

Authors see e-books as escape from publishing houses

January 14 2011, By Alex Pham

Joe Konrath can't wait for his books to go out of print. When that happens, the 40-year-old crime novelist plans to reclaim the copyrights from his publisher, Hyperion Books, and self-publish them on Amazon.com, Apple Inc.'s iBooks and other online outlets. That way he'll be able to collect 70 percent of the sale price, compared with the 6 percent to 18 percent he receives from Hyperion.

As for future novels, Konrath plans to self-publish all of them in digital form without having to leave his house in Schaumburg, Ill.

"I doubt I'll ever have another traditional print deal," said the author of "Whiskey Sour," "Bloody Mary" and other titles. "I can earn more money on my own."

For more than a century, writers have made the fabled pilgrimage to New York, offering their stories to publishing houses and dreaming of bound editions on bookstore shelves. Publishers had the power of the purse and the press. They doled out advances to writers they deemed worthy and paid the cost of printing, binding and delivering books to bookstores. In the world of print, few authors could afford to self-publish.

The Internet has changed all that, allowing writers to sell their works directly to readers, bypassing agents and publishers who once were the gatekeepers.

It's difficult to gauge just how many authors are dumping their publishing houses to self-publish online, though for now, the overall share remains small. But hardly a month goes by without a well-known writer taking the leap or declaring an intention to do so.

In addition to Konrath, bestselling author Seth Godin, science fiction writer Greg Bear and action novelist David Morrell recently have used Internet tools to put their works online themselves. Last year, suspense master Stephen King, Brazilian novelist Paulo Coelho and Stephen Covey, the author of bestselling self-help books, self-published some of their works exclusively on Amazon's Kindle bookstore.

Godin, the author of a dozen books on marketing, including "Purple Cow" and "The Dip," cut ties to Penguin Group Inc. in August. In December, he announced plans to self-publish a series of "idea manifestos" on Amazon.com.

Godin, 50, said he realized that he no longer needed a publisher to distribute his work or to find an audience: He had cultivated a following of millions through his blog and speaking tours.

"If an author has the choice of two distribution models, one that costs nothing and has no gatekeeper and the other has lots of gatekeepers and costs a lot of money, a lot of people will go with the free one," he said.

Amazon's Digital Text Platform lets authors sell their works through its Kindle bookstore. Those who set their prices between \$2.99 and \$9.99 per copy receive 70 percent of the sale price, minus a few pennies per book to cover the cost of distributing files over a cellular network.

Sony Corp.'s online ReaderStore also lets authors sell their works directly to buyers, giving writers 70 percent to 85 percent of the sale price. In October, Barnes & Noble Inc. launched its PubIt! self-

publishing platform, promising royalty rates of 40 percent to 65 percent.

The upshot is that writers can find virtual shelf space in the world's largest bookstores without the help of conventional publishers. And the number of forums for online bookselling continues to grow.

Amazon and Google Inc. unveiled online tools in the fall that can turn any website into a bookstore.

Google launched an online bookstore with millions of titles and said it would let independent booksellers sell those works on their own sites. Amazon said it would allow any website to sell Kindle books and would pay a referral fee for every sale.

"Publishers used to be the gatekeepers," said Mike Shatzkin, a New York publishing consultant and editor of the Shatzkin Files (www.idealogue.com/blog), a blog about the book industry. "Going through the gate still has certain benefits, but it's no longer the only way for authors to get to where they want to go."

For now, those benefits include editing, cover design, marketing support, accounting and advances on royalties. In exchange, publishers control the copyrights to works and take a larger slice of the sale price.

Authors typically get 10 percent to 25 percent of the proceeds of digital sales if they go through a publisher, compared with 40 percent to 70 percent if they self-publish.

For Konrath, the math made his choice easy. He said he earned \$1.17 in royalties for each digital copy of "Whiskey Sour" sold by Hyperion. That's roughly 25 percent of the sale price of \$4.69.

When he self-publishes on Amazon, Konrath prices his books at \$2.99

and earns \$2.04 a copy, or just under 70 percent.

"If a traditional publisher offered me a quarter of a million dollars for a novel, I'd consider it," he said. "But anything less than that, I'm sure I can do better on my own."

Digital book sales make up 9 percent of the overall market and are growing rapidly. During the first 10 months of 2010, they reached \$345 million, a 171 percent increase over the same period in 2009, according to the Association of American Publishers.

Print book sales dropped 23 percent, to just under \$4 billion, in the same 10-month span.

Publishers say they are keenly aware that the ground is shifting, but most don't see the situation as dire.

Talk of the demise of traditional publishers is "cocktail party sensationalism," said Neil De Young, executive director of Hachette Book Group's digital division in New York. "Our core mission hasn't changed because of digital. We continue to be the venture capitalist for authors, helping them to distribute their works as widely as possible. Now we do that digitally as well as physically."

James McQuivey, an analyst at Forrester Research Inc. in Cambridge, Mass., agrees that publishers can still play a valuable role - for now.

With millions of titles potentially flooding the market, readers will have to rely more on external cues to guide their purchases, whether it's a favorable review from a celebrity, a tip from a social-media contact or the backing of a major publisher.

"Until someone comes up with an algorithm to sort the good manuscripts

from the bad, publishers and their human network of agents and editors maintain an advantage," McQuivey said. "But sooner or later someone will create a new way for readers to find the books they most want to read, and that someone may or may not be a traditional book publisher."

It may not even be human.

Amazon, Apple Inc., Netflix Inc., Pandora Media Inc. and other technology companies use software that analyzes consumer behavior to recommend choices in music, movies and other products.

Indeed, the challenge in a world where anyone can publish a book is getting people to pay attention.

In a blog post titled "Moving on," about his decision to self-publish, Godin wrote that "my mission is to figure out who the audience is, and take them where they want and need to go, in whatever format works."

The Internet is opening up new ways for writers to connect with readers.

In 2009, Bear and another bestselling science fiction author, Neal Stephenson, teamed up to create "The Mongoliad," a subscription-based historical novel based on the conquests of Genghis Khan. The authors, along with about half a dozen other writers, take turns writing chapters, which are published weekly on mongoliad.com/ and on Apple's iPad and iPhone devices.

Readers pay \$5.99 for a six-month subscription or \$9.99 for a year to be able to read the chapters as they come out. A handful pays \$1,000 to become lifetime patrons of the series.

The project uses software to let readers discuss the novel in forums on its website, contribute artwork for the book and even spin their own tales

using a collaborative writing tool.

Although the technology is new, the creative model is a throwback to the days when newspapers published serial novels, or earlier when storytellers traveled from place to place looking for people who would pay a few coins to hear a tale.

"We're allowing the reading public to sit there and be our editors, to engage in a dialogue with us," said Bear, 59, of Seattle, whose 30 science fiction books include "Darwin's Radio" and "Eon." "Technology is making it possible for us to take advantage of reader feedback to create a story.

"This is the future of the book as I see it. Fewer and fewer people are walking into a [bookstore](#). You have to reach readers in other ways. Because, ultimately, the new gatekeepers will be the readers."

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