



JOHN WILEY & SONS STRATEGIC THINKING DELIVERS NEW EFFICIENCIES

THE CHALLENGE

Like most publishers, Wiley employed the traditional business model of printing and distributing books and other materials through its distribution channels. Having been in business since 1807 and with an expanding number of titles, the company found itself under pressure to provide sufficient distribution capacity. In response, Wiley launched a corporate project to find a more efficient manner of managing its assets to optimize the use of its distribution centers and to eliminate lost sales due to out-of-stock situations and out-of-print titles.

THE SOLUTION

Wiley had become familiar with the services offered by Lightning Source through an earlier short-run pilot conducted in 1998. As the project team considered its options, it was evident that a partnership with Lightning Source could play a significant role in helping the company better manage its expanding portfolio of titles, not only optimizing distribution space utilization, but also delivering substantial cost and time-to-market benefits, keeping valuable information in print and better serving customer needs.

Wiley's goal was to create a virtual library from which its customers could order and a virtual center from which product could be printed, on demand, to fill orders on a global basis.

THE RESULTS

Wiley has transferred more than 10,000 titles from all three businesses to a print on demand model using the services of Lightning Source, and that number continues to grow rapidly. The program produced over 561,000 units during the company's Fiscal Year 2008, ended April 30, 2008.

ABOUT JOHN WILEY & SONS

John Wiley & Sons is a leading publisher in the scientific, technical, medical, and scholarly (STMS), professional/trade, and higher education fields, in print and online. Its products include scholarly journals and books, reference works, textbooks and educational materials in all media and covering a wide range of subjects, and such well-known global brands as For Dummies, Frommer's, Betty Crocker, Better Homes and Gardens, and CliffsNotes.

A RADICAL DEPARTURE

In 1998, Lightning Source paid a call on Wiley's office in midtown Manhattan. According to Lynn Terhune, POD and USR Administrator, "We listened to what they had to say and were intrigued. As a result of that meeting, we agreed to pilot a short-run program for a handful of test titles, which ultimately grew to 200 titles. In this short-run program, we used Lightning Source to print small quantities for inventory and distribution by Wiley through normal channels."

Terhune reports that the company launched an internal project with a clear directive to find a way to optimize distribution utilization and eliminate lost sales due to the unavailability of inventory when customer orders arrive. Wiley turned to Lightning Source to explore an expanded relationship. Terhune says, "We decided to add a print on demand (POD) component to our short-run pilot. With short-run, publications are both inventoried and returnable. But with the POD program, while Wiley would still be receiving the customer orders, Lightning Source would take care of the distribution for us. In that instance, materials are neither inventoried nor returnable. It was a radical departure from traditional practices."

PUTTING ITS HOUSE IN ORDER

"Having made a decision to move forward with Lightning Source, Wiley re-engineered its workflow to seamlessly integrate direct electronic ordering through its systems to make it transparent to the customer,"

states Cliff Kline, Senior Vice President for Customer and Product Support Operations at Wiley. This included establishing a robust EDI (electronic data interchange) interface for two-way communication between Lightning Source and Wiley.

Terhune points out, "This allows us to send orders directly to Lightning Source multiple times daily with little intervention on our part. When Lightning Source receives the order, they provide us with a purchase order acknowledgment, as well as an advance shipment notification upon shipment. This is all standard EDI methodology, but we knew up front that if this program was going to grow, we had to remove as much manual intervention as possible and make the process as automated as possible."

The program was launched in June 2003 with 20 titles and today encompasses over 10,000 titles. Wiley is now adding between 150 and 350 titles per month to the program, or approximately 2,000 titles per year. Terhune indicates that some titles in the program start with electronic files, but a large number of the backlist titles continue to be scanned. In that case, says Terhune, Wiley uses Lightning Source's scanning services to convert titles for inclusion in Lightning Source's digital library.

Terhune has seen the paper/digital mix begin to shift to more digital source files in the past few years. Furthermore, to reduce the cost base and improve both the overall

efficiency of the program and the quality of the product, Wiley has assigned dedicated resources to acquire digital files for both covers and text for as many publications as possible.

DIFFERENT BUSINESS MODELS

In the US, Wiley operates a POD program that allows it to offer titles to customers without stocking them at any of its US distribution centers. In this application of POD, orders are taken by Wiley, processed and passed electronically to the print vendor, and drop shipped by the print vendor, sometimes one book at a time, directly to the customer. As a consequence, orders never go on back order, and Wiley doesn't miss any sales due to out-of-stock situations. In the US, Wiley's service standards to fulfill POD titles are the same as if the title was supplied from one of the company's US distribution centers. "The POD model gets product in our customers' hands quickly without Wiley having to make a risky reprint decision," says Terhune.

Wiley's EMEA customers prefer a different model. The company uses the ultra short run (USR) model, for which it keeps a "trickle stock" (about one month's worth of sales) of all POD titles in its European Distribution Centre (EDC). This ensures that orders that include both POD and non-POD titles can be shipped immediately in one consignment to customers. A Wiley software module constantly monitors demand and inventory at the EDC and indicates when additional stock is required.

“For the EDC Customer Service Books team, it’s a good script to have: It’s on the shelf, we’ll ship it today...,” says Charly Nobbs, VP and Distribution Director for EMEA (Europe, the Middle East, and Africa), who has responsibility for Wiley’s UK facility in Bognor Regis.

UNEXPECTED BENEFITS

Since 2001 Wiley has had the ability to utilize Lightning Source’s UK plant to streamline European distribution, and the company has ramped up its UK title accession over the past four years. According to Terhune, “Using Lightning Source’s US and UK plants has been a huge boon for us—one enormous plus we didn’t take into consideration at the inception of the program. In the past, by the time we got a European order for out-of-stock items, produced them, and shipped them back by sea freight, it could take up to three months. Now Wiley in the UK places daily orders with Lightning Source UK for any items required—an improvement that eliminates freight cost and provides better service to our customers.”

According to Charly Nobbs, “For more than 200 years, Wiley has recognized the importance of satisfying the changing requirements of its customers. This is particularly true in today’s digital print environment. Wiley is working with Lightning Source internationally to achieve persistent product availability for all our customers across our wide range of publishing.”

In addition to its UK USR operation, Wiley is fulfilling POD orders to its subsidiary locations in Singapore, Australia, and Canada as quickly as if they had come from a US distribution center, with Lightning Source handling the distribution logistics.

THE NEW WORLD OF PUBLISHING

Terhune says, “Lightning Source told me that once we launched the POD program, we would be shocked at how easily the



A print line at the Lightning Source facility. On average, Lightning Source manufactures over 1.2 million books per month.

orders would flow. They were right.” In its Fiscal Year 2008 (ended April 30, 2008), Wiley produced more than 561,000 units with Lightning Source through its Demand Print Program. In January 2009 alone, Lightning Source produced a record of approximately 65,000 units for Wiley globally.

Terhune reports that all Wiley divisional Inventory Managers have wholeheartedly embraced the USR and POD programs. And the process for activating titles at Lightning Source has been streamlined as well. Terhune says, “When we first started the program, we had to enter all the metadata relating to each title into Lightning Source’s web site or upload an Excel spreadsheet. Now there is a two-way transfer of information every night, and we know immediately when a title goes live. Additionally, we have found that exception reports, which document titles with pending action items, have been an invaluable addition to the process. If a title is in wait/hold status requiring action, we are alerted and can immediately take the appropriate action. It removes the potential for human error from the process.”

“Wiley has built one of the most innovative and imaginative print on demand programs

A RICH HISTORY OF INNOVATION

John Wiley & Sons was founded in 1807 during the Jefferson presidency as a small printing firm. As the company grew and expanded, it began publishing works by well-known American and European authors, including Herman Melville, Edgar Allen Poe, Hans Christian Andersen, Charles Dickens, James Fenimore Cooper, and Elizabeth Barrett Browning.

In the 1860s, the company changed course to take advantage of the tremendous opportunities in science and technology publishing that were being created by the Industrial Revolution, thus laying the foundation for Wiley’s worldwide reputation in these markets today. Over the next several decades, Wiley continued to expand into new fields, and by the early 1900s, Wiley was well established as a leading publisher in science and technology. Over the course of the next 100 years, Wiley continued to grow both organically and through acquisitions.

For more than 200 years, Wiley has taken pride in its ability to meet the changing needs of its customers. The company’s current migration to the digital world is the latest example of this kind of transformation. Today, John Wiley & Sons has three core businesses: Higher Education, Professional/Trade, and Scientific, Technical, Medical, and Scholarly (STMS). All three businesses are working hard to adopt new ways to produce and distribute their titles.

in the global book trade. Its program reflects perfectly the longstanding leadership, dedication, and partner insight that Wiley is known and admired for in the book industry,” said David Taylor, President of Lightning Source.

Mr. Taylor continued, “Through POD, Wiley has cut costs, reduced risk, and leveraged resources to seize greater competitive advantage for the company and ultimately deliver on its promise to the book industry: to deliver any Wiley content whenever, wherever, and however a customer wants it. I am delighted Lightning Source could contribute to Wiley’s tremendous accomplishments, and I very much look forward to the next 12 years of our ongoing collaboration.”

WHAT’S NEXT?

“Lightning Source definitely has the process down for one-off and ultra-short and short-run book production,” says Terhune. “Because Lightning Source started by building a process specifically for this model rather than that of a traditional printer and binder of books, they made one-offs work financially as a business for them and for the publisher.”

As to the future, Terhune is looking forward to working with Lightning Source in the production of longer runs, books with more color content, and first printings. She says, “They are already doing runs of 100 and above for us on a regular basis. We are talking with them about higher quantities. With the infrastructure we have in place, there is nothing preventing them from producing other types of orders. We are delighted with the business model shift Lightning Source has enabled for us, and we expect to see a wide range of new applications emerge over the next three to five years.”

One new capability Terhune would like to see is the availability of digital demand printing facilities in all of Wiley’s subsidiary locations so that files can be distributed to the production facility closest to the customer, saving shipping time and freight costs and reducing carbon impact. She says, “The UK Lightning Source facility has demonstrated the value of this approach, and in today’s global economy, the volumes to justify these additional plants should develop quickly.”