

**Interview with Victor Celorio,
President and CEO of
INSTABOOK Corporation.
Gainesville, Florida**

Q. When was the first time you conceived of machinery that would simplify the manufacture of perfect-bound books?

A. Books have been my friends all of my life. I was already an author, (I published my first short-story when I was 14 years old) and was in the printing business in Mexico City, as an owner and manager of a string of 23 print shops. I knew all the frustrations of readers and authors, the immense problems to get published and the failure to realize a significant profit from their literary works. I also was all too familiar with the intricacies of making a book. There are no less than 14 steps involved, and at each step there is waste. A few years back, while managing the print shops, I established a system where print jobs were electronically forwarded via a private network to a centralized print production facility. From there, finished jobs were delivered by truck directly to customers or to the retail print outlets. At that time I began to realize that printing and publishing needs to be more local rather than centralized. When I first saw a laser printer I wonder if I could make books with it. I began to study the problem. A few years later I sold the print shops in Mexico and decided to concentrate on the **Instabook** concept. I'm pleased to say my efforts have resulted in the issue of the first of the patents recognizing the unique product we now call the **Instabook**.

Q. So when did Instabook become a tangible idea?

A. I contacted patent attorneys in 1996-97 and applied for the first patent then. My legal firm was very enthusiastic about it from the beginning. The idea of a machine that can produce a perfect-bound book in one step in about 2 minutes for just pennies is really a great step forward. Those who read about **Instabook** really want to see the technology for themselves. It's just too difficult for many people to believe one integrated piece of technology could work so fast and economically.

Q. What did the first prototype look like?

A. From the start I new I wanted a small-size equipment. Still, the first-generation of equipment looked like a refrigerator. It was chest high and a bulky 400 pounds. Even so, it was

an important advance in space and speed in comparison with everything else in the market. There was nothing like it. Even with all of the drawbacks of this early prototype, it was exhibited at the Book Expo in Los Angeles in 1999 and was received very well. The closest thing was, of course, *Lightning Print*, but their concept is a centralized production of books, so their system is huge, very expensive, and requires a lot of operators. But the idea of producing books on demand was becoming more popular and becoming also a reality. By the end of the year 1999 we had trimmed the **Instabook** machine down to less than 200 pounds and streamlined its operation. Publishers are now lining up and placing orders. We have received inquiries and personal visits from interested parties representing 32 different countries.

Q. What actual production steps does the Instabook technology perform?

A. It does everything. With a single click of the mouse, it prints the book, collates the pages, cuts the sheets, gather and glues them into a perfect bound book. All in a couple of minutes.

Q. Give us an idea of how long it takes to produce a 150-page 5 ½ x 8 ½ book with a color cover, and what is the approximate production cost?

A. A 150-page book would take 2 minutes to produce from beginning to finished product, if the electronic file has already been loaded into the **Instabook** machine. If it is downloaded from our network, add a minute or two. The difference lies in the fact that our technology is text-based, meaning that our book files are minuscule, in comparison with bit map files.

The cost is about 75 cents. Think about it: a different title every 2-3 minutes, for 75 cents each! Compare this to a company in New York that specializes in short-run books and quotes \$10.82 to produce 100 copies of the same book, plus a \$100 processing fee, with about a 3-4 week delivery time. **Instabook** beats everybody hands down.

Q. What impact will Instabook technology have upon the publishing industry?

A. Look at the mess the publishing industry is in now. Books are published and sent to distributors on consignment, and then on to bookstores on the same terms. Publishers wait months know which titles are selling. Books that don't sell are returned to publishers and they in turn destroy them. Some publishers have reported returns of up to 90% of the runs! The whole industry is in such a state of flux, it is difficult even for accountants to follow it. There are special accounting practices just for the publishing industry because of this way of doing business. Is wasteful and inefficient, in my opinion.

Instabook technology solves the three factors that plague the industry:

- a.- large production runs required to make the book economically feasible,
- b.- the storage of those books, and
- c.- the distribution and delivery of those books.

Today, the placement of just one copy of a book in every bookstore in US would require 50,000 books to be printed, stored and distributed. Huge capital outlay. With **Instabook**, you print what you've already sold, so inventory requirements are dramatically reduced to practically zero. Because Instabook's patented technology allows you to make books out of a text-based file (word processing programs, html, etc.), the size of those files is minuscule, so you can also distribute your books through the InstaBook Network: in minutes you can have your book on the other side of the world, printed and bound and in the hands of your customer. It becomes truly global market.

Instabook will also change the relationship between publisher and author. Publishers will be able to acquire more titles without the worry of creating large inventories that don't sell. Different titles and book covers can be pre-tested in the marketplace with little cost. Publishers will be able to concentrate on content and editing rather than cost reduction and bottom-line profits. Today, publishers must be overly selective in buying manuscripts. Now they have an opportunity to market thousands of titles that otherwise they would not touch. Some of our customers started with zero titles, and almost overnight they have acquired hundreds of them. This is now possible because the cost of acquiring a title is negligible with **Instabook**. With the internet, a new book title can get cost effective exposure. A new book now has a fighting chance.

This, of course, will benefit the bookstores -since their selection of books will expand ad infinitum without their having to add any overhead-: it will benefit the authors -because they won't have to suffer to have their books published and they will receive a higher percentage of the profits-: it will benefit the customer by allowing him to acquire any book, in any language, any time, any place: millions of books in a square meter of space; that is our goal.

And finally it will benefit the society at large because we will reduce the waste involved in publishing a book. Also because the market pressures dominates publishing houses today, we have seen a cheapening of literature. We have gone from Hemingway to Tom Clancy. All too often a writer's work is sensationalized by publishers today, to get it to sell. Maybe **Instabook** will have an impact in improving the quality of literary works that reach the market.

Q. What advantages will consumers realize with Instabook?

A. Consumers will have access to more titles. Recognize that the book industry published 60,000 titles last year, but rejected over 600,000 manuscripts, and that doesn't include all the book manuscripts stuffed in desk drawers that authors never submitted for publication.

Amazon.com became so successful because it offered what no land-based bookstore could offer: huge selection. Selection catapulted Amazon.com to become a significant player in book marketing. But their selection will be small in comparison to InstaBook; there are millions of titles around the world and we should be able to get them instantly. And in the future, you will

be able to get them at your local bookstore or library through InstaBook.

We already have thousands of books in the InstaBook Network ready for electronic delivery to a waiting **Instabook** machine. An **Instabook** can be transmitted electronically from the USA to another continent, where it is printed and delivered to a waiting customer, in a couple of minutes. Imagine the cost and delay involved in ordering a book today from a foreign country. **Instabook** overcomes geography and reduces delivery costs and time. To give you an example, **Instabook** will soon be installed in Mexico, Argentina, Canada and 30 other countries.

Q. What should authors know about Instabook?

A. With **Instabook** technology, writers no longer need to commiserate with each other over rejection letters from publishers. For example, Instabook was contacted by Bill Sardi, a health journalist from California. Like other authors, he was frustrated with publishers. He formed a new company, **Here & Now Books**, and purchased an **Instabook** machine. He has over six titles of his own that he is getting into print immediately. He had self-published before, but struggled with making a profit after having to fill his garage with thousands of books. The longer a book is kept in storage before sale, the more it costs. There simply is no way an author could afford to publish six titles at one time and put them on the market. But with **Instabook**, there is no inventory. Books are printed on demand. If there are factual errors and typos in the book, they are corrected as they are discovered, so authors and publishers don't get stuck with an inventory with errant copy. Out of date material can be easily updated. **Instabooks** will likely be imprinted like computer software, as updated versions like 1.2, 1.2, 1.3. Unique editions and compilations take minutes to be created, instead of years.

We also are aware that some authors don't have a profit motive in mind. For instance, authors may want to print a limited number of books that will be distributed only to local libraries. Let's say a book on local ecological history. Authors now have an opportunity for their works to make a contribution to their society, or **Instabook** may help an author become known as an expert in a particular field.

Q. What about the future of electronic books? Are they a competitor to Instabook?

A. We began hearing about the electronic book back in 1988. Remember Sony and the Franklin Reader? So far, with all the millions spent on the hype, only about 10,000 E-readers have been sold. These are electronic gadgets, not books. It is difficult to improve on a perfect device. And printed books are perfect devices. Printed books are portable, can be easily shared to loaned, and each one represent a sensorial experience; your eyes, your mind, your touch, your smell...

There are studies that prove that you forget up to 80% of what you read out of a screen.

There was a lot of publicity surrounding the recent introduction of an electronic short story written by Stephen King. The publicity releases indicated hundreds of thousands of King's

short story were downloaded via the internet. News reports said this was the beginning of the end of the printed book as we know it. What the publicity releases failed to say was that the initial offering was free, and when they began to charge a couple of dollars for the short story, sales began to fizzle. Still, electronic books will find their proper place. They excel in data-based type of books. Dictionaries, for example. New technologies often do not replace old ones; they just complement old ones. The television was predicted to replace the radio. We now have an average of 7 radios in the American home. E-mail has not replaced the telephone, nor the postage stamp. It's just another communication tool at our access. Nothing will ever totally replace the printed book.

Q. Is Instabook technology limited to book publishing?

A. Five different applications have been identified for **Instabook**. The five future markets are: (1) traditional book publishing; (2) electronic bookstores that produce “freshly-made” books on demand; (3) the production of short-run books in the educational market (PhD theses, short-run books professors write for their students); (4) corporate books such as reports and parts manuals; and (5) libraries where a greater variety of books can be offered for loan or purchase.

Imagine entering a bookstore where you can peruse sample books and then have a “fresh” copy produced at the **Instabook** counter. Imagine a library where you have the option to loan or purchase a book. The library will always have enough copies to meet demand. Shelf space will not be such a premium as libraries adopt this technology. It's logical that libraries enter the book production business. Libraries can offer millions of books to readers, not being limited to shelf space.

With the adoption of **Instabook** technology, we are going to make terms like “*out of print*,” and “*used books*” a thing of the past. Also, since most authors are unable to get their works into print, we have a form of de facto censorship in place today. This kind of censorship will be a thing of the past as well. The marketplace will be filled with new ideas and thoughts.

Q. What about single entrepreneurs that want to join Instabook ?

A. We have room for entrepreneurs. Under development is a course to teach owners of **Instabook** equipment how to start their own publishing company. The market will need new publishers who quickly adopt to the new methods. These **Instabook** equipment owners will be linked via the **Instabook Network** and be able to share titles in the network and deliver books rapidly anywhere in the world.

For more information about Instabook, send an E-mail to:

vc@instabook-corporation.com

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