

RRakuten
OverDrive[®]

A Bright Digital Future in libraries

Reykjavík, 29th May 2018

The leading digital reading platform – Public, academic, K-12, specialty

- **Largest catalog:** 4+ million titles from 5,000+ publishers
- **Founded by Steve Potash** in 1986
- **Our mission is** “A world enlightened by reading”
- Subsidiary of **Tokyo-based eCommerce company Rakuten**
- World headquarters **in Cleveland, Ohio**



Meet Libby.



Create reading
happiness.



We strive to be more transparent, accountable, and socially & environmentally impactful...

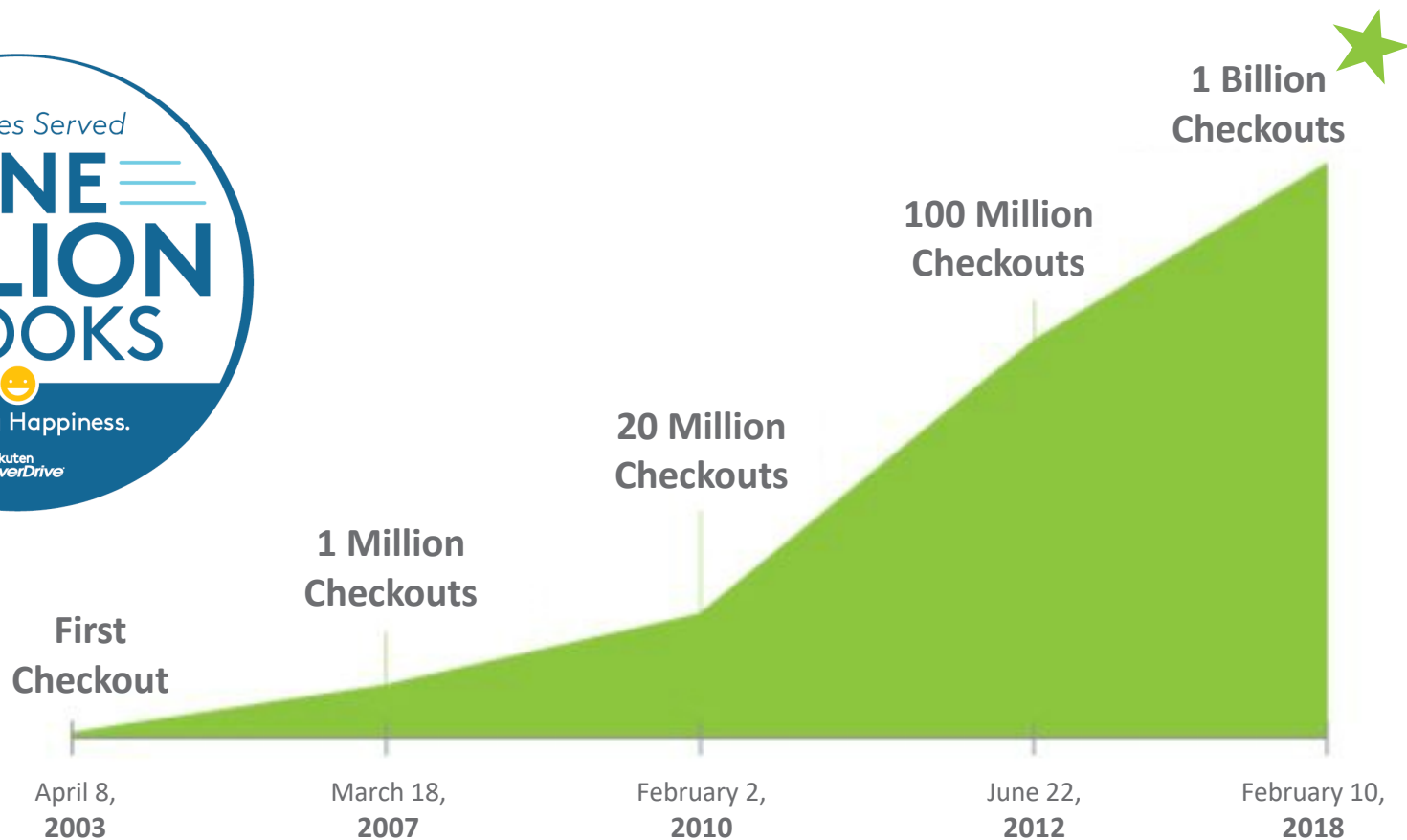
We use our business as a force for good!

A world enlightened by reading

- **40,000** library and school partners worldwide in **70** countries



One Billion Digital Checkouts



Key insights



Opportunity



Access Models



Digital Book Clubs



Create reading
happiness.



Opportunity

- ✓ ***Libraries today***
- ✓ ***Collection & materials spend***
- ✓ ***Market trends***

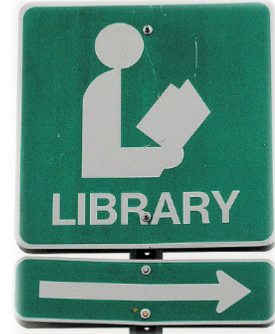
Libraries today

It is estimated there are **1.3 million libraries in the world** today made up of:

- Public libraries: 292,000
- Academic and school libraries: 1,036,000
- Special libraries: 39,000

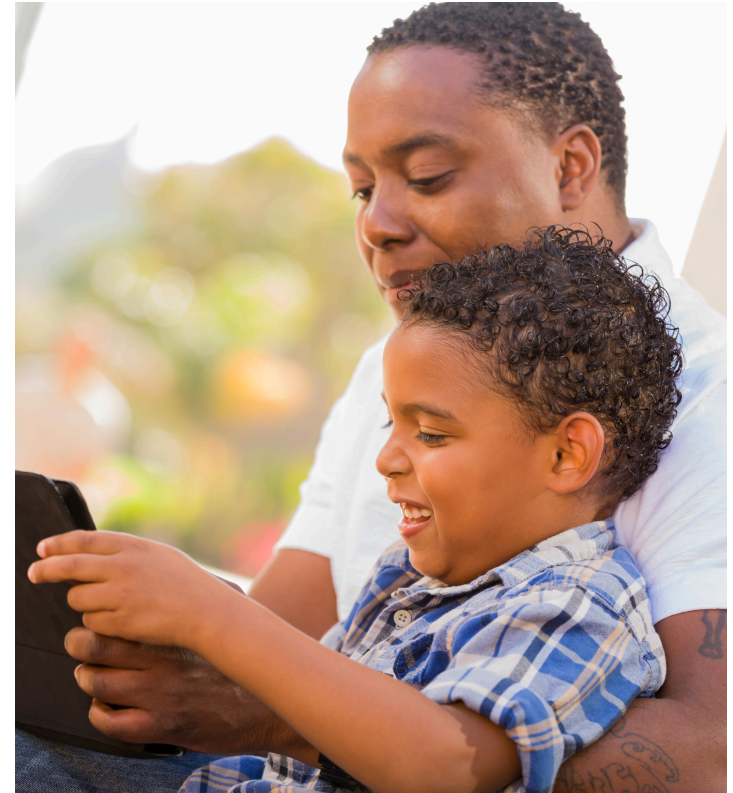
In the United States:

- There are more public libraries than McDonalds
- Students make 1.3 billion visits to school libraries during the school year



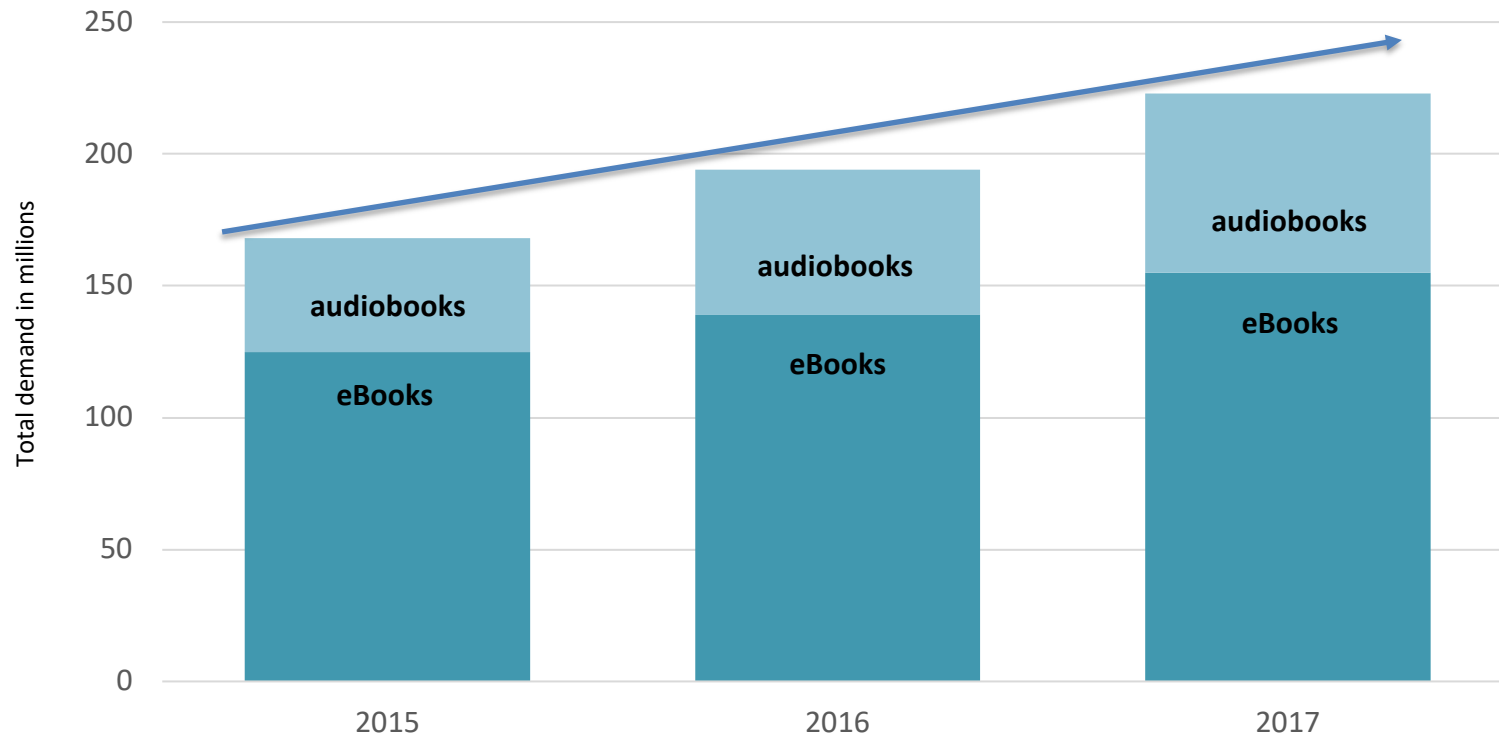
2017 digital activity at libraries and schools within the OverDrive network

Category	2017 activity
User sessions	346 million
Catalog pageviews	2.5 billion
Digital checkouts	225 million digital titles
Holds	83 million digital titles
Circulation growth (YoY 2016)	+14%
eBooks	+11%
Audiobooks	+24%



Digital usage in libraries with OverDrive continues to climb

Circulation of digital content 2015-2017



Revenue growing across a variety of genres within the OverDrive network



2017 saw sales growth across fiction, nonfiction and formats

Sales growth to libraries by subject 2016- 2017

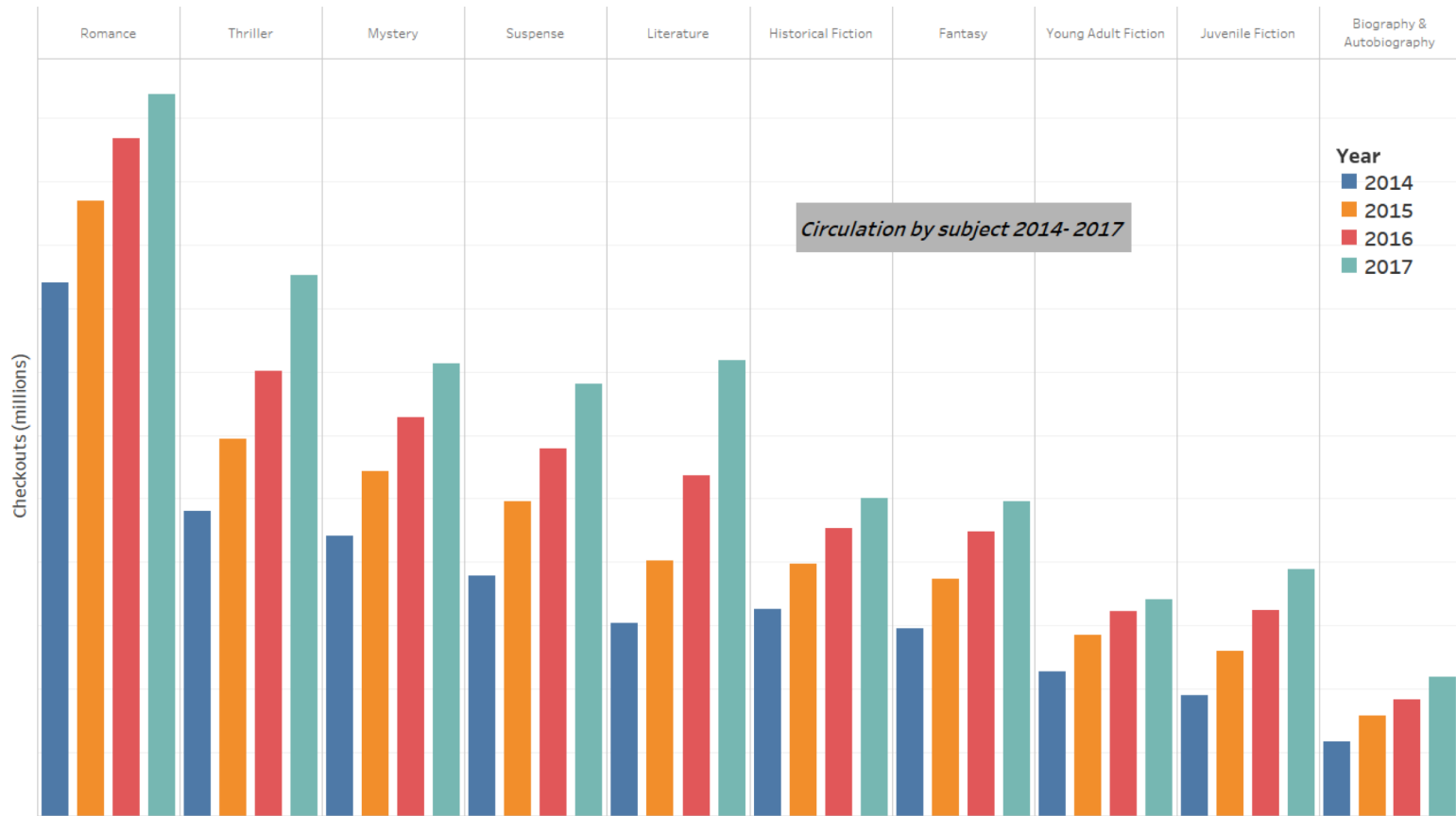
Sales Growth by Subject

Subject	2017	
	Audiobook	eBook
Thriller	44.86%	17.84%
Literature	32.34%	15.76%
Suspense	39.20%	19.48%
Romance	16.80%	-9.21%
Mystery	39.78%	11.21%
Fantasy	32.16%	-9.27%
Historical Fiction	29.87%	1.69%
Young Adult Fiction	18.67%	2.47%
Biography & Autobiography	26.84%	12.20%
Juvenile Fiction	37.61%	3.31%
History	26.02%	12.47%
Young Adult Literature	77.38%	12.48%

OverDrive patrons dived deep into publishers' catalogs, increasing popular and niche subjects. Audiobooks in particular showed incredible growth across all genres



Circulation drives digital sales within the OverDrive network

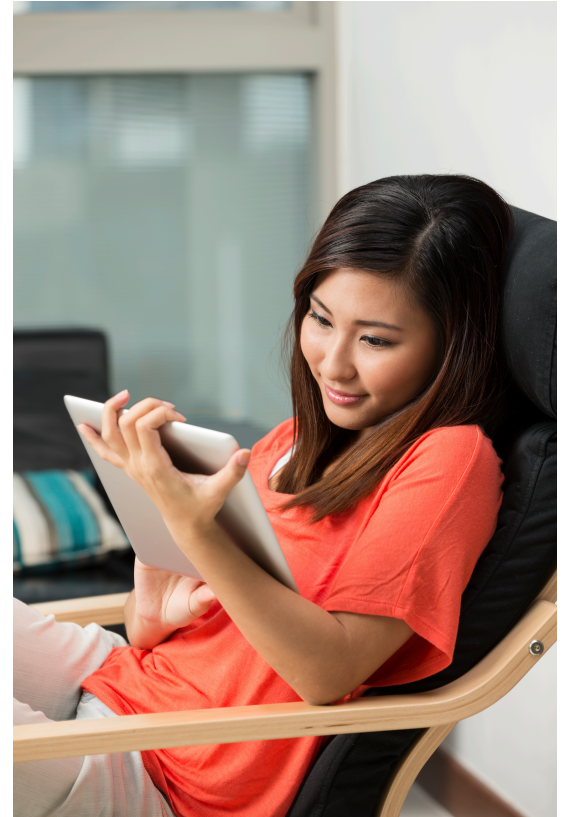




Access Models

Access models: OCOU and Subscription

- **One Copy / One User (OCOU)**
 - Closest model to circulation of physical books
 - One patron can borrow one eBook
 - OverDrive pays a wholesale cost per unit sold
- **Subscription**
 - Concurrent use of digital content
 - Plans are publisher specific; generally offered in groups of 25 titles with the library selecting the exact titles
 - OverDrive pays a wholesale cost based on the price of the collection/title licensed by the library



Access models: CPC and Class Sets



- **Cost Per Checkout (CPC)**
 - Allows libraries to add content to their catalog with the library paying a fee each time a user checks out the title
 - Standard listing price is 10% of the Digital List Price (DLP) with a minimum price of \$0.99
- **Class Sets**
 - Titles sold under the Class Set model are assigned to students with an access term of 3, 6 or 9 months
 - Offered at value-pricing to encourage school adoption
 - Supports digital curriculum in the classroom



Digital Book Clubs

Digital Book Clubs – eBooks and audiobooks

Increasingly popular for libraries and unique growth opportunity for publishers:

- Community, city, region or even country-wide reading program
- Leveraging the power of digital: Making the title available via short-term purchase with simultaneous use rights based on population or one-copy per user (bulk discount)



THE OHIO DIGITAL
LIBRARY



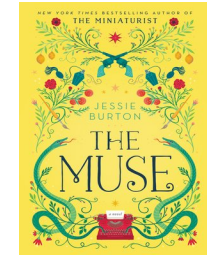
October 2017



February 2018



Cityread London



May 2018

Go anywhere with a book or with a train!

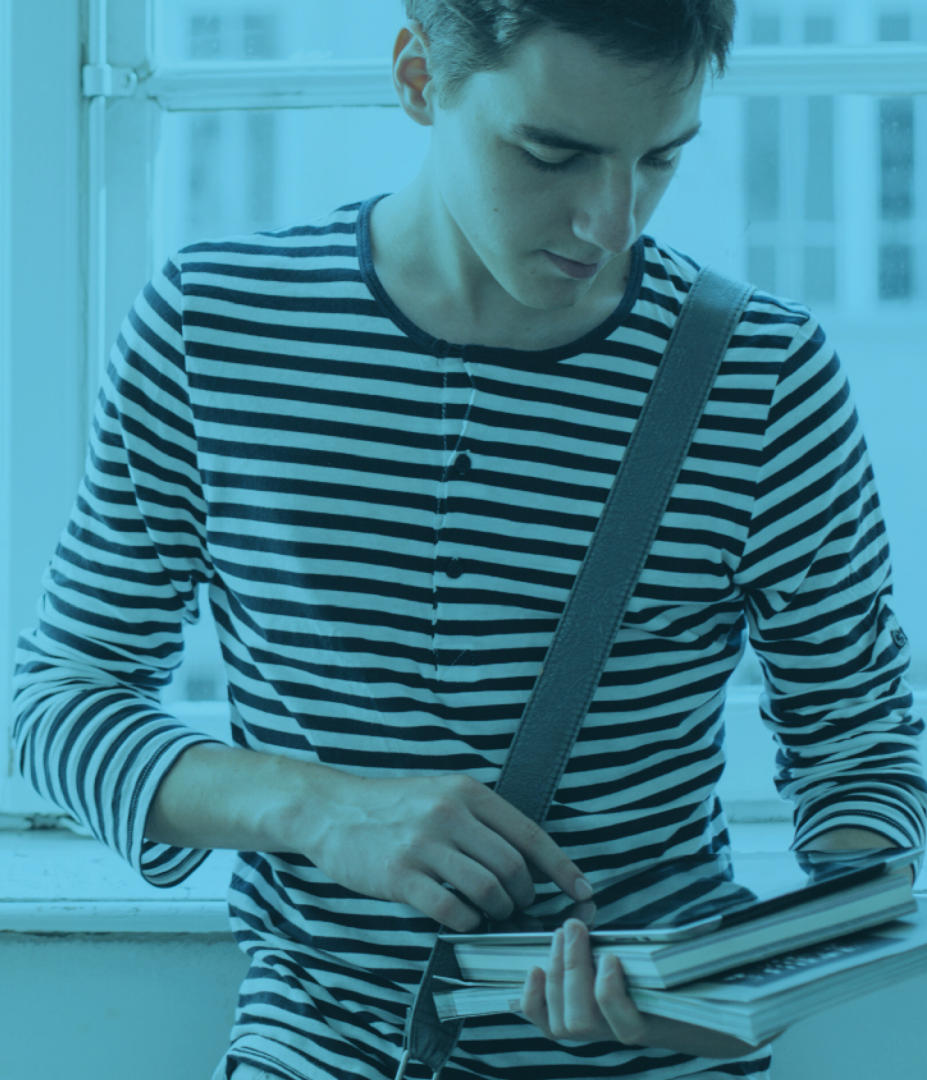
Working in partnership with the Land Transport Authority, NLB launched two trains decorated in themes organized around book genres including:

- ✓ Mystery
- ✓ Fantasy
- ✓ Self-help
- ✓ Autobiography



Thank you!

Johanna Brinton
jbrinton@overdrive.com



Rakuten
OverDrive[®]