

Best wishes from us all at Klopotek ...

klopotek.

We would like to thank all of our customers, partners and friends for your cooperation this year. Have a happy and relaxed end-of-year time, a great and peaceful holiday and a successful and happy 2008.



## KLOPOTEK CUSTOMER INFORMATION

PARTNERS FOR PUBLISHING



Dear colleagues,

2007 was a year for creating, finding and seizing new opportunities in the publishing marketplace. These opportunities have redefined industry standards and caused companies to rethink and reposition their business activities. This was also true for Klopotek, which has evolved significantly in 2007 and repositioned its IT services and software for publishers.

This year Klopotek Group celebrated its 15<sup>th</sup> anniversary and marked the end of the first year of the joint businesses of Klopotek and Global Turnkey Systems (GTS) in North America. GTS, a leading supplier of business solutions for the publishing industry in the USA for over 20 years, became a division of Klopotek

North America. The combined resources of both companies are better able to serve our combined customer base and the North American market.

### Internationalization and development

2007 also brought new members to the Klopotek customer family. I would like to highlight the new additions and to again thank all our customers for the confidence they have shown in our company by choosing our products and services.

**Thomson, Tax & Accounting (TTA)**, a strategic business unit of The Thomson Corporation and leading provider of technology and integrated information solutions

to accounting, tax and corporate finance professionals, decided on the rollout of GTS' UNISON product.

UNISON supports international business processes at more than 2,000 workstations in distribution and marketing departments. The product is especially strong in managing all aspects of subscription management.

**Lerner Publishing Group**, one of the largest independently owned children's book publishers in the USA, based in Minneapolis, has opted for UNISON in a project to streamline its distribution processes.

**The World Bank** has chosen to replace all existing individual planning systems with Klopotek's PPM (Product Planning and Management). As a first step, Product Planning & Production and Contracts, Rights & Royalties (CR&R) will be implemented.

**Moody Publishers**, a Chicago-based publisher of Christian books owned by the Moody Bible Institute, has been using UNISON for many years. They are now implementing Klopotek's PPM as their central product information database to provide title information to the industry using the ONIX standard. Plans for 2008 include utilizing PPM Production to streamline processes in production. The switch to Klopotek's CR&R for handling contracts and royalties will complete the implementation.

At **F.A. Davis**, a publisher of textbooks, reference material and educational software for nursing, medicine and health professions, based in Philadelphia, Klopotek products have been implemented to support all business processes (planning, production, marketing, distribution, royalty calculation and payment as well as business intelligence) and lay the foundations for future growth.

**Elsevier**, a world-leading publisher of scientific, technical and medical information products and services, is implementing PPM Product Planning & Production to replace the company's self-developed software solutions for planning and production control. By integrating PPM Production, the Production Cockpit and the Electronic Warehouse, an effective and reliable system will be created for controlling production processes worldwide, operating 24/7. Product structures and

data can be handled flexibly to meet the challenges of digitization and globalization.

**Thomas Nelson Publishers**, the world's largest publisher of English Bibles, based in Nashville, selected Klopotek's CR&R to streamline royalty calculation and payment processes. A project to replace the old system began in October.

In Canada, the **University of British Columbia Press (UBC)** and the **University of Toronto Press (UTP)** went live with CR&R as part of a project for the Canadian Publishers Hosted Software Solutions (CPHSS). Both publishers are currently implementing Catalog/ONIX and PPM Production. **Formac Publishing**, a publisher of books on Canada, Nova Scotia and children's books, will go live with CR&R at the end of 2007. The first statement run for royalties is planned for early 2008, and the introduction of Book Sales and Distribution (BSD) is planned for mid-2008.

In Germany, **Medialog**, a subsidiary of the long-term Klopotek customer Medienunion, went live with our software in 2007. Another company to implement Klopotek software was **Deutscher Anwaltverlag**. The primary goals (agreed and achieved at both publishers) were to cut costs and optimize processes.

The product and customer databases of **K. G. Saur** and **Max Niemeyer**, two publishers acquired by **Walter de Gruyter (WdG)** – the largest publisher in the humanities and natural sciences in continental Europe), were integrated into the existing Klopotek solution at WdG, thereby generating significant synergies and streamlining business processes.

**Dun & Bradstreet Germany (D&B)**, providing international B2B information for risk management, sales and marketing, selected Klopotek in early 2007 for replacing their legacy distribution system. For D&B Germany, the salesforce™ CRM software was integrated into the Klopotek solution for contract and order management. D&B plans to start using the new integrated system early 2008.

We are also very pleased to announce that **Neue Wirtschafts-Briefe (NWB)**, a publisher of information on tax and business law based in Herne and one of our long-term customers, has chosen us to implement their digital strategy. In a

first step, NWB's online platform and Klopotek's ERP system will be integrated in order to offer NWB customers additional benefits while reducing operating expenses and processing time.

**Beltz Group**, a publisher of non-fiction, reference and children's books decided to switch their distribution to Rhenus Logistics in 2006. In October 2006, they started optimizing their planning and production processes using Klopotek software. Rhenus Logistics has run the Klopotek software for a long time and offers their customers access to the Klopotek PPM solution. The integration of outsourced distribution services along with the in-house planning and production system provides both Rhenus and Beltz a significant competitive advantage by using the same comprehensive database.

I am personally proud to recognize our long-term partner, **Hanseatische Gesellschaft für Verlagsservice (HGV)**, a subsidiary of Georg von Holtzbrinck Group, who has gained special recognition within the industry for its excellent services. HGV utilizes Klopotek systems to provide IT and distribution services to both internal and external customers.

The deduplication of addresses is essential for good direct marketing, and several projects that migrated address and customer related data to remove duplicates were successfully carried out in 2007. Based on Fuzzy!, an integrated address software, both standardized products and individual solutions have been created to help companies identify and 'get rid' of thousands of duplicate addresses. As a result, mailing activities have become cheaper and better targeted, resulting in a rapid ROI.

#### **More than 13,000 users benefit from our software investments**

During many software selection procedures, Klopotek was clearly differentiated from our competitors because we have made substantial investments in our software over many years, creating a world-class integrated solution for publishing houses. Every year, we invest over 4,000 person-days creating new solutions and upgrading existing software for the needs of the changing publishing marketplace. Currently, our software is in use at over 13,000 customer workstations worldwide.

In Germany, more than EUR1bn (\$1.5bn) of the total revenue generated by publishers is handled by Klopotek distribution systems. Our on-site consultants assist customers daily to improve the performance of their business processes.

#### **Our software helps to standardize production processes**

In an increasingly competitive world, up-to-date software solutions are essential for standardizing production processes as well as making workflows more efficient and reliable. For maximum benefit, the software must also support effective and secure communication with print and other service providers. Beginning in 2004, Klopotek started the initiative to work towards standardizing production processes and production software with our partner arvato systems, a Bertelsmann company and IT solutions provider. We planned industry events such as the 'from editorial to market' production forum, the 'Berlin Production Workshop' and supported Frankfurt Bookfair's 'Production Processes Workshop'. Results of this initiative have had a direct impact on the development of our software and have helped our customers achieve more efficient production workflows.

#### **One million contracts managed with CR&R**

Klopotek has set the international standard for Contracts, Rights & Royalties software solutions. During the last two years, Klopotek software for CR&R has

been implemented successfully at a number of the most well-known publishing houses such as HarperCollins Publishers, Penguin and Pearson. In Germany, more than 70 percent of the trade publishers in the upper market segment manage their royalty calculations and payments as well as their new publication contracts using Klopotek's CR&R software. Our systems manage the product and contract data of more than one million international contracts, providing reliable and accurate accounting figures and supporting local variations such as currency, language and customized statements for each country.

Many new features have been added to the CR&R product set such as: synchronization of contracts with contract data (storing contracts in XML), a write-off module, web-based communication with authors and agencies (Authors Online) and a business intelligence solution for strategic analysis of all relevant accounting data (Business Objects Universe for CR&R).

#### **A partner you can rely on**

In 2007, we hosted three international 'from editorial to market' conferences allowing our customers to exchange information and discuss planning perspectives for a better understanding of technology and more efficient processes. High-level speakers and participants shared their knowledge at the 'Production in Publishing' forum in Berlin and at two conferences on 'Digital Asset Distribution' in London and New York.

At the Customer Information Day in Amsterdam, the GTS Publishers' User Group in Parsippany, the Administrators' User Group in Berlin and the User Group Germany held at the Frankfurt Book Fair, we held open discussions with our customers about our latest software and service offerings.

We are planning a number of important initiatives for 2008:

- Online subscription processing will be integrated and automatically processed by Book Sales and Distribution (BSD).
- Complete and full functional integration of PPM and UNISON. Products such as Information ViewPoint and the Klopotek Business Intelligence solutions will become available for data generated by UNISON.
- Editorial Planner, a product that will support the initial workflow of early planning processes.
- The Production Organizer: ASP services with Klopotek Production to improve business processes between publishers, service providers and printing companies.
- Klopotek Integration Services: Web services for the online synchronization of multiple systems.

We are excited that we are now operating successfully in the majority of the most important international publishing markets. We appreciate that you, as

from editorial to market

Bertelsmann Unter den Linden 1 Berlin

# 5<sup>th</sup>

## Production in Publishing forum 8-9 May 2008

Fee: EUR 499,- (+ tax)

### **Register now:**

Early Bird Special

available till 29 February 2008

EUR 399,- (+ tax)

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Klopotek and GTS customers, have been investing in our software for 15 years. Thank you for putting your trust in our capabilities and our commitment to continuous innovation.

You can rely on our strong commitment to supporting the long-term growth of the publishing marketplace. We will con-

tinue to be a dependable partner in the future by working hard to improve the quality of our products, to finding solutions to the emerging industry challenges and to supporting you in coping with the challenges created by increasing digitization and globalization. I look forward to continuing to work together with you and your staff in successful projects.

Have a peaceful and relaxed holiday and a successful 2008.



Ulrich Klopotek von Glowczewski  
CEO Klopotek AG

## 15 Years of Klopotek – 15 Years of Partners for Publishing



A well-established tradition: Klopotek at the Frankfurt Book Fair (pictured here: 1993, 1997, 2007)



Five years of PPM: PPM User Group meeting in Berlin in 1998; Uli Klopotek receives the first PPM release (delivered to DuMont on floppy discs) as a gift – in acrylic glass



In 1999, all Klopotek staff donated the money earned for one day of work to UNICEF. A cheque for UNICEF is presented to the Mayor of Berlin



User Group Benelux meeting in 2002 during the first Customer Information Day in Amsterdam



Global Turnkey Systems Publishers' User Group in Parsippany, 2007



Wine & Cheese Reception during the GTS Publishers' User Group meeting - celebrating 15 years of Klopotek



'From editorial to market' conferences (2004 - 2007), pictured here in Berlin and in New York