Research on Risks and Countermeasures of Digital Publishing Unit

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Abstract. Under the impetus of the computer technology, network communication technology and digital technology, digital publishing has been developing rapidly. However, digital publishing unit will face many risks while digital publishing provides opportunities for them. Fortunately, some countermeasures can be taken to avoid the risks. This paper will discuss risks and countermeasures of digital publishing unit.

Introduction

In recent years, along with the rapid development of the computer technology, network communication technology and digital technology, digital publishing has been developing rapidly. Since 2006, the digital publishing industry overall income increases at high-speed year after year. During 2006-2012, the annual total revenue has grown at 45.04%, much higher than the GDP growth rate [1]. Therefore, digital publishing is an inevitable trend.

The digital publishing is a new way of publication of applying digital technology for editing content and spreading digital content products through the network. Its products include electronic books, digital newspapers and digital periodicals, online original literature, publications, online education, online maps, digital music, online animation, online games, publications, databases, publications, phone (MMS, ring tones, mobile newspaper, phone journals, mobile phone novels, mobile games) and so on [2].

During the management activities in the digital publishing process, due to the topics planning, laws and regulations, technology, credit, financial, personnel quality and natural disasters, publishers may suffer economic losses. Some researchers have studied the risk of publishing [3,4], but since the digital publishing is new thing and therefore there less research on risks faced by digital publishing unit. The following part will discuss of the risks and countermeasures faced by digital publishing unit, in the hope of providing implications for the risk management of digital publishing unit.

Risks of Digital Publishing Unit

Digital publishing risk is the possibility of economic losses in the operation and management activities. It can be divided into system risk and non-systematic risk. For digital publishing unit, systemic risk cannot be controlled while non-systematic risk can be avoided through strengthening management, diversification strategies, which can be divided into topics planning risk, legal risk, technology risk, credit risk, financial risk, human resource risks.

1. Systemic risk is the one beyond the control of digital publishing unit. In general, the systemic risk, such as economic recession, inflation, natural disasters, etc., affects all operating units. Any individual publishing unit, regardless of their size or strength, cannot avoid such risks by the way of risk management (such as diversification, etc.). For example, the economic crisis will reduce people’s consumption level of spiritual products, and the entire publishing market will suffer from this.

2. Topics planning risk [3] is the one as a result of digital publishing unit’s error or improper topics which often include the following two aspects. First, topics do not comply with the national publishing policy. Publishing unit must concern about both economic effects and the social effects.
Any topics that depart from the national publishing policy are unallowed. Sometimes, for competitive considerations, some publishing units attempt to plan the topics in an edge-ball way to attract more consumers so as to get more profits; these topics may conflict with the relevant national policies, so bring some risks. Second, the topic lacks a full investigation on readers and authors. A good topic not only has good ideas and market, but also needs the author to implement, so that it is necessary to have a full investigation on the readers and authors. Otherwise, risks will happen. For example, some publishers, especially the small ones, rush to plan topics and publish without the survey and analysis on reader and author. As a result, sales are poor, or it is difficult to find a suitable author for topics.

3. Legal risks, mainly refers to the one caused by infringement of Copyright Law, Contract Law [5], etc. Such actions as publishing content prohibited by national laws and regulations, or selling ISBN, or evading tax, or breaching contract, may make the publishing unit breach laws and regulations and suffer losses. In recent years, after the restructuring, the publishing unit is facing increasing pressure and competition, had to shorten the publication period and expand publishing varieties, the sue for publishing unit or editors happens sometimes. Especially in the field of digital publishing, such as phenomena using or forwarding or freely linking to others’ work without permission occurs sometimes.

4. Technical risk refers to the possibility of losses due to some technical factors. Digital publishing is the activity of using information technology and network technology, there exists a greater technical risk. First, the information in the digital publishing network transmission process may be illegally theft, tampered and loss, resulting in distortion of information and destroy of information integrity. Secondly, the existing anti-virus technology, encryption technology, and firewall technology are possibly attacked. Thirdly, computer hardware and software system itself exist some loopholes. Finally, while information technology and network technology and software technology are constantly developing, computer viruses are also improving. The computer virus not only attacks computer hardware and software but also illegally tamper digital publishing content, which seriously affects the enthusiasm of the publishing unit.

5. Credit risk refers to the possibility of loss led by counterparty’s breach of contract in the digital publishing activities. Credit risk may arise from moral hazard of downstream industry chain co-operation. For example, credit management under imperfect conditions may make it difficult to recover the money. It also may be due to the upstream authors’ default. For example, the work cannot be delivered on time, and the best time to publish is missed. At present, many publishers have just completed the restructuring, still lack credit awareness and credit ethics. At meantime the national credit management system is not perfect, which lack effective mechanisms to punish dishonesty. Therefore, dishonesty often occurs in publishing industry. In addition, many publishers lack sound internal credit management system, and cannot objectively assess and predict customer credit risk.

6. Financial risk refers to probability of economic loss due to unexpected changes in the economic activity of publishing unit. Such risk mainly happens in the following aspects. First, poor management results in cash flow difficulties, thus affecting the normal publishing activities; Second, too high asset-liability ratio could lead to bankruptcy; Third, the failure of investment projects causes investment funds not to be recovered; Fourth, excessive and irrational inventory may cause the loss of value of inventory due to price changes; Fifth, exchange rate abnormalities may make publishing units suffer currency exchange loss.

7. Human resource risk refers to the possibility of operational difficulties due to insufficient personnel number and irrational personnel structure and irregular personnel management and other factors. Since digital publishing occurs only in recent years, so many publishers cannot fully reserve digital publishing talent. On the one hand, in many publishers, personnel structure is irrational, digital publishing talent is relatively short to traditional publishing talent, especially the understanding of both publishing and information technology are seriously lack. On the other hand, faced with the rapid development of digital publishing, many publishers could not establish the performance appraisal system in a timely manner, resulting in the loss of the outflow of talented people and the handicap of
the inflow of outside talent. Faced with competition from network operators and technology providers, the traditional publishing industry is suffering from brain drain.

**Countermeasures of Digital Publishing Unit**

As mentioned earlier, the system risk cannot controlled by the publishing unit, the following only discuss how to prevent the topics risk, legal risk, technology risk, credit risk and human resource risk.

1. **Countermeasures to topics risk**

   First, it is necessary to establish a high-quality planning editorial team who can timely keen to capture the economic and social hot spots, so plan a topic having a good market prospects. Therefore, it is very necessary for the publishing unit to strongly train the topics planning personnel, especially new recruits about professional quality, ethics and other aspects of quality. Secondly, the publishing unit must strengthen the construction of the reader and author information repository library while making use of data mining techniques to deeply analyze readers repository and authors repository so as to dig out topics suitable for readers’ interest and find authors to fully implement the topic. Finally, the publishing unit can use the intellectual resources of planning studio when necessary. For some Press with weak topics planning ability, it is very wise to outsource planning topics to planning studio in order to reduce the risk.

2. **Countermeasures to legal risks**

   First, the digital publishing unit should strictly abide by the laws and regulations such Copyright Law, Contract Law, Regulations on Publication Administration, and don’t publish contents prohibited by state laws and regulations, and prohibit the illegal behavior such as sale of ISBN, tax evasion, breach of contract. Secondly, the digital publishing should also follow the “three trial three schools” system, not only review the quality of publications from the professional point of view, but also have a review of whether the work is likely to give rise to legal acts of copyright infringement disputes or personal rights from a legal point of view. Finally, while signing a contract with the author or downstream unit, the digital publishing unit is sure to clear the parties’ rights and liability for breach of contract in the contract.

3. **Countermeasures to technological risk**

   First, the publishing unit should improve the technology level through strengthening the application of firewall technology, anti-virus technology, encryption, authentication, network storage backup technology and digital copyright protection technology, so as to ensure the authenticity and integrity and security of information transmission in the digital publishing process. Second, it is very necessary to maintain and upgrade digital publishing hardware and software system in time, so as to ensure stable operation and eliminate a variety of software vulnerabilities. Finally, the publishing unit should establish and improve computer security management system to implement digital publishing system personnel access system and password system that only authorized personnel can use the system.

4. **Countermeasures to credit risk**

   First, the publishing unit should establish the Credit Management Information System to manage the credit of author, co-operation and the like. Referring to international credit management regulations, combined with the publishing industry and its own reality, the publishing unit should divide the customer into different credit rating and grant different rights. High-credit Customers can get higher credit than low-credit ones. As for upstream and downstream units, the credit assessment indicators should include staff size, assets, credit history and so on. As for the author, personal credit evaluation indicators should include education, income level and the degree of stability, historical reputation, social status and so on. Secondly, in order to avoid moral hazard, the publishing unit should negotiate with authors, technology providers, network operators and other downstream units
on profit-sharing to seek a reasonable profit-sharing ratio that can ensure each node tissue in the digital publishing industry chain get satisfactory earnings.

5. Countermeasures to financial risk

To reduce the financial risk, the publishing unit must first improve their management level, to effectively improve capital turnover. Second, the debt ratio should be properly controlled to limit the size of debt management. Thirdly, under certain conditions, diversification strategy may be implemented to reduce the main business risk. Fourth, the publishing unit can moderately expand production scale according to the situation to improve the production and reduce unit costs. Fifth, it is necessary to strengthen the management of production scheduling and minimize inventory and timely clean-up inventory. Finally, for the publishing unit with foreign business, it is very necessary to pay close attention to changes in the currency exchange market in order to minimize currency exchange losses.

6. Countermeasures to human resources risk

Human resources are the core resources of the publishing unit. Faced with an increasingly competitive digital publishing market, publishers must attach great importance to human resources, and avoid the possibility of economic losses due to lack of human resources. First, “bringing in, going out” strategy should be taken to enhance digital publishing personnel. On the one hand, the existing staff must be strongly trained about digital publishing business; On the other hand, some outstanding graduates familiar with digital publishing theory and practice should be employed. Second, the performance distribution mechanism suitable for market economy should be established, which make it feasible “more work means more earn while less work means less earn”. Of course, for intellectuals, appropriate spiritual rewards are more meaning than the material rewards sometimes.

Summary

Under the impetus of computer technology, network communication technology and digital technology, digital publishing is rapidly developing. Due to the topics planning, laws and regulations, technology, credit, financial, personnel quality and natural disasters, the digital publishing unit face not only some uncontrolled risks, but also the topic risk, legal risk, technology risk, credit risk, financial risk, human resources risk. It will be directly related to the healthy development of digital publishing how to avoid these risks. Digital publishing units should attach great importance to these risks and take appropriate measures to avoid them.

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