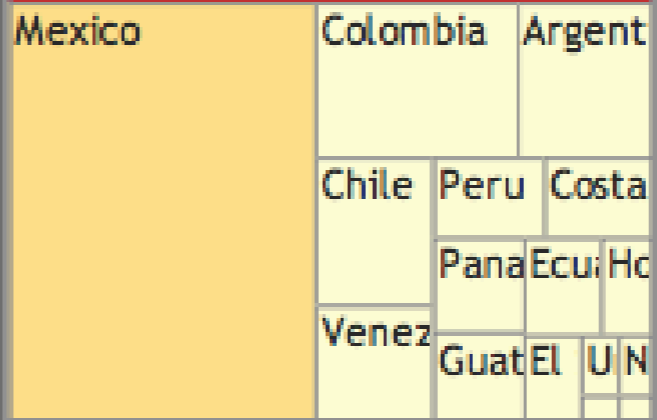
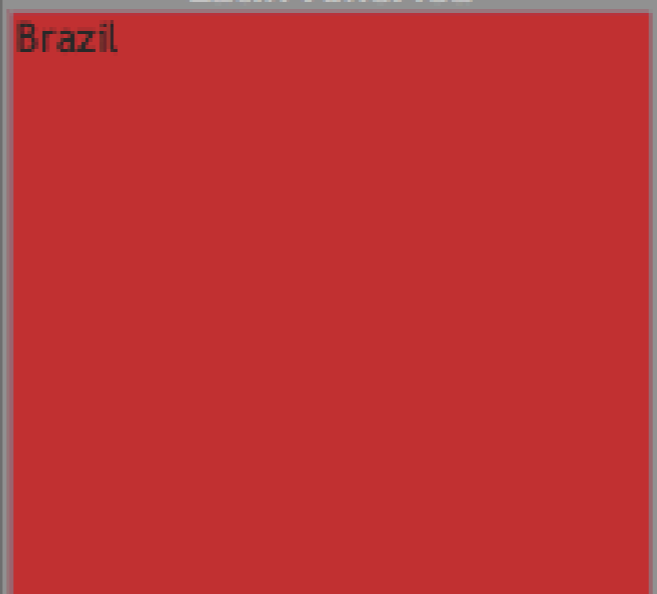
APAC



Europe



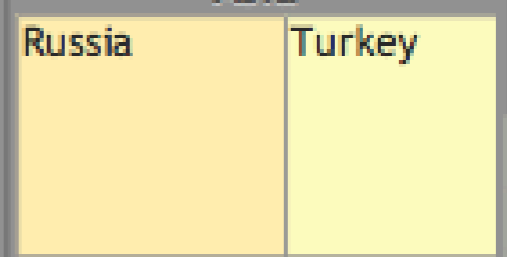
Latin America



Middle East



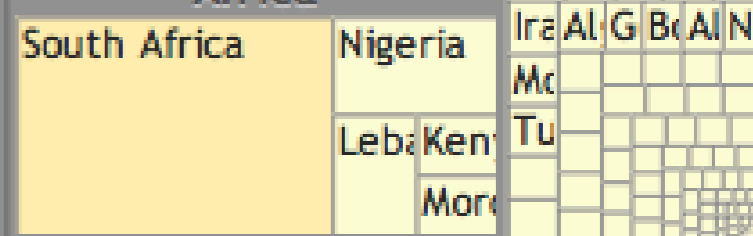
Asia



Caribbean



Africa



Beyond English

The story so far...

North America

“as many titles as possible”

pricing: “let the market
figure it out”

\$9.99

“Whoa, didn’t see that
coming...”

Agency

\$12.95

20 min
<5 min / country

Germany

France

Spain

Italy

Netherlands

End of May:
Germany, Spain

Soon after:
France, Italy, Netherlands

EU markets

the theory...

**publishers keep control of
files**

**publishers keep control of
prices**

standardize DRM

enable independent retail



the most titles

the most titles *in ePub*

retailers with websites,
eInk devices, a few apps

wholesalers
(KNV, Libri, Libreka)
significant investments

ONIX

(with some variants)

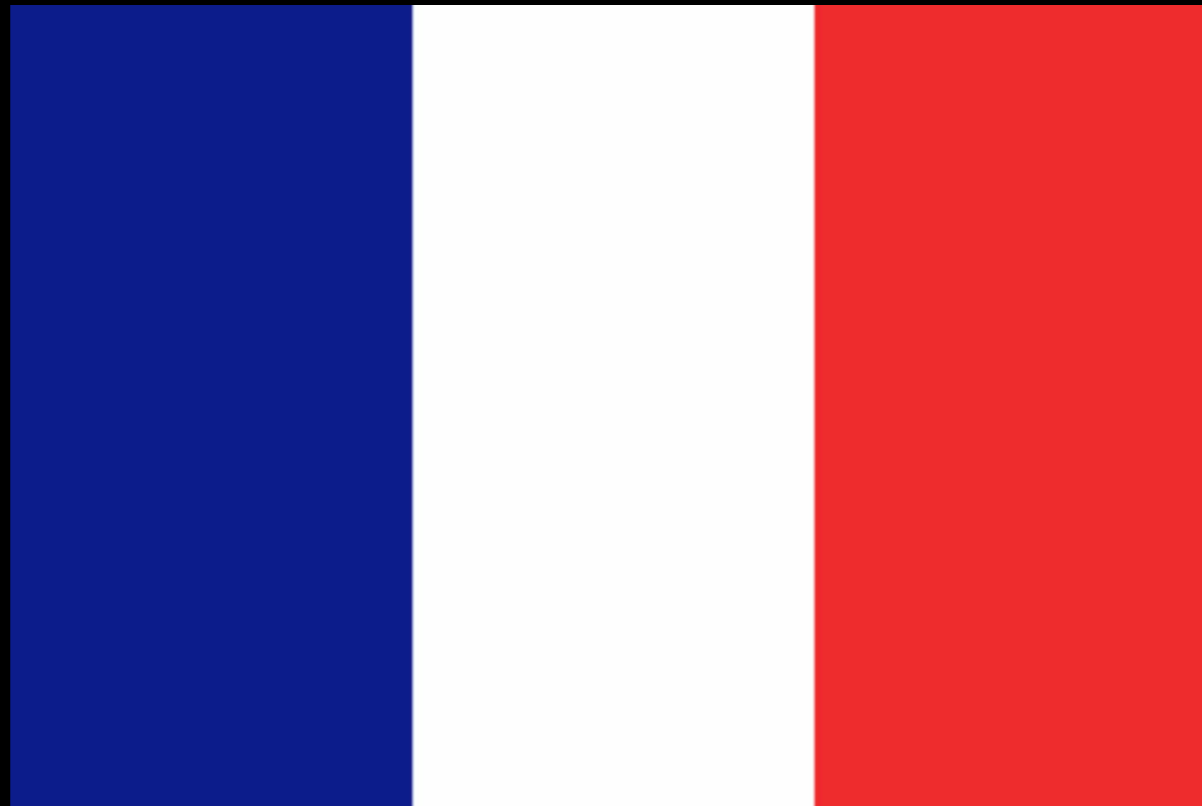
fastest-moving market

large publishers with US
subsidiaries

most unencrypted ePub to
retailers

fixed ebook prices

**30-40% (or more)
off print price**



focus on Adobe ACS

(starting to thaw)

fewer ePub

relatively expensive ebooks

20-25% off (but climbing)

few ereaders in market

a lot of metadata variation

**less direct exposure to
active ebook markets**

most ambiguous pricing
situation



multiple aggregators:
Librandia, Publidisa, et al.

few ePub

lots of PDF

U.S. market

Latin America rights



few ePub, **more PDF**

faster growth than France

even with fewer titles

more aggressive pricing
(30-40% off)

eDigita

direct relationships with
publishing groups

all Adobe, all the time

**publisher/retailers
planning, launching**



Centraal Boekhuis

eBoekhuis

the dream:

all files in one place,
all metadata in one place

challenge:

owned by
Dutch publishers
and Dutch retailers

non-Dutch retailers

non-Dutch *ebook* retailers

key themes

availability of titles

**English: hundreds of
thousands**

tens of thousands

thousands

hundreds

more rights issues

**less retailer-driven
conversion**

the local ebook retail challenge

1st Wave

**Adobe ACS + Adobe ADE
+ eInk Device**

€150-250K

2nd wave

**Adobe ACS + Adobe ADE +
eInk Device**

+ iPhone app

+ iPad app

+ Android app

**+ MacOS + Windows desktop
app**

+ Blackberry app

+ [custom, proprietary, etc.]

+ cloud syncing
+ annotations
+ recommendations
+ social sharing

(x new revs every 3 months)

\$10M+ / yr

**Which retailers can afford
it?**

Can you standardize the
needs of independent
retail?

metadata

subject categorization

map-o-rama

pricing

buy a device
deal with DRM
don't lend
don't resell
don't redownload*

= -20%?

cheaper ebooks = ebook
market growth

PDF

ebook dark matter

Adobe DRM

**What you can do with
Adobe DRM...**

multiple 3rd party eInk
devices

library lending

not tied to retailer

what you can't do...

cross-platform support
in-app account creation
cloud bookmarking
dictionary, thesaurus lookup
sync'd notes and annotations
social features

Amazon, Apple, Google

The Kobo Compromise

worldwide sales

isolated pockets of
demand

rights

price protection
“rights/price leakage”

accelerating conversion

conflicted aggregators

wholesale/publisher/retail
existential crisis

1. “We are a publisher. We should warehouse our own ebooks”

2. “We can warehouse other publishers’ ebooks”

3. “We are a wholesaler —
we can enable other
retailers”

4. “We are powering other
retailers”

5. “We are a retailer”

6. “We are competing with other retailers”

Aggregator value:

Common terms

Standardized metadata

Consolidated files

Impartiality

Adobe DRM

Kobo purchase path

1. Select title
2. Click “buy”
3. Create account
4. Input CC and confirm purchase
5. Automatically deliver to device

ACS-based purchase path

1. Select title
2. Click “buy”
3. Create account
4. Complete purchase
5. Download file
6. Download adobe ADE
7. Register for Adobe ID
8. Authenticate ADE with your Adobe ID
9. Log in to ADE with Adobe ID
10. Import ACSM file into ADE
11. Authenticate file with ADE
12. Register device with ADE
13. Transfer file to device

What could possibly go wrong?

20%

€5

$$\text{€}10 * 50\% = \text{€}5$$

$$\text{€}10 * 30\% = \text{€}3$$

moving fast

next 6 months

kobo™



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