STM E-Production Seminar

Introductory Keynote:
Demystifying the Digital Conundrum

Gurvinder Batra
CTO & Co-founder, KiwiTech
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A difficult question...

For instance, how can someone who can't even spell a simple word like “what” figure out how to turn on a computer, log on to a web site, and post a question?

There's no easy answer to a question like that. It describes what would appear to be an impossible situation. You'd think that anyone who was smart enough to figure out how to use a computer would be smart enough to know how to spell a word like “what”. That's a conundrum!
Print market will grow @2% from 2007 to 2012

E-book market will grow @39% from 2007 to 2012

E-book share of the total book market will increase from 1.2% in 2007 to 5.2% in 2012

The global mobile app market is projected to grow at 37.4% CAGR (Wireless Expertise forecast)

- From $4.66 billion in 2009 to $16.60 billion in 2013

1 billion people access the internet over their mobiles today
The number of Smartphone sold annually will increase from 165.2 million to 422.96 million – which is 26.5% CAGR

- Total number of Smartphone users will approach 1.6 B
- Smartphone penetration will reach 30% of the total mobile market

Mobile phones will outnumber PCs by 4:1 globally – 4 billion vs. 1 billion users – by 2013

- Mobile will become the ideal channel for businesses to reach their consumers

Multi-purpose Smartphone

- Allows reading, calling, messaging, emailing, gaming
- Compact and available anywhere/anytime
- Access to large global market
## Market Share September 2009

<table>
<thead>
<tr>
<th>Device Type</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computers</td>
<td>42.0%</td>
</tr>
<tr>
<td>Kindle 1-2-DX</td>
<td>25.0%</td>
</tr>
<tr>
<td>iPod/MP3</td>
<td>16.0%</td>
</tr>
<tr>
<td>iPhone</td>
<td>6.0%</td>
</tr>
<tr>
<td>PDA (Blackberry, etc.)</td>
<td>5.0%</td>
</tr>
<tr>
<td>Sony E-Reader</td>
<td>1.0%</td>
</tr>
<tr>
<td>Mobile/Cell Phone</td>
<td>1.0%</td>
</tr>
<tr>
<td>Other</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

Source: R.R. Bowker; PW October 26, 2009
Dedicated eBook Readers

- Kindle 2.0
- Sony Reader
- ECTACO jetBook
- iRex iLiad Reader
- COOL-ER (Cooler) Reader
- BeBook Reader
- Elonex Reader
- nook Reader
Smartphone eBook Readers

- iPhone / iPod touch
- BlackBerry Storm 2
- Nokia n900
- Android G2
- Samsung Rogue
- HTC Touch Pro2 & Hero
- LG Xenon & enV Touch

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Digital is Much More...

- Storefronts: iTunes 8, Amazon, Google Books, Newsstand
- E-Channels: Blogs, Twitter, Widgets, Wikis
- Mobile Devices: Mobile devices, Print on demand, Custom Publishing
- Communities: Facebook, LinkedIn, Myspace
- Multimedia: YouTube, Google Images, Podcasts
- Print Replacement: Print-on-demand
PC vs. Cell Phone / Internet Users Growth

Computing Growth Drivers Over Time, 1960 – 2020E

Increasing Integration

- Minicomputer
- 100MM+ Units
- 1B+ Units / Users
- 10B+ Units???
- Cellphone / PDA
- Wireless Home Appliances
- Smartphone
- Kindle
- Tablet
- MP3
- Home Entertainment
- Games
- Car Electronics
- GPS, ABS, A/V
- Mobile Video

Note: PC installed base reached 100MM in 1995; cellphone / Internet users reached 1B in 2002 / 2005 respectively.
Source: ITU, Mark Lipesis, Morgan Stanley Research.

Morgan Stanley
Mobile Internet Adoption Outpaces Desktop

iPhone + iTouch vs. NTT docomo i-mode vs. Netscape vs. AOL Users
First 20 Quarters Since Launch

- iPhone + iTouch: Launched 6/07
- NTT docomo i-mode: Launched 6/99
- Netscape: Launched 12/94
- AOL v 2.0: Launched 9/94

Note: *AOL subscribers data not available before Q3.94. Netscape users limited to US only.
Source: Company Reports, Morgan Stanley Research.
## Powerful New Publishing Platforms

<table>
<thead>
<tr>
<th>Platform</th>
<th>Users</th>
<th>Y/Y Growth</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>YouTube</td>
<td>445MM</td>
<td>+35%</td>
<td>#2 site in global minutes: 1B+ video views each day, 20+ hours of video uploaded each minute, #2 global search engine – 17B search queries on YouTube in 8/09 (+80% Y/Y) vs. Yahoo! sites’ 9B searches (+8% Y/Y) (^{(1,2,3)})</td>
</tr>
<tr>
<td>Facebook</td>
<td>390MM</td>
<td>+153%</td>
<td>#1 site in global minutes – 6B+ minutes spent on Facebook each day; 2B+ pieces of content shared every week; 2B+ photos / 14MM+ videos shared every month; 350K+ applications / 1MM+ developers (^{(1,4)})</td>
</tr>
<tr>
<td>Twitter</td>
<td>55MM</td>
<td>+1171%</td>
<td>Real-time micro-broadcasting; ~5K tweets per second during peak times (^{(5)}), available via web + apps + SMS</td>
</tr>
<tr>
<td>Demand Media</td>
<td>55MM</td>
<td>+46%</td>
<td>3B+ social media interactions per month across 6 web domains / 1B+ cumulative video streams / ~3K pieces of content produced per day (^{(6)})</td>
</tr>
</tbody>
</table>

*Source: (1) comScore global 8/09, (2) YouTube, (3) comScore qSearch global 8/09, (4) Facebook, (5) estimated peak times tweets during President Obama’s inauguration in 1/09, (6) Demand Media.*
Apple Changed the Complete Dynamic

- iTunes on PC
- Linked Credit Cards / Gift Cards
- One-Click Purchase
- iTunes on iPhone
- Tap to Buy
- App Store on iPhone

Morgan Stanley

Source: Apple
**eBooks Growth on iPhone**

- Games was the highest app category from inception in August 2008 to August 2009
- Books overtook games in September 2009
  - In October 2009, one out of every five new apps launching on iPhone has been a book

![](https://via.placeholder.com/300)
Examining active user sessions tracked in eBooks category on iPhone

- The chart below shows steep growth over 300% from April to July 2009
- Tracked nearly 3 million active users in eBooks category in July 2009
  - This is 1% of the US population
- This number is exploding with books shipping in droves
Usage of Mobile Apps

- **Quadrant I**
  - most frequently used apps over longest period of time

- **Quadrant II**
  - intense usage over a finite period of time

- **Quadrant III**
  - used only a few times and then abandoned

- **Quadrant IV**
  - used occasionally but retained for a long period of time
Check out our site for some of the more popular applications and games available in Android Market. For a comprehensive, up-to-date list of the thousands of titles that are available, you will need to view Android Market on a handset.

**WIFI OnOff**

Developer: CurveFish
Category: Tools

WIFI OnOff is an easy-to-use Wi-Fi toggle home screen widget with a beautiful design. Allows you quickly enable or disable your Wi-Fi with only 1 click and uses only a single home screen cell space.
Process for Publishing Content

- Developer license
- Platforms require different technology for development, loading and maintenance of e-readers
  - Objective-C, Java, J2ME, Symbian, individual SDK’s
- Parsing of the content – ePUB, XML, PDF, application files
- Customization of the reader based on type of content
- Submit to specific application store for review of the app (reader)
- 10-15 working days of review cycle
- Content live on respective app store
Challenges Facing the Publishers

- **Business models**
  - Revenue share vs. services model (Apple cut 30%)
  - Institution subscription

- **Print vs. eBook cost**
  - 1st tipping point - $0.99
  - 2nd tipping point - $4.99

- **In-house vs. outsourcing of development**
  - Multiple technologies

- **Single book apps vs. collection**
  - Discoverability on app stores is a big issue

- **Consumer expectation**
  - Interactive (audio, video, animation)
**Various ROI Models**

- **Partnering with a digital distributor to sell content**
  - No upfront cost with the reseller taking care of uploading, approval and selling of content on mobile platform
  - The reseller has a revenue sharing and thus a vested interest

- **Partnering with a digital distributor to sell content for free**
  - Same as above mostly with the exception of having a fixed monthly fee

- **Creating an internal team to manage content on mobile**
  - Using in-house and freelance programmers for technology
  - Loading / selling content directly

- **Branding**
  - Using the partners developer license to sell content
  - Creating your own license but still working with the partner to manage
What Are Various Publishers Doing?

SWITCH TO SIMULATOR TO SHOW IPHONE APPS
Alice was beginning to get very tired of sitting by her sister on the bank, and of having nothing to do: once or twice she had peeped into the book her sister was reading, but it had no pictures or conversations in it, ‘and what is the use of a book,’ thought Alice, ‘without pictures or conversation?’

1. **Down the Rabbit-Hole**

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CHAPTER ONE

BACK STORY

FROM THE SNAP of the ball to the snap of the first bone is closer to four seconds than to five. One Mississippi: The quarterback of the Washington Redskins, Joe Theismann, turns and hands the ball to running back John Riggins. He watches Riggins run two steps forward, turn, and flip the ball back to him. It’s what most people know as a “flea-flicker,” but the Redskins call it a “throw back special.” Two Mississippi: Theismann searches for
FROM THE SNAP OF THE ball to four seconds left in the first quarter, Mississippi: The Blind Side had been completely in the backfield. Carson was in the Washington Redskins’ backfield, so Carson cardboarded Mississippi: The Blind Side. He noticed Missippi: The Blind Side at him, and Carson called it a “throwback.” Mississippi: The Blind Side. Carson coming straight at him, and so he has to turn the play. Carson comes around and Carson flies right on by and out of the play. The play now sees Carson.
Dr. Jekyll and Mr. Hyde

1

Story of the Door

Mr. Utterson the lawyer was a man of a rugged countenance that was never lighted by a smile; cold, scanty and embarrassed in discourse; backward in sentiment; lean, long, dusty, dreary and yet somehow lovable. At friendly meetings, and when the wine was to his taste, something...
IN MY DREAM IT WAS VERY DARK, AND WHAT DIM LIGHT there was seemed to be radiating from Edward’s skin. I couldn’t see his face, just his back as he walked away from me, leaving me in the blackness. No matter how fast I ran, I couldn’t catch up to him; no matter how loud I called, he never turned. Troubled, I woke in the middle of the night and couldn’t sleep again for...
BOOK V.

ARGUMENT

THE ODYSSEY OF HOMER

Pallas in a council of the gods complains of the detention of Ulysses in the Island of Calypso: whereupon Mercury is sent to command his removal. The seat of Calypso described. She consented with much difficulty: and Ulysses builds a vessel with his own hands, in which he embarks. Neptune overtook him with a terrible tempest, in which he is shipwrecked, and in the last danger of death: till Nereus, a sea-god, assists him. He finds, after innumerable perils, he gets ashore on Phaeacia.

The saffron morn, with early blushes spread,

Now rose, refugent from Tithonus' bed:

With new-born day to gladden mortal sight.

And gild the courts of heaven with sacred light.

Then met the eternal spym of the sky.

Arrived at Cumae, he frequented the conversations of the old men, and delighted all by the charms of his poetry. Encouraged by the favourable reception, he declared that, if they would allow him, public maintenance, he would render their city most glorious. renowned. They avowed their willingness to support him in the measur, he proposed, and procured him an audience in the council. Having mad. the speech, with the purport of which our author has forgotten. he acquainted us, he retired, and left them to debate respecting his answer to be given to his proposal.

The greater part of the assembly

godness, assists him, and, after innumerable perils, he gets ashore on Phaeacia.

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Summary

- Evaluate your customer needs
- Review your content and match with the opportunities
- Determine your goals
  - Monetization or new revenue channels
  - Brand building
  - New users
  - Increased accessibility
- Most important of all – *Get started!*
Thank you!

Gurvinder Batra
CTO & Co-founder, KiwiTech
gurvinder@kiwitechcorp.com
3030 K Street NW, Suite 102
Washington, DC 20007

www.kiwitechcorp.com