

Can a Textbook Publisher Become A Technology Company?

**OR HOW I FUTURE-PROOFED MY
COMPANY WITH EPUB3 AND THE
CLOUD**

Gus A. Vibal, President and CEO, Vibal Group

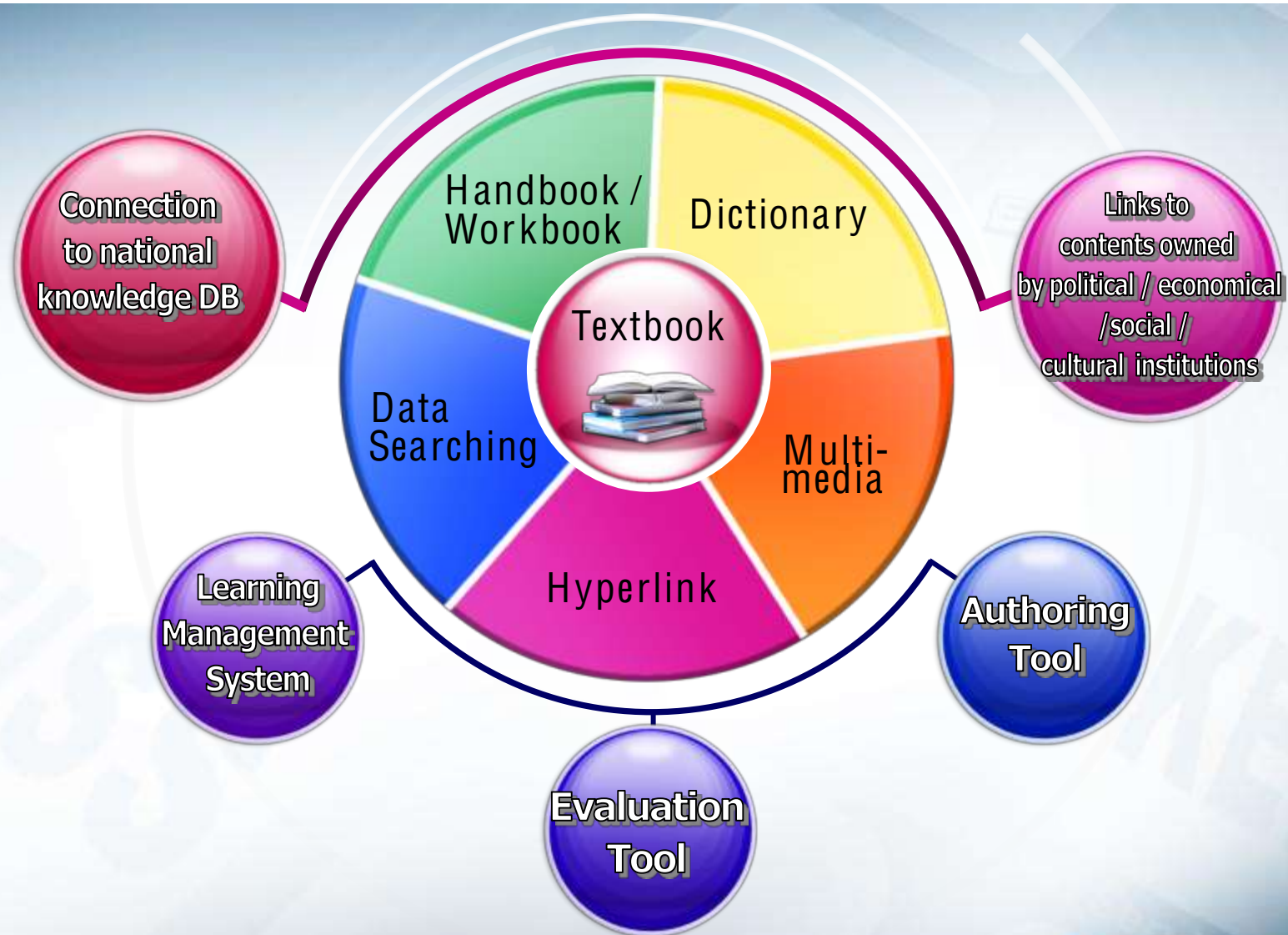


From publishing and textbook printing... To the cloud?

Vibal Group is...

- 61-year old Philippine K-12 publisher
- Faced with rapid consumerization of technology
- New opportunities, new business models
 - Looked to other Asian countries for digital education exemplars especially South Korea

The KERIS Textbook Model



Digital Strategy

- Because most schools have slow access to Internet, deploy local servers with virtual machines and asynchronous access to cloud
- Install Wi-Fi access points in school campus
- Package each digital book as an integrated learning management system (LMS)
 - Assessments and student activities should be packaged within the book and not deployed as online resources

Vibal Digital Textbook Core Technologies



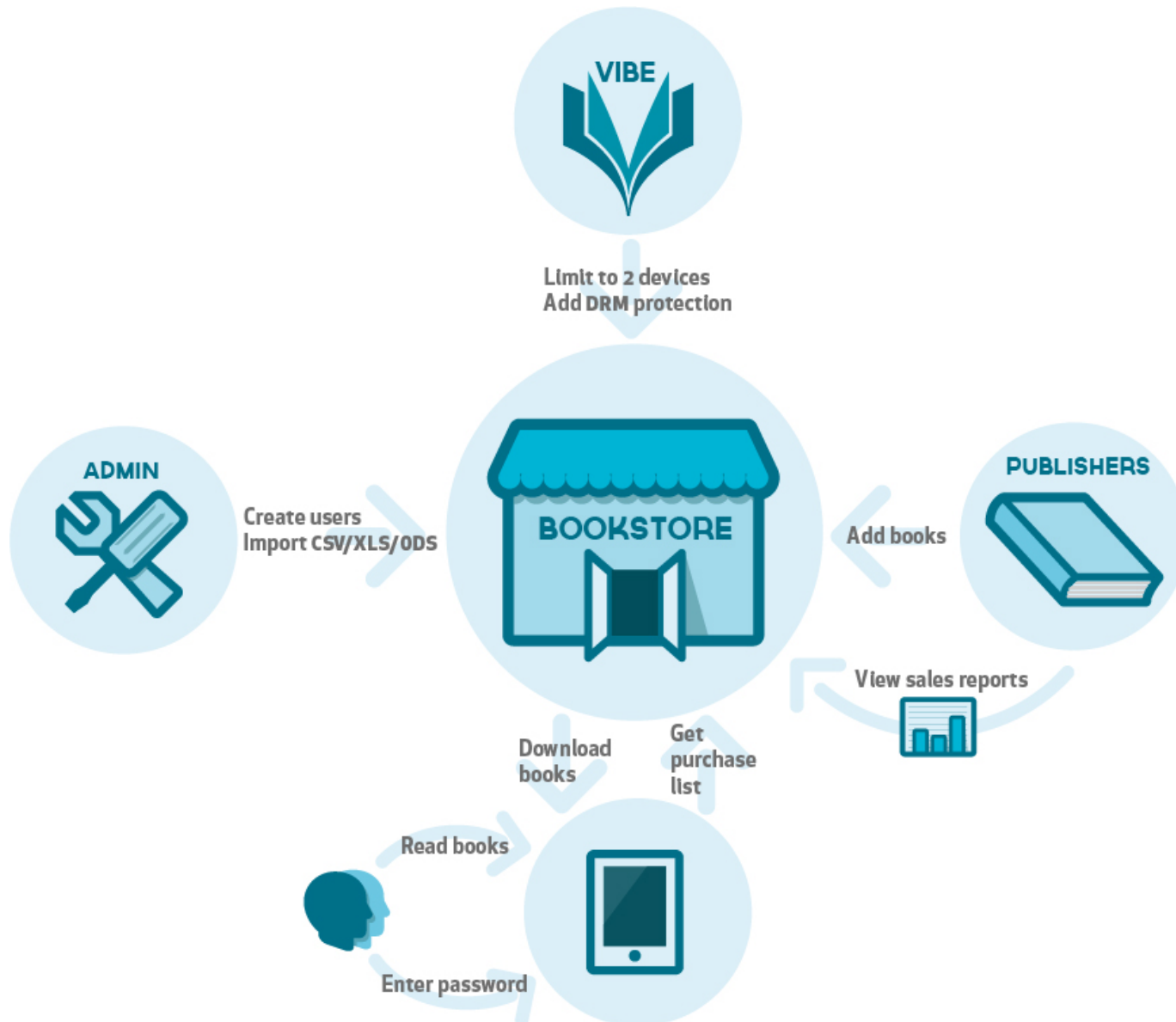
ePUB

HTML



E-textbooks are coded as web pages but packaged as ePub files. ePub 3.0 is essential for offline delivery as most Philippine and Asian schools do not have school-wide Internet.

Custom Online Bookstore



Our Business Models

Institutional Services

Where we provide a set of integrated services to institutions (public and private) using print and digital platforms



Publishing Services

Authoring and editing solutions



Custom Bookstore

Custom-branded online bookstore



Cloud and Networking

Inter-campus network design



Print-on-demand

Scholarly publications to increase university ranking



Learning management system

Manage student retention and learning



Hardware Reselling

Partnerships with Google, Apple, Acer
Microsoft



Curriculum Services

Custom curriculum design and development

Direct Delivery

Where we own and operate the learning institution (physical, virtual and/or blended), providing an integrated learning environment direct to the learner rather than through other parties



V-Tech Training and Accreditation Center

TESDA accreditation and delivery of non-formal education



Vibal MOOC (Massive Open Online Course)

Distance education at a fraction of the cost in partnership with Google and Philippine Normal University



Teacher Training

Integrating technology solutions with education

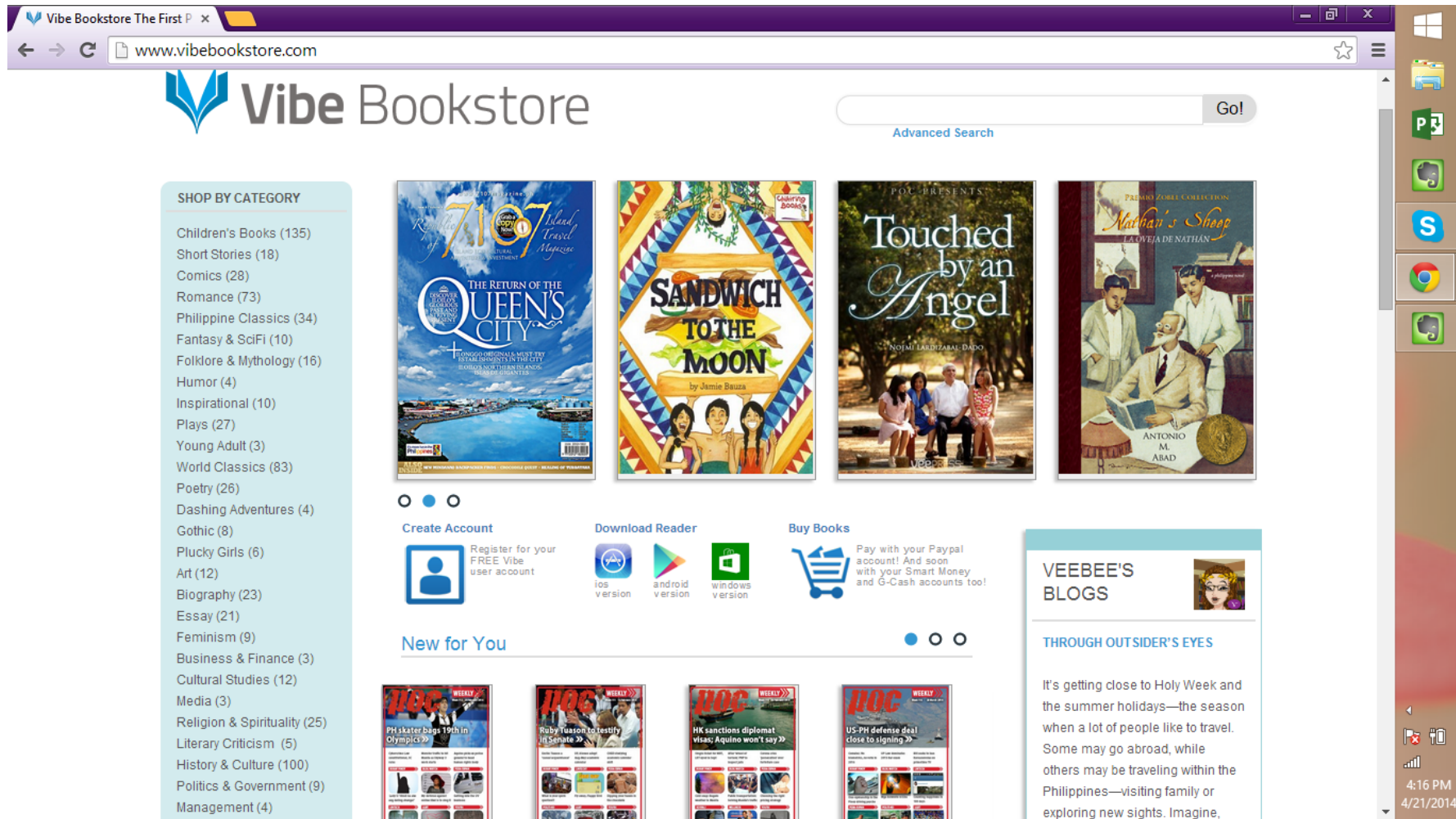
Vibal's Record of Agile Innovation

Rapid Roll-out of Technology Innovations
(2012 to Present)

Key Themes

- Scaling of capital investment in technology
- Integration of technology as Vibal's third core business
- Growth of Vibal's national and international network of content, educational, and technology partners
- ASEAN integration; Vibal as a Southeast Asian-facing enterprise

1st Philippine Cloud Bookstore



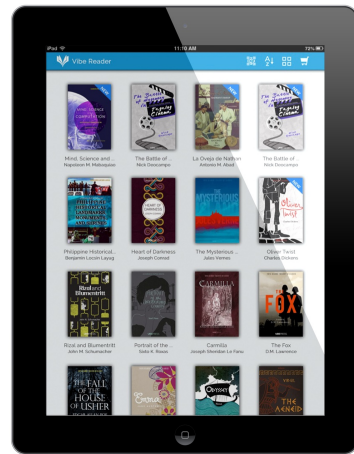
The screenshot shows the Vibe Bookstore website in a browser window. The URL is www.vibebookstore.com. The page features a navigation menu on the left with categories such as Children's Books (135), Short Stories (18), Comics (28), Romance (73), Philippine Classics (34), Fantasy & SciFi (10), Folklore & Mythology (16), Humor (4), Inspirational (10), Plays (27), Young Adult (3), World Classics (83), Poetry (26), Dashing Adventures (4), Gothic (8), Plucky Girls (6), Art (12), Biography (23), Essay (21), Feminism (9), Business & Finance (3), Cultural Studies (12), Media (3), Religion & Spirituality (25), Literary Criticism (5), History & Culture (100), Politics & Government (9), and Management (4). The main content area displays four book covers: 'The Return of the Queen's City', 'Sandwich to the Moon', 'Touched by an Angel', and 'Nathan's Shoop'. Below the books are sections for 'Create Account', 'Download Reader' (with links for iOS, Android, and Windows), and 'Buy Books'. A 'New for You' section shows four 'DOC WEEKLY' magazine covers. On the right, there is a 'VEEBEE'S BLOGS' section with the title 'THROUGH OUTSIDER'S EYES' and a short article snippet. The browser's taskbar on the right shows various application icons and the system clock indicating 4:16 PM on 4/21/2014.

Rolled out in 2012;
uses Vibal DRM (128-bit AES encryption)

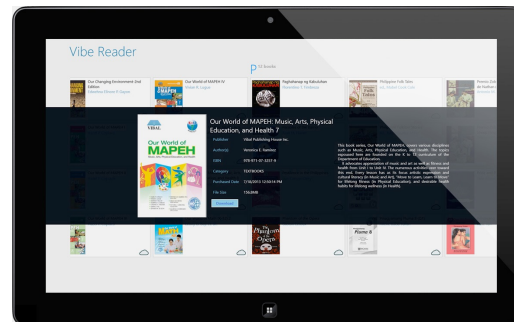
Native Apps



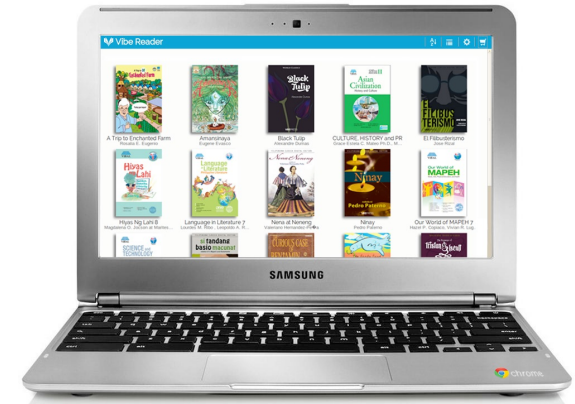
Android Reader
(June 2011)



iOS Reader
(March 2012)



Windows 8 Reader
(October 2012)



Chrome Reader
(October 2013)

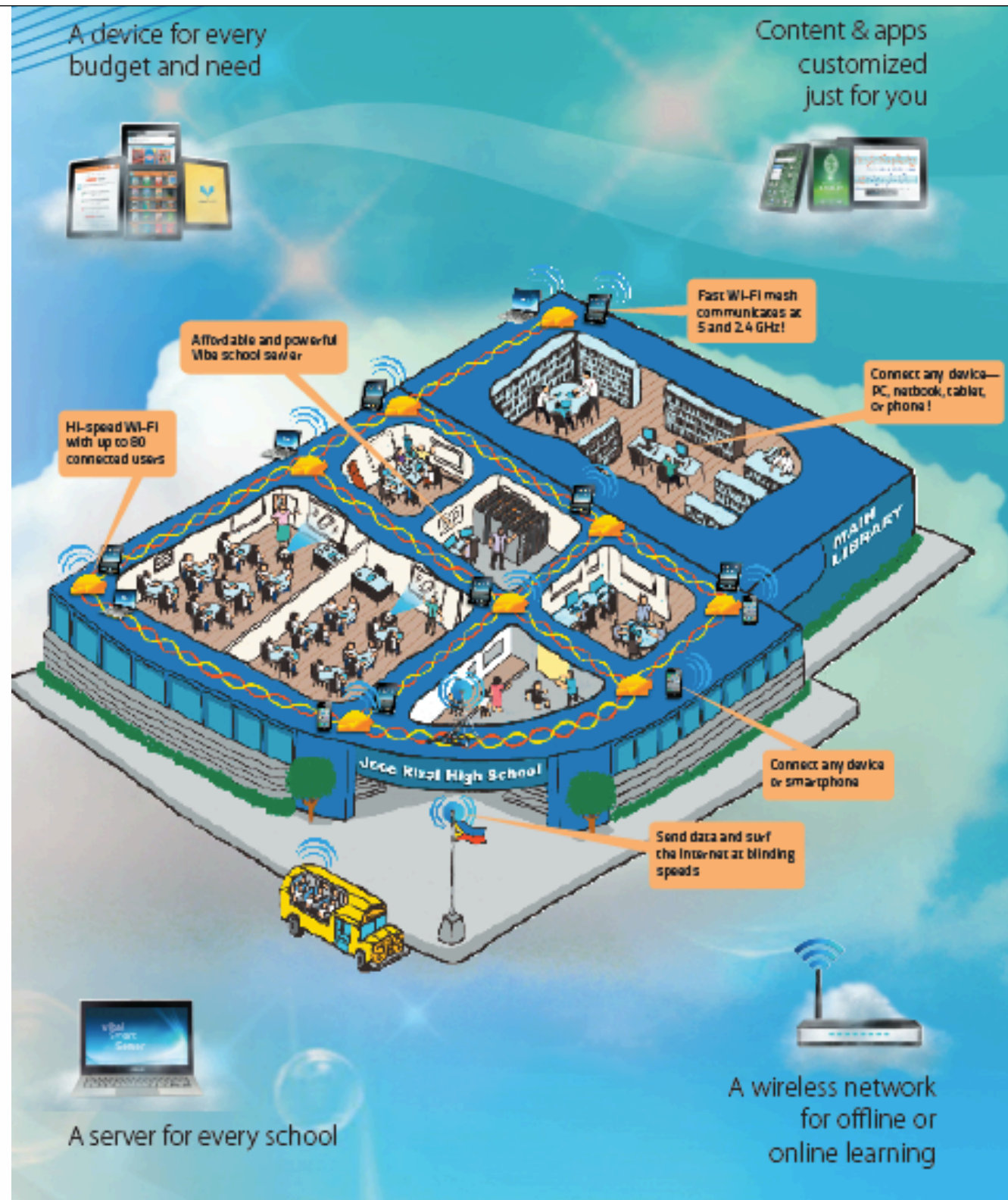
V-Smart School Launched in 2013

Administration = V-Smart School Server

Broadband = Internet or Wi-Fi Connectivity

Content = Local or Global, Commercial or Free

Device = Any device chosen by the school or mixed use



Mobile LMS

✓ Smart



Powered by  &  canvas

Public beta launch in April 2014



Rowena Cruz

Teacher

Language Arts • English • Mathematics • Science
<http://vsmart.com/rcruz>

10 Student Connections

11 Teacher Connections

Gradebook

Quiz ▾

Class Section ▾

Quiz Title ▾

Name of Student	Quiz Number	Date & Time Taken	Result	Badge Achieved
1. Avelino, Annaliza	1	05-06-2013 ; 09:00AM	95	
2. Gayda, Cherry Blair	1	05-06-2013 ; 08:00AM	85	
3. Hilvano, Edward John	1	05-06-2013 ; 11:00AM	90	
4. Jazul, Erick	1	05-06-2013 ; 01:00PM	99	
5. Magadia, Karl	1	05-06-2013 ; 11:30AM	80	
6. Manzanares, Leo Girard	1	05-06-2013 ; 04:00PM	96	
7. Ma. Coll, Clint	1	05-06-2013 ; 02:00PM	82	
8. Mendoza, Jhed Adrine	1	05-06-2013 ; 10:30AM	87	
9. Perez, Oliver	1	05-06-2013 ; 09:00AM	93	

Log your students' scores instantly on your gradebook



Search a quiz or test by name




Track your students' performance at a glance



Test Guru

Create quizzes/tests mapped to the Philippine K-12 curriculum or to the US Common Core



3. NNS. 11 Illustrates the properties of addition (commutative, associative, identity).

Content Standards

The learner demonstrates understanding of the four operations of whole numbers and of the concept of identity, commutative, associative, and distributive properties of addition and multiplication.

Performance Standards

The learner is able to use properties of addition to estimate and compute for sums and solve addition problems involving numbers of up to 10,000.

Quiz # 23

The Associative Property of Multiplication

Quiz Type

Short Answer

Directions

Find the value of each number sentence using the Associative Property. Tap the box to key in your answer. If $A = 2$, $B = 3$ and $C = 4$:

1. $6 \times A \times 5 =$

2. $2 \times 2 \times C =$

3. $A \times 5 \times 2 =$

4. $10 \times B \times 5 =$

5. $B \times 3 \times C =$

6. $A \times B \times 10 =$

7. $B \times B \times B =$

8. $9 \times C \times 4 =$

9. $A \times C \times 10 =$


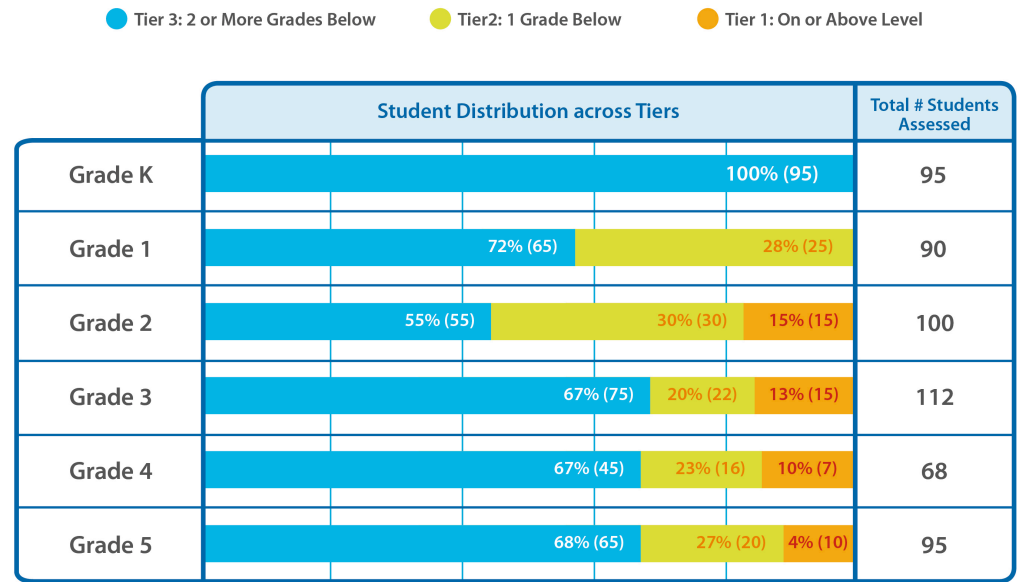
10. $4 \times 9 \times A =$

Submit

Cancel

School and Class Profiles

See how your students perform within their level or across levels and subjects

Detail by Student

● Tier 3: 2 or More Grades Below ● Tier2: 1 Grade Below ● Tier 1: On or Above Level

Grade	Student	Overall Scaled Score	Placement	Tier	Teacher
Grade K	Abesamis, Jose Mari B.	345	Mid 3	1	Cruz, Rowena
Grade 1	Agra, Marcus V.	332	Late 2	1	Lendio, Christine
Grade 2	Ambito, Carlomar Duane R.	334	Late 2	1	Gayda, Cherry
Grade 3	Avecilla, Carlos Andrei D.	235	Late 2	1	Cruz, Rowena
Grade 4	Bagtas, Eugene C.	234	Early 2	2	Cruz, Rowena
Grade 5	Baldovino, Benjamin T.	189	Early 2	2	Gayda, Cherry
Grade 6	Belleza, Danrey S.	189	Late 1	2	Lendio, Christine
Grade 7	Bernabe, Nicholas A.	189	Late 1	2	Lendio, Christine
	Braganza, Eric Anthony M.	186	Late 1	3	Gayda, Cherry
	Canlas, Roberto D.	186	Early 1	3	Gayda, Cherry
	Calzado, Isah R.	186	Late K	3	Cruz, Rowena

Student profile

Granular view of individual student's test scores mapped to curriculum competency/content standards

Detailed analysis of student performance based on domain

Carlos Avecilla • Mathematics • Grade 4

Overall Performance

✓ On or Above Grade
 ❖ 1 Grade Below
 ✗ 2 or more Grades Below

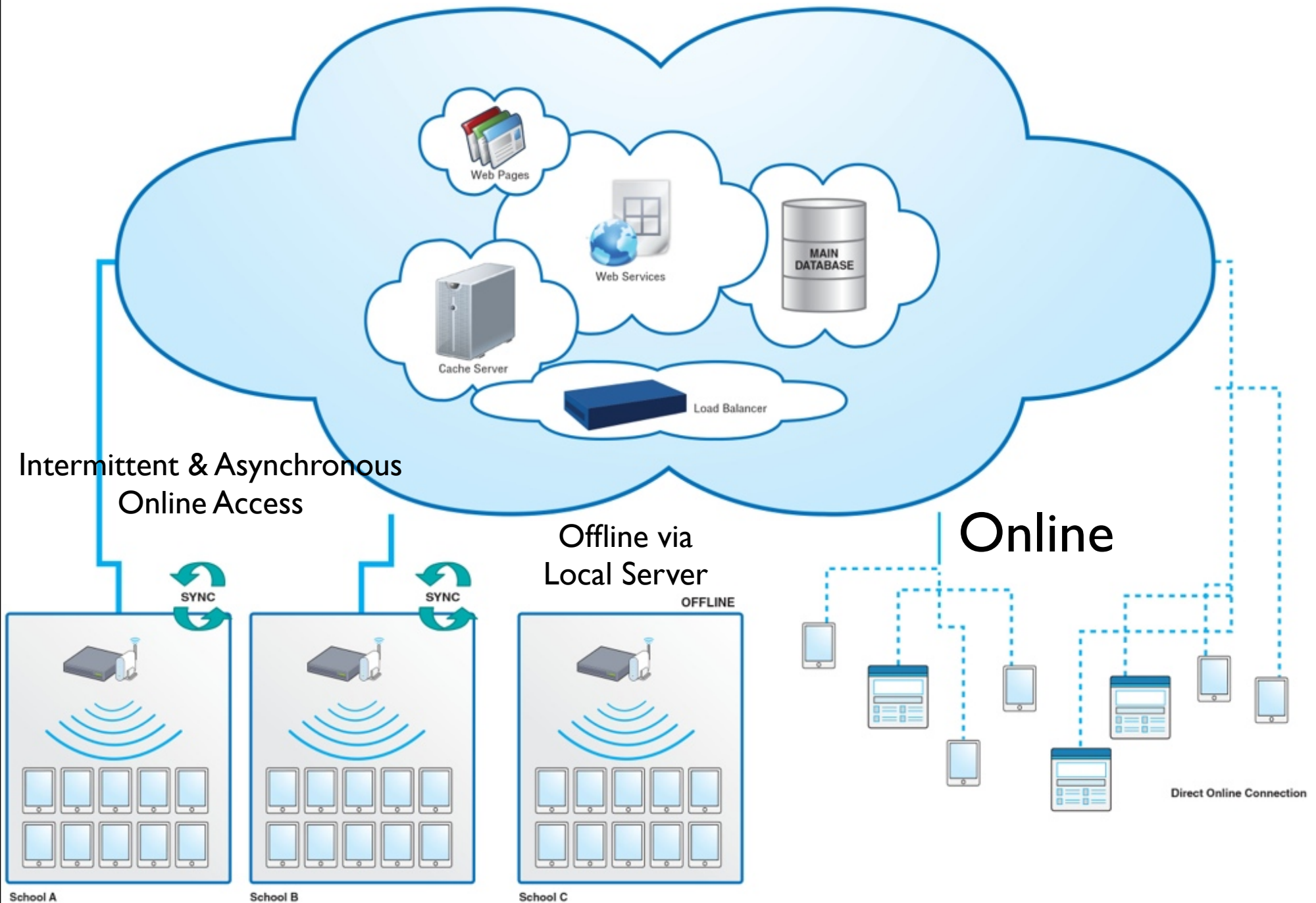
Test	Performance	Scaled Score	Standard Error
Test 3 - 04.12.2011	❖ Mid 3	315	
Test 2 - 02.12.2011	✗ Early 2	200	
Test 2 - 11.12.2010	✗ Mid 1	100	

Detail for Test 3 - 04.12.2011

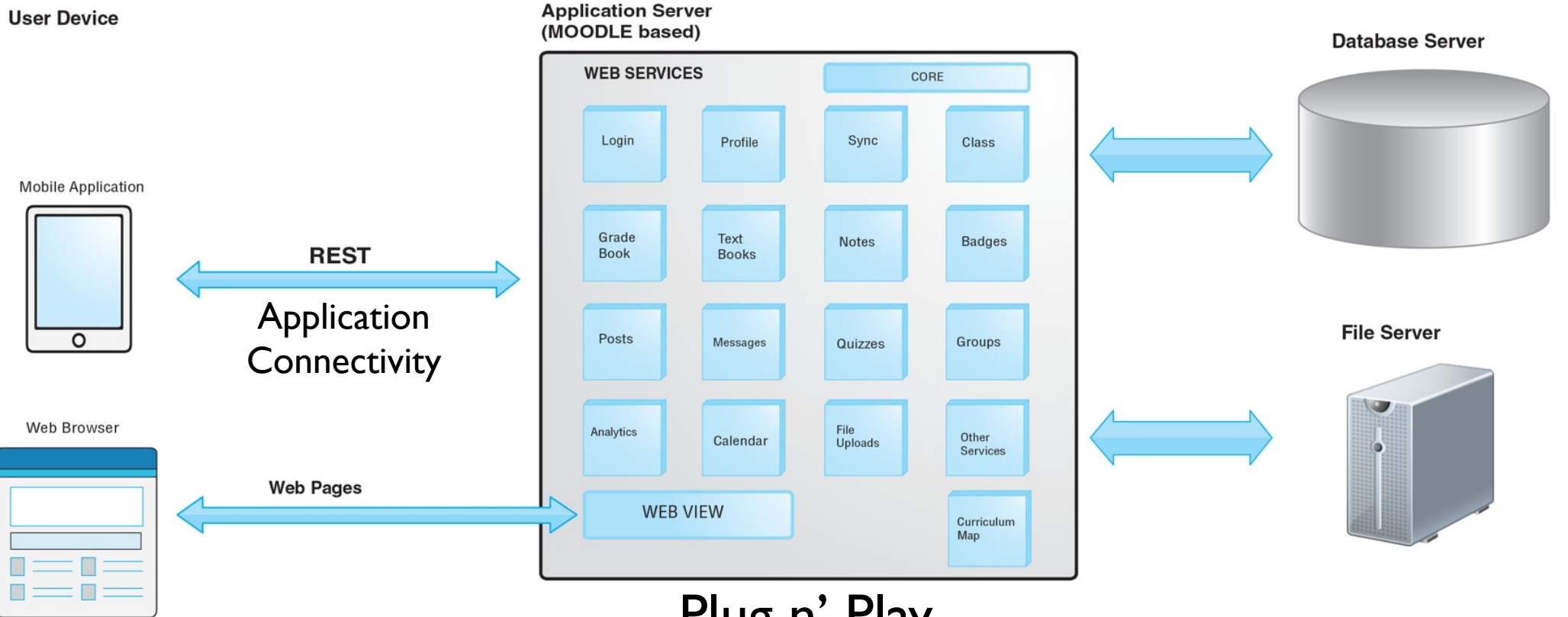
Test	Performance	Scaled Score	Standard Error
Number and Operations	❖ Early 3	270	
Geometry	✗ Late 2	250	
Patterns & Algebra	✓ Mid 4	400	
Measurement	❖ Mid 3	318	
Statistics and Probability	❖ Mid 3	318	

	Placement	Developmental Analysis
Overall Mathematics Performance	❖ Early 3	This combines Carlos Andrei Avecilla's scores in each of the subtests. His overall score placed him in about one level below grade level. His greatest strength is in Geometry while his greatest need is in Patterns and Algebra. This result places Carlos in Instructional Profile Grouping 1.
Numbers and Number Sense	❖ Early 3	This subtest assesses students' use of both whole numbers and decimal numbers to compare, round, and compute. It also measures facility with fractions from writing fractions to computing. Carlos can add and subtract two-digit numbers and understands basic fraction concepts. He needs to begin to develop his understanding of multi-digit numbers and more advanced fraction concepts.
Geometry	❖ Mid 3	This subtest assesses students' ability to reason with two- and three-dimensional shapes and their attributes. Carlos can use attributes of lines and angles to sort and classify plane figures including triangles. He is on grade level in Geometry.
Patterns & Algebra	✗ Late 1	This subtest assesses students' use of algorithms and symbolic notation for computation and ability to solve word problems. Carlos can solve problems involving addition and subtraction. He needs to develop his understanding of using multiplication to solve problems.

V-Smart Architecture for Offline/Online Learning



V-Smart Server Components

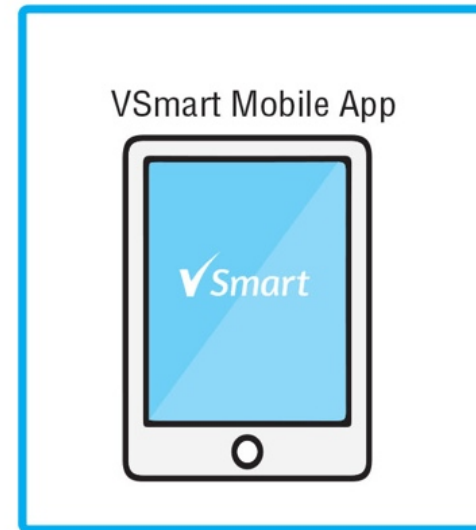


**Plug n' Play
Modular Moodle
Framework**

FOR INTERNAL USE ONLY

V-Smart Client Implementation

Reading



Learning



Content + Authoring +
Analytics + Social +
Learning Management

= **✓ Smart**

Philippine Mobile Devices Context

- June 2014: 250,000 tablet install base; 280,000 e-textbooks
- 2013: Sold 8,000 tablets
- 2014: Sold 10,000 tablets and backend enterprise systems (servers/storage/networking/cloud)
- 2015: Projected sales of over 150,000 learning devices



Vibal Learning Devices



iPad Mini
USD315



Samsung Galaxy Note 8
USD360



Acer Iconia W4
USD 320



Acer Chromebook
USD290



Polaroid 7" Platinum
USD100



Coby MID 7025
USD90

First HP Digital Web Press in Southeast Asia



Oct 2013: Acquired HP T230 (with digital finishing line); 15% cheaper printing cost for jobs with print runs of 500-5000 copies



HP BladeSystem

World's most advanced modular computer system

- Easily virtualized
- Hot-swappable system components
- Space and energy efficient
- Easy management and troubleshooting

HP 3PAR StoreServ

- Effortless and near-instant storage provisioning
- Reduce capacity requirements by 50%
- Double Virtual Machine density
- Futureproof storage



Government Cloud

Education Cloud

First Government Cloud



Launched first private in-country cloud for government and education on Dec 27, 2013

Vibal + Open Compute

- Initiated by Facebook and supported by Intel, Microsoft, HP, Quanta, Wiwynn
- Open source data center designs
- Provides low-cost, large-scale, vanity-free alternatives to branded computing solutions
- Used by Facebook data centers to serve 1.2b people



Vibal + Open Compute

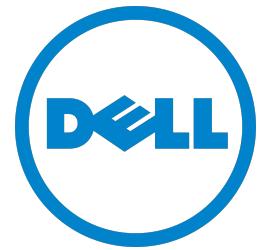


- With deployment of Quanta's Rackgo 700, Vibal is the first Open Compute installation in SE Asia
- Expansion of Vibal's public cloud service capacity
- Vibal to distribute and install Open Compute hardware for enterprise and government

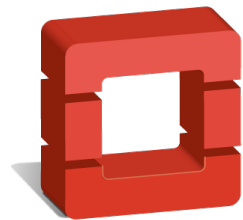
Tech Partners



Quanta Computer



HUAWEI



openstack™



cherry mobile



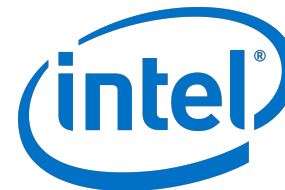
OPEN
Compute Project



PLDT



amazon
web services™



ASUS®

Content Partners



Built on World-Class Technology Standards



International Digital
Publishing Forum

Standards for
e-publication



Standards for
interoperability in learning
management and
assessment systems and
analytics

Asian Alliance for Technology in Education (ASIANATE)



- Network of Asian tech and publishing companies with unified cloud computing platform, common devices, and shared best practices
- Consortium led by Vibal

Future Proofing

Accomplishment

Immensely scaled out and diversified product line...

... aimed at diversified market segments

Challenge

How do we market, sell and support multiple product lines? We're used to selling one type of product only to a core audience and in predictable cycles.

How do we make sure that we will be responsive to customer *and* partner needs? We're used to dealing with very few long-term partners and a mostly monolithic core audience.

Future Proofing

Accomplishment

Key investments in new technologies and products

Radical company transformation and integration

Challenge

How do we make sure that we can recover our investments and within the right timeframe? We have been used to looking only at the bottom line at the end of a business cycle since we basically only had one core business.

How do we make sure that we are all aligned, both with respect to our goals and values? We're used to thinking of our place in the world as publisher and printer.

To learn more about my company's journey

YOLANDA DESTROYED MY BUSINESS—NOW WHAT?
Write a plan to rebuild quickly after disaster strikes

Entrepreneur

BE YOUR OWN BOSS ■ ENTREPRENEUR.COM.PH

FEBRUARY 2014 ■ PHILIPPINES P140

LOW-BUDGET, FAST, COMPLETE & PERFECT

A QUICKSTART BUSINESS
LAUNCH GUIDE

DO YOU HAVE TOO MUCH CASH? PUT IT TO WORK!

FACEBOOK IS OVER WHERE YOUR MARKET IS GOING INSTEAD

FIND A POWER MENTOR, p. 29

AN EXPLOSION-PROOF LPG TANK, p. 19

WATCHES AS SMART AS YOU, p. 69

ONE BILLION PESOS!

HOW A 60-YEAR OLD COMPANY FOUND NEW PROFIT BY GOING DIGITAL

Entrepreneur Magazine February Issue 2014

TECH

DIGITAL LEAP

Over half a century old, a book publishing company finds billion-peso potential in digital

The Vibal Group of Companies' bread and butter in the last 60 years has been printed books. But in the last seven years, the veteran company has donned the hat of a startup in figuring out ways to profit from the growing share of its market looking for digital content.

Spearheaded by Gaspar "Gas" Vibal, its president, the company's first foray into the digital realm was in 2006, with three websites: free digital library Filipinoanet, Philippine online encyclopedia WikiPilipinas, and citizen blogger news site Philippine Online Chronicles—all initiated as part of an advocacy to spread the love of reading among Filipinos.

The year 2010—the same year iPad was launched—was a turning point for Vibal. Having converted thousands of Vibal's web-based books to the new ePub format, Gaspar realized the potential for digital reading, with a growing number of tech-savvy students and schools willing to part to get their hands on digital content.

Vibal eventually created products and services to serve that market—and it did so by thinking like a startup. It meant "transforming its business model and culture," by going beyond just producing textbooks once a year to developing digital products that have a more rapid turnaround, says Gaspar. Vibal looked at fast-changing consumer preferences and IT advancements in plotting its strategy. R&D investment was at P1 million a month initially in 2011, P3.5 million in 2013, and is seen to reach P11 million in 2014.

The company understood that it **wasn't** **simply** **an** **analog** **business** **that** **was** **being** **transformed** **into** **a** **digital** **one**. "[Consumers] wanted richer reading experiences with integrated multimedia and interactive elements and services. They wanted more convenience, such as the ability to scribble pages, annotate, integrate navigation, and enter downloading of e-books," Gaspar explains.



Gaspar "Gas" Vibal spearheaded the Vibal Group's foray into the digital space. He sees tech revenues in 2014 topping P1 billion.

Vibal entered the **tablet and mobile e-reading space** in 2011 when it distributed 1,000 "eBooks" Android tablets to public school students in Laguna, in coordination with the local government. It also digitized books for La Salle Greenhills when it **published digital textbooks for students**.

In 2014, Vibal expects to sell 150,000 e-books across more than 150,000 devices. In May 2012, Vibal launched Vibe **Backstage, the first e-bookstore in the Philippines**. It also introduced Vibe Reader, an app that allows e-books to become more interactive. There's also its **mobile learning management system V-Smart**.

The result: Vibal now considers technology as an important growth engine, on its way to being the third core pillar of the business with publishing and printing. With services that now include

systems integration, systems development, digital security, cloud engineering, and **even business sales**, Vibal's combined technology efforts have seen a surprising rise in revenue—from a paltry P1 million in 2011, to P5 million in 2012, then a sudden jump to **P500 million in 2013**, says Gaspar. "In 2014, combined technology revenues are definitely headed north of a billion."

In short, the company has had to virtually reinvent itself from the ground up. "It's very hard to establish a startup company within a 60-year-old enterprise, Gaspar says, citing entrenched hierarchical culture, intensive capital, and lack of ROI metrics as factors for the uphill climb. But "the transformation of an analog business to a digital one is something that a large enterprise can do," he says.

Still, Gaspar is aware that digital revenue do not even reach one percent of the 25 million print textbooks Vibal delivered nationwide in 2013. **Industry experts** **are** **still** **in** **the** **early** **stages**. But the rise in revenues is a sign the digital foray is paying off. "Rather than let innovation remain the domain of small startups, the best way for an established company to prepare for the future is to simply allow an internal laboratory of innovation to invent it," **Gaspar** **says**.

"THE TRANSFORMATION OF AN ANALOG BUSINESS TO A DIGITAL ONE IS SOMETHING VITAL FOR A LARGE ENTERPRISE."

- "Digital Leap: Over half a century old, a book publishing company finds billion peso potential in digital," *Entrepreneur Magazine*, February 2014

To learn more about how a
publisher can become a
technology company

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<http://vibalgrou.com>



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Or email me at gvibal@vibalgrou.com