

KEYS TO UNDERSTANDING 24SYMBOLS

What is 24symbols?

24symbols is a service that enables users to read e-books **on the cloud**, with a **freemium-based subscription model**, and with **social** capabilities. This means that the user does not need to download the eBook. Readers can freely access a multi-publisher catalog, with ads on the books and certain limitations, or can pay a fee to enjoy a broader catalog and more capabilities.

What does “cloud reading” mean?

Cloud reading means that all content related to the reading process resides in an **Internet server** (e.g. what the user is reading, the books she likes, the page she currently is, the highlights and annotations she writes, ...)

This enables the user to switch devices (e.g. because she leaves the tablet at home and connects via a smartphone) and comfortably enjoy the same reading experience. The publisher can rest assured that the user accesses the content **without directly downloading any file** at all.

What does “social reading” represent?

Social reading refers to the capability of **interacting with other readers** before, during and after the reading experience.

When reading on an internet-enabled device, it is possible to recommend a book on social networks, to make comments or to share passages with your friends, to sniff around what your friends read or like, to chat about a book we love... in a matter of seconds and with just a few clicks.

These alternatives are key for the new online marketing strategies that will necessarily support the literary successes of the future.

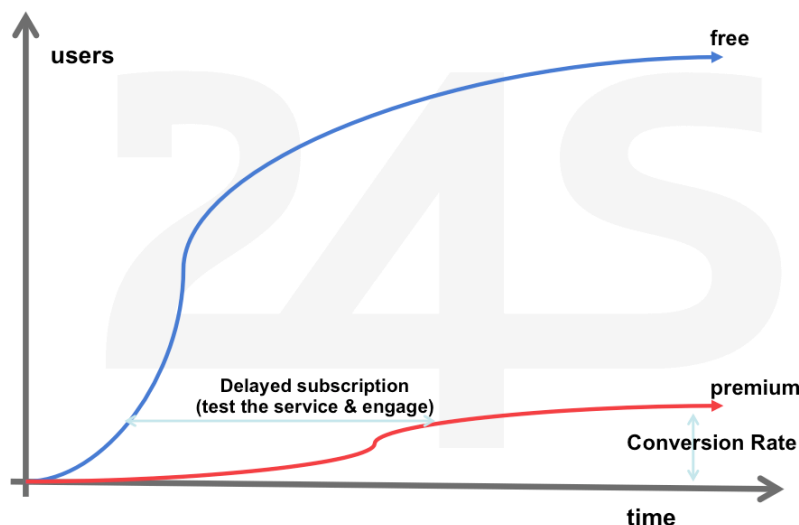
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What is a “freemium” business model?

It is the one that offers a service free of charge and, at the same time, charges a premium for advanced features and capabilities. This is simply a commercial strategy to acquire users (one that has been very successful in other sectors.)

The ability for users to read for free makes word of mouth good enough to incorporate new users with really tight marketing budgets. Once they get used to reading on the platform, these new users (we will call them “free”) will notice the limitations of the free service and will consider the possibility of subscribing to the premium service for a small quantity (becoming “premium” users.)

Our bet is that this is the only way to grow in number of subscribers at a rate that makes the service profitable in a reasonably short time.



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What makes a reader willing to subscribe to 24symbols?

The free service requires users to have constant connection to the internet, accept the inclusion of advertisement and a more limited catalog (since, as it will be explained in more detail below, it is the publishers' decision which titles will be available only for premium users.) The **premium user** reads even in **offline mode**, **no ads are inserted** and can access the **whole catalog** available.

In any case, the differentiation between the free and premium services is key in the strategy of 24symbols and might evolve over time to accomplish its mission:

- i) that the free service has enough quality as active element for user acquisition, and
- ii) that the premium service is attractive enough so that an important percentage of free users converts, becoming the main revenue source that guarantees profitability.

Does 24symbols demand any type of exclusivity?

No, we are an additional commercialization channel for book titles. You can check our contract [clicking here](#).

Can a book be only available for a specific region?

Yes, we provide geoblocking algorithms based on the IP address from which the reader is accessing 24symbols.

Can I offer my books just to premium users?

Yes, the publisher can decide for each of its titles whether it will be completely or partially accessible (a percentage of the whole content), or whether only premium users will be able to read it.

Can users access the book files in 24symbols? Is any DRM-like protection to the books necessary?

When using 24symbols, **the reader never downloads, handles or transfers the book files**, she simply reads via any of the web sites or applications we provide.

In addition, and as it has been already mentioned, only the premium user can select books for offline read. In this case, the selected titles will be downloaded to the local device; but this download is automatically performed by the application and the contents are stored in a cache memory, with proper encryption and for a time limited to the subscription time. Therefore, it is not necessary for the content to be protected by any classic DRM-like mechanism.

What rights are required to upload a book to 24symbols? Do contracts between authors and publishers need to be modified?

The rights required to upload a book to 24symbols are exactly the same required to sell ebooks in an online bookstore (the rights of reproduction, transformation and communication to the public including the making available to the public.) For more details, please [check our contract](#).

From this standpoint, publishers' contracts with authors should not be modified in those cases where, somehow, their remuneration is based on the revenue generated by platforms which sales are not calculated by the

number of copies sold (basically because we do not sell copies of the books.)

If this case is not taken into account in the contract, an annex to the contract between the publisher and the author should be added where a percentage of the revenue received by the publisher is negotiated.

How do current book-related laws, like fixed price in some countries, or the limits of diffusion of content in free format, affect 24symbols?

Every law that regulates sales and property transfer of the book object, in print or digital, does not apply to what 24symbols do as we do not sell books, but only commercialize a reading service. It is also important to highlight that even in the free service, every viewed page is remunerated to the publisher (with the calculation algorithm explained above.) Hence, it is never a non-remunerated diffusion, even when the reader does not pay for the service.

Please [do not hesitate to contact us](#) if you have any other question.

How might the agency model affect a contractual relationship with 24symbols?

The agency model is a decision taken by specific publishers for highly respected reasons related to ebook retailing. As stated above, 24symbols don't sell books, but provide a reading service. From this standpoint, any publisher following the agency model should not have any problem uploading books to 24symbols. However, contracts between authors and publishers might still need to be appended in case they do not provide for author compensation under subscription models.

Is it possible for an agent or author to sign the contract directly with 24symbols?

Yes. Even though the natural relationship of 24symbols is with publishers, we are already signing contracts with authors when they hold the digital rights of their catalog (which is usual for older titles.)

Are self-published books accepted?

Currently no. We try to guarantee a catalog of the highest quality, and to achieve it means that it is necessary that someone has the role of selection/filtering (the publisher that uploads the book, or the author

directly whenever it certifies that the title was published in the past though she keeps the digital rights.)

In any case, we are assessing the possibility of having **an exclusive section** for self-published works.

Can I know how many people are accessing my book, and how much my book is being liked and commented on social networks?

Yes! The platform allows publishers **to monitor how books are being read in real time**. Book access, even by free users, does not suppose any loss of control by publishers and authors. At any moment, several statistics will be available: how many readers have accessed the book, how many pages have been read, how many mentions in the social networks have been generated from the platform, how many readers have selected it as favorite, ...

This is an extremely powerful **decision making tool** as it is closely related to **actual reading trends**. Obviously, no personal information of our users is shared; in addition, only readers' data about the publisher's own catalog is available.

How are settlements determined for each book?

24symbols distribute, for each quarter, **70%** of its revenue, using the number of pages viewed for each title as the main criterion for this distribution.

The **minimum price per page** is the result of dividing the amount of money to share (generic advertisement plus subscription fees for that period) between the total number of pages viewed on that period. This is a "minimum" price because those titles that include some type of **exclusive advertisement** (by advertisers that for different reasons only want to promote that title) will increase their price per page because this revenue is not shared with the rest of titles.

It is critical to understand that **each viewed page is remunerated the same way**, whether it comes from a free or a premium user.

How is a "viewed page" or "read page" defined for settlement purposes?

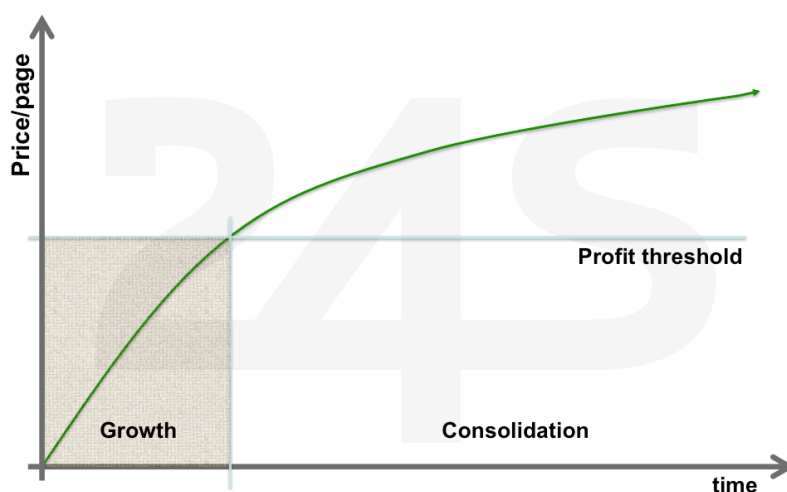
Due to the multidevice approach of 24symbols and how greatly the size of the screen varies from one device to another, **the concept of page** needs to be unified. The contract specifies that a page is equal to **250 words**. The

images are considered as half page if under 300 ppx, and as one page if it is bigger than 300 ppx.

How do you expect the price per page to fluctuate in the future?

The price per page is **directly related to the percentage of users that are premium**, because the subscription income is proportionally more important than the one generated by advertisement.

At the initial stage, with few users and even fewer subscribed, just a few pages per book will be read and, consequently, the price per page will be low. But both ratios will rapidly evolve with time and a quality catalog.



Our **simulations** show that once the percentage of subscribed users reaches about 10%, the price per page gets really interesting; this is the feasible goal we are working on.

What is the income I can expect if I upload my books to 24symbols?

These calculations require a forecast of the **number of pages read**, and this depends on the number of potential readers there will be in 24symbols for that book, and how many pages each of them will read.

It is important to highlight that since the free service exists, there is no purchase decision behind each access to a book. Readers that would not have ever paid for a copy can, however, browse a title and finally hook on it, which would increase the number of pages read.

The **minimum price per page** will be determined at the end of every quarter; the price paid the previous quarter can serve as a first reference. In the future we want to publish the daily provisional prices for each period, as both income and reading happen. The same way, and in case they

exist, the predicted income of the exclusive advertisement will also be included. All this is carefully audited by prestigious third party entities.

Please contact [24symbols](#) for more detailed information about the financial simulations we use.

What are the benefits my books get from a marketing standpoint?

The visibility of a title is its main promotion.

24symbols is a reading platform with a fair amount of registered users that use the service to find and read books. In addition, the platform enables the user to communicate and socialize books in several ways: tagging it as a favorite, storing it in her own library that can be accessed by her friends, sharing passages or links to the book in the platform via social networks, ...

In addition to being an additional revenue income that will keep on increasing, the platform is from the start and in itself a top-class online marketing platform.

[Want to know more?](#)

What virality or visibility may I expect if my books are niche ones?

The comments above stand true even for niche titles, as the capability of the 24symbols online platform to provide visibility is much higher than that of a traditional point of sale, limited by the physical space of the bookshelves. Our **recommendation engine** (like a friend's impulsive recommendation) plays a very important role here, suggesting even niche titles to its potential readers based on their previous reading habits.

Can 24symbols help me sell more print books?

We do not believe in cannibalization. There are clear and direct **synergies** between brick-and-mortar and online businesses.

Finding a book with 24symbols and its multiple options of viral marketing can be behind many purchase decisions of print books; they can even be sales that are directly induced from the platform, as we enable **affiliation programs** to redirect the reader that is interested in purchasing a book to the publisher's website or any other retail page chosen by the publishers itself.

In our opinion, and in a moment like this, a smart strategy means having the content in every channel where there are potential readers and

interesting conditions; it is the same reason why print books should be in as many points of sale as possible.

Is advertisement the main revenue source?

No, we will maximize this revenue source but its share will not go beyond **20%** out of the total income. Our goal is to sustain the profitability of the model in the subscription area. In any case, certain advertising **formats** can potentially be quite profitable and compelling to all actors of the book's value chain.

What advertising formats will be added to the books, and how much will content be merged with advertisement?

We have initially started with banners in different places (book credit pages, reader margins) and video interstitials at the end of each chapter. We will experiment with other formats but our bet is always to properly separate content from advertising as a key element of our respect to books and readers.

In the short/medium term we will deploy book and thematic category sponsorship formats that enable an advertiser to properly segment the type of reader to deliver the messages (these segmented options are the most revenue-generating ones.)

The publisher will always be allowed to **filter** which exclusive advertisement is accepted for its titles.

From which reading devices will I be able to use 24symbols?

24symbols follow a multi-device approach (tablets, smartphones, computers or e-ink reading devices of any operating system and/or vendor), though the platform requires some technical characteristics that are not available in the most basic devices. We currently provide a web version, an iPad native app (available at the iPad AppStore) and an HTML5 version that adapts to all types of mobile devices with HTML5-compliant browsers and Android and iOS operating systems. Our short-term plans include other native applications and the enhancement of the HTML5 version to as many browsers and operating systems as possible.

Can I work with an aggregator so I do not have to worry about managing the existing platforms?

Absolutely. We already have contracts signed with aggregators in different countries (e.g. Libranda in Spain, Inscribe Digital in the United States.) If you work with any other, we will be pleased of working with them and sign an agreement that enables the publisher to delegate the catalog management and the invoicing to that aggregator.

What are the required book formats, and how is the book upload process technically managed?

We work with the **ePub 2** standard format, though we are planning to incorporate PDF and ePub 3 formats in the future. The title upload process is performed via a secure dropbox account in a very easy way, and we accommodate to the publishers' needs to access the metadata in the most comfortable way for them (e.g. automatic access via ONIX or DILVE –in Spain-, embedded in the ePub file, etc.)

Can niche publishers, academic institutions, software companies or public institutions, have access to the 24symbols technology to provide their own online reading service?

Yes. We have defined different service-based options with customization on the reading and design areas of the platform. Contact [24symbols](#) for more details.

[Want to know more?](#)

Is this model appropriate for other types of books (children, STM, travel, academic, ...)?

We are already incorporating these types of books, though from a commercial point of view we might offer different specialized bundled subscriptions in the future. In any case, as mentioned above, we are additionally offering the technology for those entities that are interested in launching specialized reading services.

Which channels will be more successful in the future, the ones based on ebook sales or the ones based on subscription?

Internet is where **services** thrive. Whichever the sales model may be, only those channels that provide a quality service beyond the pure file copy will be successful. Each reader will have her own preferences, and both models will probably coexist (insisting in our belief on having a **variety of legal options** publishers can experiment with), but we also believe that as readers it is much more attractive to pay for a periodic fee (which quickly becomes a habit in an unconscious way) and access the whole catalog than to be forced to take a purchase decision every time the reader wants to read a book.

Can the digital business cannibalize the print business? How dangerous is it for me to have my books available, even if only partially, for free? Can 24symbols help me fight against piracy?

While it is true that a reader can opt for reading a book in digital format and therefore would not buy its print version, it is also true that digital availability and its recommendation engines, plus the possibilities in viral marketing can increase the number of readers; in addition, the discovery of a book in its digital version can help sell a book in print as a gift. The future cannot be foreseen, but **cannibalization is, at best, doubtful.**

Our belief is that it makes more sense to think that the ebook does not compete against print, but against other options of digital leisure and entertainment. The real challenge is to maximize the time that goes to reading as the offer in electronic items and media increases and the competitors of the digital book become the videogame, music or any other online service. In addition, since digital files can be copied so easily, the availability of a title with certain success in digital format is independent of whether its legal owner authorizes it or not. So if someone wants to read for free it is more than probable that she will find an illegal copy at zero cost. With this in mind, it is reasonable to find **legal options that ease** the remuneration to the content creators. Options that, because of the **quality of content and service**, cannibalize piracy. This is what other cultural and entertainment industries have started to do.

We are proud to say we are an important alternative that is worth supporting; a platform that is perfect for the user that prefers to pay a fee for a service (a much better fit to how internet currently works) than to pay for each book she reads.

Summarizing, **this is not a time to consider just risks but also opportunities.** And our non-exclusive contract allows publishers and authors to step back at any moment.

[Want to know more?](#)

Is 24symbols thinking of becoming a publisher in the future?

24symbols **do not plan to become an editor**, as we do not have the skills to perform that role, but also as a matter of respect to the book ecosystem and to the value added by agents and publishers, with whichever role definitions the new digital paradigm requires.

In that sense we are a respectful alternative, now that important worldwide actors are openly trying to cannibalize most of the value chain: we are never going to publish directly based on the knowledge of previous reading habits.

The interest of publishers and authors should be focused on the **consolidation of as many commercialization channels as possible**, channels that are as varied as possible so they adapt to all types of readers; in any economic sector, a scarce number of channels means too much power is gathered by too few players and therefore, potentially unfair and excessive conditions might occur.

How do 24symbols respect the readers' rights?

We fully respect readers' rights. We do not commercialize their personal data or reading habits, as they are used only in anonymized, automatic and aggregate ways to propose other readings and, therefore, improve the quality of the service we offer.

Every consideration regarding the property of the ebook and the possibilities that it should have when compared to the print version (lending, gifting, ...) are irrelevant in our case as the relationship between 24symbols and the reader does not require transferring the property of any asset. 24symbols commercialize a reading service that is available with two options, one of which exists only while a payment of a subscription fee is maintained.

Best regards,

the **24symbols** team