HOW TO USE THE SPREADSHEET

The online spreadsheet that accompanies this report can be used in several ways. It's a rich canvas for anyone interested in publishing innovation. Start on the left-hand side and find a name that intrigues. Inferkit. What could that be? Click on the URL for more. Inferkit "offers a web interface and API for AI-based text generators. Whether you're a novelist or an app developer, there's something for you." Within the "authors" category, I classify it as an authoring tool, featuring AI. There are a half dozen similar tools that you can discover by searching through those categories.

For startups, the ability to drill down within multiple categories is a key feature. Who is your competition? I've been surprised by how few startups can answer that question clearly.

For investors interested in particular types of startups, that information is at hand. Want to consider an investment in one of the startups focused on crowd-funding? There are a dozen options to choose from. Interested in finding children's publishing startups that have raised between $1 million and $10 million? The spreadsheet can be searched at this level of detail.

The failed businesses can be as fascinating as those that are still in operation. What went wrong? There have been some very interesting ideas that failed to gain traction—several of which I think could be resuscitated. When I see in the Status column that a startup is no longer in business, I'll often click on the URL to see if the now-dormant website offers clues about the deceased. The Internet Archive can provide earlier versions of the site. Or I'll google the name of the firm, and old articles and posts usually appear. (If there's a company whose origins can't be excavated, send me an email.)

Specific instructions on how to understand and use the spreadsheet are contained in Appendix A.

Appendix A: Understanding the Publishing Startups Spreadsheet

The previous edition of this report used a simple classification system with just 15 categories. That proved to be too broad to be useful.

For this new version of the report, we have significantly expanded the system to include three main types of classification, such that there are more than 200 combinations of categories that a company may fall into. The purpose here is to allow readers to better analyze startup activity by type, and to help entrepreneurs and investors to identify the competing players within a particular space.

The methodology is relatively straightforward.

The first category specifies the primary audience for each offering. By far the majority are authors or readers, followed by publishers, and with a small number directed to bookstores or libraries. Some startups target audiences of both authors and readers, fan fiction being the most notable example.

The second category defines whether the business provides a tool (aka a "product") or a service. A tool is generally a piece of software, usually hosted online (rather than downloadable), such as a book formatting tool or an app for organizing one's personal library. Services directed to authors usually aid in some aspect of self-publishing. Reader services include online book clubs and discovery apps.

As described above, most of the services listed here are enabled by technology; they are not strictly hands-on. Some offerings straddle the line between tools and services, but we've attempted to classify them by their primary characteristic.

The third category drills down one more level, to reveal the type of tool or service on offer. A book formatting tool is classified under "Production," while an app for organizing a personal library is classified under "E-reading." "Book clubs" have their own category, as does "Discovery." Each of these categories is defined below.

Many companies provide products and services that bridge multiple categories. In every case we have tried to identify the primary category, though some of these choices are debatable.

There is in fact a fourth classification category, a fourth column, used in a few specific instances to add another level of specificity.

Because of the size and continuing growth of the audiobook market, when the tool or service is directly primarily to audio, this is noted, regardless of target market or the specifics of the offering. Artificial intelligence and machine learning remain an intriguing part of some of the newest startup offerings, and so "AI" is recorded when the company claims that their product or service is thus enabled or enhanced.

"Bargain" gets a notation because, following on the success of BookBub, there are now nearly 20 startups competing in this space. Crowdfunding is an important feature of more than a dozen startups, which is noteworthy in itself. Lastly, the novelty of blockchain and NFTs is drawing a lot of attention from entrepreneurs, and it's now possible to identify "Blockchain/NFTs" startups via this fourth column.

Category Definitions

AI

A fourth-column subcategory, AI (artificial intelligence) is a buzzy feature that many startups will claim enables some aspect of their tool or service. If this is noted on the company website, it's recorded on the spreadsheet, without an attempt to verify the claim.

Audio

A fourth-column subcategory, this designation is for all tools and services primarily directed toward the audio market (though not always to audiobooks specifically), whether they target authors, readers, or publishers.

Authors/Readers

Most of the startups have a specific focus

on authors or readers, not both. There are, however, instances where a startup targets both groups, mostly notably in fan fiction, where the readers are as important as the writers, and both derive real value from the service.

Authoring

A tool or service to aid in the authoring of any kind of creative content intended for publication, be it writing, drawing, AI-image generation, etc.

Blockchain/NFTs

A fourth-column subcategory, this includes dedicated NFT publishing and purchasing/reading platforms, as well as companies focused just on the blockchain and those where the blockchain or NFTs are a feature within a larger offering.

Book club

An online gathering place for book readers—contrasted with "Book of the Month"–type clubs, which are classified here as "Subscription" services. Some book clubs emphasize their role as places for book discovery, but "Discovery" is its own category when that is the primary function of the tool or service.

Business systems

Any software that helps authors or publishers (or even readers!) with day-to-day business operations.

Children's

This encompasses a range of tools and services, mostly for readers, where the overriding focus is on the children's book market.

Crowdfunding

A fourth-column subcategory, crowdfunding identifies those tools and services that include a crowdfunding feature as a primary part of the service or as part of a larger product offering.

Discovery

This category is broad, but ordinarily refers to a tool or service that lets readers discover new books or helps authors with getting their books discovered.

Education

Education here refers to educational publishing. See also "Training."

E-reading

E-reading includes reading devices as well as tools to aid in online reading, like personal library organizational tools and text-to-speech.

Fan fiction

This category consists mostly of sites that serve both writers and readers of fan fiction. I use the term "fan fiction" broadly, to designate any original fiction uploaded to reader communities, often by young novice writers, not intended for initial publication in book form.

Hybrid publisher

Hybrid publishers are segmented separately from strictly self-publishing organizations. As the name suggests, they are a cross between self-publishing and a traditional publishing model.

Marketing

Another broad category, anything intended to help an author or publisher sell more books.

Original content

Many sites publish original content, as e-books or in other digital formats, and serve readers and/or authors. Where that original content is fan fiction, it is designated as such.

Production

Tools or services to help authors and production convert their creations into a published format. (Editorial services are classified as "Authoring.")

Retail/e-commerce

Sites selling books, print or digital, primarily to the general public. This also includes sites with ecommerce-enabling technology.

Self-publishing

A broad range of tools and services for independent authors.

Social

Social communities that gather authors and/or readers.

Subscription

Sites offering content primarily by subscription rather than one-time sale. Traditional retail book clubs, of the style of a "Book of the Month" club, are classified under "Subscription," as are book boxes. The category appears sometimes in the fourth column, where the subscription aspect of the product is secondary.

Textbooks

This category is mainly for companies offering used textbooks to students (or sometimes digital texts).

Training

Training is mostly for authors, though it includes some book services providing training to the public. (This is distinct from "Education," which relates more to the professional education market.)

Appendix B: Other Valuable Resources

John B. Thompson's 2021 *Book Wars*, while tending to the academic, is the most comprehensive account of the changes in publishing in the past two decades. The book covers Amazon's rise, self-publishing, audiobooks, and much more.

Joanna Penn covers publishing innovation with a hands-on approach that's more thorough than any I've seen.

For an in-depth understanding of why audiobooks have had such an enormous impact on the publishing industry, read Matthew Rubery's *The Untold Story of the Talking Book*.

As described above, this report considers only a small number of education startups, those that have explicitly focused on books. Dealroom's Edtech database lists more than 21,000 startups.

Crunchbase's feature 1,700.

The Scholarly Kitchen is an excellent blog covering innovation in the scholarly publishing space, as is Clarke & Esposito's newsletter *The Brief*.

Michael Cairns publishes the $500 "Publishing Technology Software and Services Report 2021" report, describing "200 software and services companies popular with publishers." It includes interviews with some of the startups on my list (including Consonance, Firebrand, and Typéfi), as well as interviews with some of their customers.

Elle Griffin's fine article on NFTs, "The Crypto Revolution Wants to Reimagine Books," is an approachable but in-depth look at this late-breaking technology. Griffin also publishes a thoughtful newsletter that often ponders the future of publishing.

Appendix C: Startups in Context

How can book publishing startups be contextualized against the broader community of business startups and venture capital activity?

The gross domestic product of the United States is $25 trillion, and book publishing is a $25 billion industry (or thereabouts). Last year, nearly 5.4 million new companies were tallied by the U.S. Census Bureau. This database catalogs a mere 1,300 companies formed over a 15-year period.

The National Venture Capital Association recorded $995 billion in venture capital invested across the U.S. in 2021. Under $1 billion of that went to publishing startups.

WHY DO SO MANY STARTUPS FAIL?

The data in this report can be evaluated against the broader success and failure rates across all startups in the U.S. But finding comparable data is tough. There's a challenge in differentiating between "success," "failure," "no longer in business," and so on.

At what point does "just an idea" become a "business"? Is it when the company registers to do business in its state? Is a nominal amount of funding required? The minimum qualification to appear on this list is just a website, and a declared publishing focus. It's difficult to estimate the scale of each operation, and it was tough to figure out which of these companies is still in business in 2022.

CB Insights looks closely at startups and notes that "startup death is surprisingly hard to identify. Many startups are essentially dead but limp along for years in zombie-like fashion." They found that 55% of failed startups raised $1 million or less. 71% of the deceased lasted less than two years after their last funding round.

In analyzing reports of failed startups, CB Insights found that the top reason for failure was the lack of a market need for their product (42%), followed by running out of cash (29%). More generally, U.S. Bureau of Labor Statistics data shows that 34% of businesses that fail do so within the first two years. After four years, that number rises to 56%, higher than the roughly 40% in this database that are no longer in business.

ACCURACY OF THE REPORT DATABASE

Every effort has been made to verify the data in the report and accompanying spreadsheet, but additions and corrections are of course welcome. Please contact me at thad@thefutureofpublishing.com.

ACKNOWLEDGMENTS

Michael Bashkar's startup list helped seed this database, as did a similar effort from Nina Klein. Javier Celaya and his team at Dosdoce provided input on numerous international startups. Steffen Meier from Germany's Digital Publishing Report shared a listing of German startups.

Crunchbase was a valuable source of data on company funding.

Anne Pashley's tireless research efforts and her support for the project have been indispensable.

I want also to thank Cliff Guren, Peter Hildick-Smith, David Lamb, and Lorraine Shanley for their feedback, encouragement, and support of this ongoing work, as well as everyone at *Publishers Weekly* who supported me editorially, in gaining report sponsors, and in the production of the report and the online hosting of the database.

DISCLOSURES

Thad McIlroy works as a journalist and industry analyst, and as a consultant to publishing companies and startups. He has in the past had business discussions with several of the companies mentioned in this report, though he currently has no business relationships with any of these companies. He is a member of Publishing Technology Partners, one of the sponsors of this report, and has worked in the past with David Lamb, whose Book Advisors LLC is also a report sponsor.