

From: Sargent, John
Sent: Monday, December 14, 2009 4:41 PM (GMT)
To: 'Lisa Scottoline' <lisa@scottoline.com>
Subject: RE: Sun-Tzu and the E-Book

I couldn't agree more. Windowing is entirely stupid. The only reason to do it is for the short term impact. Said another way, Amazon promised their Kindle buyers two things: \$9.99 and most of the books on the Times list. Well, looks like they will not be able to keep both promises...

I think the right answer is new release bestsellers with pricing between 12.95 and 14.95, available at publication. The question is, how to get there? I would value your input on our 2010 plan. Still highly confidential and VERY sensitive so please do not share. Right now I'm thinking you would be one of our first two "enhanced" e books, but we will need flexibility depending on the reaction we get.

And hey, would love feedback on if this is clear and makes sense to you. I think the industry reasons given for windowing have been wrong so I'm trying to sound a bit more forward thinking. Does it work?

"E books as a format should be published at the point in the process that reflects the proper value of the intellectual property. In 2010 we will publish our bestsellers in two ways. Some bestsellers will be enhanced with additional content and priced to reflect their increased value to the consumer. These will be published at the same time as the hardcover and will be available for three months as an enhanced simultaneous edition. Other bestsellers will be published without enhancements several months after the hardcover release. We will change the number of enhanced bestsellers we publish when we see how the market responds. Our intent is to give the consumer what they want, when they want it, at a fair price."

-----Original Message-----

From: Lisa Scottoline [mailto:lisa@scottoline.com]
Sent: Monday, December 14, 2009 11:17 AM
To: Sargent, John
Cc: Enderlin, Jennifer; Molly Friedrich
Subject: Sun-Tzu and the E-Book

Dear John,

I've been thinking about e-books since your last email, and my view has really come around. This is all theoretical, but here goes: I understand the wish to delay the pub of an e-book to preserve hardcover sales, but if I ruled the publishing world, I'd flip the whole thing and embrace e-books. I'd pub the e-book at the same time as the hardcover and pray to God they both sell like crazy. Obviously, the problem is profitability due to big author advances, but I think that old model has to change, and frankly, authors will have to take less. If you ask me if I'd rather take less of an advance to reflect less profitability due to e-book sales, or if I would rather delay the pub of an e-book, I'd choose to take less money. It's in my long-run benefit to sell lots of e-books, because it gets my books out here, and once they buy one they'll buy another, which is good for SMP and me. I don't want to be an author who's unavailable in e-book when so many are; it places me at a competitive disadvantage. I know this position seems against my own interests, but as Sun-Tzu says, "be like water in battle." The idea is to be flexible and quick to respond, and the world is moving toward e-books as a viable choice for many people. I myself own a Kindle and ordered a Nook, which bn.com still hasn't delivered due to such high demand. I think opposing cheap e-books is wrong-headed down the line, and as a house, you'd want to sell tons of e-books, because the margin is so much better. Plus, unlike newspapers, we have a way to charge for our electronic copy. The battle in the future isn't which book to buy, but which thing to do, and we need to get people to read books instead of texting, watching TV on hulu, or playing Nintendo or Wii. And I think e-books make readers out of businesspeople and the like, who had forgotten how much they loved books.

So that's what I really think - the culture is long tail, with everybody getting exactly what they want when they want it, and that's all to the good, for all of us. I know this is a contrary view, and that I'm painfully naive on publishing economics, but it's what I really think, inside. But whatever you decide, I support you and SMP.

Love, L

