

# International eBook Retailers

## Account Interest Packet

### Key Considerations for Retailers Looking for Digital Book Sales Opportunities

- Retail Experience
  - Easy, clear navigation with categories to guide consumer choice
  - Search capabilities & search optimization
  - Merchandising & product information
- Product Selection
  - Variety and depth of list
- Ease of Purchase
  - Simple path to purchase
  - Limited choices on digital formats maximize sales
- Library Management
  - Ease of consumer file management facilitates more repeat purchases
- Technology & Metadata
  - Reporting and feed management required for seamless partnership

### Information for Prospective Digital Accounts

*Any account interested in pursuing a direct digital sales relationship with Random House, Inc. must meet the mandatory requirements below.*

**SECURITY:** The account must have the capacity to apply a digital rights management solution (“DRM”) to the ePub files supplied by Random House. The DRM solution is subject to Random House approval and must meet required testing standards as prescribed by Random House. The account must also demonstrate the capacity to house and serve Random House eBook files in a safe and secure environment. These requirements are outlined on Page 6. Random House may require the account to engage in the services of a third party vendor to verify the ability to comply with all security requirements.

**ONIX FEEDS:** Random House will provide the account with metadata-information necessary to list the books on their site (including title, author, price, etc.). The RHD Content Management Group will be working with the account in order to set up these feeds. The account will be receiving more information regarding ONIX after returning the completed application form. To learn more about ONIX, visit their site at [www.editeur.org](http://www.editeur.org).

- The account must be able to accept full ONIX feed and make metadata changes within 3 business days. Pricing must be updated within 24 hours of notification.
- The account is required to accept Random House’s entire eBook catalog.
- Able to manage territory restrictions and report digital sales by country of origin

**SALES REPORTING:** The account must be able to provide sales reports according to Random House’s sales report specs (provided on Page 7), and must also be able to do the following:

- Forecast sales for the first year.
- Provide sales reports via Random House’s FTP site 5 days net from the end of the month, with payment due 15 days net from the end of the month.
- Deliver daily sales data (POS) on a weekly basis.
- Manage territory restrictions and report digital sales by zip code.

**MARKETING:** Random House expects the account to be committed to promoting and selling Random House product through online marketing and advertising platforms. This includes merchandising and a robust social media presence.

- The account must have a program dedicated to promoting Random House product at launch, as well as long-term. This includes but is not exclusive to featuring titles on the homepage, newsletter inclusion, banner advertising, author based initiatives, and blog mention.
- The account must provide a detailed marketing proposal outlining long-term promotional plans. This should also exhibit recent growth, trends, and traffic metrics for all promotions and social media vehicles.
- The account should have an active social media presence on a variety of different platforms (Facebook, Twitter, Website, etc.) as a marketing vehicle.

**THE ABOVE ARE THE BASE MINIMUM CRITERIA FOR POTENTIAL RANDOM HOUSE DIGITAL ACCOUNTS. RANDOM HOUSE RESERVES THE RIGHT TO SELECT AND REJECT SALES PARTNERS IN ITS SOLE DISCRETION.**

**If account does not meet all requirements above, they should consider a relationship with one of our distributors.**

RH current distribution partners:

- *Gardners*
  - Ali Balaban: [Ali.Balaban@gardners.com](mailto:Ali.Balaban@gardners.com)
- *Overdrive*
  - <http://www.overdrive.com/products/retailer.asp>
  - <http://www.contentreserve.com/RetailerApplication.asp>

## **Frequently Asked Questions**

### **Q: How do I get into the digital market?**

A: If you are considering a direct relationship with us, please determine if you meet the Operational Requirements outlined on page 1.

- If you do not, please consider partnering with one of our distributors.

### **Q: What will my terms be with a distributor?**

A: Distributor terms are confidential and Random House cannot ask distributors to share their terms with us. However, we do know that most will require a set-up fee.

### **Q: If I use a distributor will I still receive merchandising support and/or content from Random House?**

A: Yes. Random House works with both direct and indirect accounts on merchandising and title management, including providing materials, content, etc.

### **Q: Do ebooks qualify for co-op or newsletter funding?**

A: No. Random House does not offer co-op or additional funding for ebooks for any retailers.

### **Q: Can I bundle physical books with ebooks?**

A: If a retailer has the ability to integrate their ebook and physical carts on their site or in store, they may do so at their own discretion. However, Random House does not subsidize these kinds of promotions and there are no special terms for bundles.

## Random House Terms of Sale: Please review these Terms carefully and contact us if you need any clarification.

### Random House Digital, Inc. Terms of Sale International Terms of Sale for Retailers and Wholesalers of eBooks for Trade Distribution Updated December 1, 2010

#### Discounts for Trade Distribution eBooks

Discounts listed are off suggested retail price:

For Retailers: 48% (Non-returnable)  
For Distributors: 48% (Non-returnable)

Accounts acting as both retailers and wholesalers are required to maintain separate books of accounts that reflect sales into each channel. Accounts that cannot accurately segregate sales between two channels are required to purchase RH eBook at the retailer discount.

#### Credit

Sales will be made to all accounts in good standing, as determined by the RH Credit department.

#### Sales Statements and Payments

Sales statements are due on monthly sales on or before the 10<sup>th</sup> day of each calendar month for sales occurring in the preceding month. Monthly sales statements shall conform to the standard specifications established by RH.

RH will bill Reseller based on quantities reported by the Reseller in its monthly sales report. Reseller will receive RH's invoice on or around the 15th day of the month according to the preferred billing method indicated by the Reseller, either by EDI feed, email or paper statement. Payments are due 15 days Net of RH's invoice date. Payments in the form of checks, money orders or electronic transfers shall be made in US currency.

Reseller will provide RH with access to real-time sales reporting systems which will allow RH to obtain RH eBook sales volume data, by title and collectively, on a day-to-day, as well as a cumulative basis. If such systems are not currently available, Reseller will endeavor to establish such systems and make them available to RH as soon as reasonably practicable. Until such time as such systems are available, Reseller will provide RH with comprehensive weekly sales reports.

#### Order Fulfillment System

Reseller, either directly or through a third party, will maintain an electronic order-fulfillment system with security and encryption features acceptable to RH ("the System"). The System will store RH eBooks, receive and process electronic orders for such eBooks from retail accounts and/or end-users, and transmit eBooks, in encrypted form only, to such customers. The System shall be maintained in a strictly secure environment so that RH eBooks are secure from theft, manipulation, unauthorized copying or transmitting, infringement and other misappropriation ("Misappropriation"). RH reserves the right to change suggested retail prices of RH eBooks at any time. Reseller must make any such price adjustments immediately upon receipt of RH's instructions, and Reseller shall confirm in writing that such adjustments have been made.

RH acknowledges that Reseller may use one or more third parties to assist with sales and fulfillment of eBooks. Reseller's use of such fulfillment contractor(s) shall be subject to RH's prior written approval. Reseller shall be responsible for ensuring that its fulfillment contractor(s) comply with the provisions of these

Terms of Sale. Reseller agrees to be responsible for any breach of the Terms of Sale by its fulfillment contractor(s).

#### Distribution

Reseller is authorized to sell single copies of Random House's eBooks that are purchased from RH pursuant to these terms of sale. No rights under copyright are granted to the Reseller with respect to any eBooks offered for sale hereunder. To the extent Reseller is making copies of the eBooks as part of the electronic order fulfillment and transmission functions of the System, Reseller will be deemed to be making such copies as a vendor and service provider on behalf of RH. Reseller may not abridge, expand, edit, or otherwise modify or alter the contents of any RH eBooks, and advertisements may not be included in or as part of the transmission of such eBooks. Reseller shall insure that the methods used for transmitting RH eBooks are free from defects that may harm the end-user's computer, hardware, software or data.

#### Encryption

Reseller will utilize encryption and security technology approved by RH to secure the eBooks from Misappropriation. In the event an approved encryption scheme is violated to such an extent that RH reasonably believes its eBooks are being Misappropriated as a result of Reseller's distribution, upon notice from RH, Reseller will be required to either cease distribution of RH eBooks or take immediate steps to upgrade and improve its encryption scheme. If RH is not satisfied with the Reseller's solution, RH may immediately withdraw its titles from the Reseller's System. If compromised security is related to a specific electronic format as opposed to Reseller's System, RH may instruct Reseller to cease selling its eBooks in the compromised format.

#### Books of Account

Reseller shall maintain complete and accurate books of account and records covering all purchase transactions with RH and with Reseller's customers involving RH eBooks. Upon reasonable notice to Reseller, RH and/or its representatives shall have the right to inspect, analyze, audit, and copy the business records of Reseller that relate to such transactions in order to confirm sales and receipts pertaining to the transmission of RH eBooks and verify the accuracy of information reported through the System. The expense of any such audit shall be borne by RH unless errors in accounting in Reseller's favor amounting to five percent (5%) or more of the sums paid to RH in a six month period are found, in which event such expenses shall be borne by Reseller.

RH may at any time inspect and audit the effectiveness, security and integrity of Reseller's System. Reseller will ensure that RH will be provided with sufficient access to the System to enable a comprehensive review of such System.

#### Cease Publication

RH may at any time in its sole discretion declare any or all of RH's eBooks no longer for sale by a Reseller, and upon receipt of notice of such action, the Reseller will promptly remove such eBook files from its System, and provide RH, upon request, with a certification that the digital file for the terminated eBook has been destroyed.

*RANDOM HOUSE, INC. RESERVES THE RIGHT TO CHANGE TERMS OF SALE AT ANY TIME.*

## Random House International Digital eBook Security Guidelines

Updated: 10/04/12

No DRM is fool-proof and the basic objective is to protect the digital version of our books as much as we protect the physical ones. This essentially means that we know that the book can somehow be copied and/or taken apart and put back together the way that a physical book might be scanned and reprinted. It is meant to protect individual books and especially to protect a library of books from being **programmatically** stripped and taken apart. It is understood that DRM cannot protect the audio or video that is embedded with an enhanced book.

	Description	Examples/Metrics	Results
<b>DRM</b>			
1	DRM should reasonably protect the entire book from being stolen	URLs for the entire book should not be easily extrapolated from the URL of a single page.	
2	DRM should ensure that URL's that deliver URL book content are not easily enumerable, either via browser tools, or even just guessing	Do not use URLs like this: <a href="http://somesite.com/harry_potter/sorcerorsstone/chapter2/page413">http://somesite.com/harry_potter/sorcerorsstone/chapter2/page413</a>  Instead, we'd prefer URLs like <a href="http://somesite.com/53758345834/53732/5478543/657834/564546">http://somesite.com/53758345834/53732/5478543/657834/564546</a>  Where the directories had no immediate connection to the content being delivered.	
3	DRM should limit the number of concurrent users/devices which can access one purchased copy of a book	User should only be able to put the book on a limited number of devices.	
4	DRM should reasonably protect a library of books from allowing a user to figure out how to get one and then programmatically stealing all of them	Can't purchase one book and then get unauthorized access to the entire catalog of books distributed by the vendor.	
5	The act of buying a DRM protected ebook should not allow you to remove the DRM, or to reengineer the security for other titles using the same DRM	Users should not be able to use a purchased book to easily remove or reengineer the DRM protection for other books.	

6	DRM should protect images from being easily extracted and copied	Should not be able to extract high resolution images (72dpi or at the full trim size) from the book.	
7	DRM should protect text from being copied more than a page at a time	User should not be able to select more than one page of text from the reader.	
8	DRM should ensure that only 10% of the title is available for viewing before purchase	Only 10% should be available for free, <i>including search results</i> .	
9	DRM should prevent forwarding to other users.	DRM should prevent forwarding unless it requires purchase authorization to view the forwarded content.	
10	DRM should prevent lending and subscriptions	Currently, lending and subscriptions should be disallowed.	
11	DRM should prevent users from copying text, 'saving as' and printing of pages	If viewable on a Mac or PC, do not allow "save as," "copy" text, or print pages	
<b>Site Security</b>			
1	Site should not allow SQL injection		
2	Site should not be vulnerable to cross-site scripting.		
<b>Geofiltering</b>			
1	Must be able to interpret and enforce our territorial rights data	Only users from the designated territories may purchase a given book, based on the following criteria: IP address Billing Address Stated Address (if provided)	

## Sale Reporting Specifications

We require sales information (debits and credits) to be submitted in a tab-delimited file set up with specific fields by the 10<sup>th</sup> day after the end of the month in which the sales occurred. The specifications are detailed on the enclosed documents on pages 7-10. In addition, our sales department would like to receive sales data on a weekly basis, but we do not require that the information be reported in a specific format.

### Notes on Sales Reporting:

- The file should be text delimited by pipe character and sent to RH by the 10th of the month (for sales in the previous month) via FTP.
- We can use either our or your FTP site to pickup files.
- The filename should be unique and contain the date in the name and no special characters or spaces
- Vendors may report sales in one of two methods:
  - transactions rolled-up on a daily basis by ISBN/date
  - every transaction (QTY for every transaction will be 1)

#### Report Requirements:

##### Header

- H
- Customer Name
- Customer Number
- Process date – the date the file was generated YYYYMMDD
- PO # (consisting of 10 digit RH Customer Number, and the date of the last day of the reporting month YYYYMMDD)

##### Detail Lines

- D
- Transaction date YYYYMMDD
- ISBN
- Sold Price
- Cover Price
- Currency
- Discount to Customer
- QTY Sold
- Author
- Title
- County of Sale – ISO Standard Codes

##### Closer

- C
- # of Records
- EOF



## SAMPLE DATA LAYOUT: (DEBIT)

Header Line:

	Customer Name	RHI Customer Number	Process date	Purchase Order #	Subscription Flag	Credit Flag
H	eBook R Us	0437310000	20050228	043731000020050228	Y	N

Detail Lines:

	Trans date	ISBN	DOI	Format	Sold price	Cover price	Curr ency	Disc ount	Qty	Site	Author	Title
D	20010115	039480001X	10.40/039480001X.01.001	REB1100	7.99	7.99	USD	0.50	2	Shakespeare.com	Austen, Jane	Emma
D	20010116	034343331X	10.40/034343331X.01.001	PP	7.99	7.99	USD	0.50	1	Shakespeare.com	Malory, Sir Thomas	Le Morte D'Arthur
D	20010122	039480001X	10.40/039480001X.01.001	REB1100	7.99	7.99	USD	0.50	1	Shakespeare.com	Austen, Jane	Emma
D	20010122	037541097X	10.40/037541097X.01.001	AAER	9.25	9.95	USD	0.50	1	Authorlink	Joyce, James	The Portrait of the Artist as a Young Man
D	20010131	036783234X	10.40/036783234X.01.001	REB1200	13.50	15.95	USD	0.50	1	The Book Report, Inc.	Lawrence, D.H.	Women in Love
D	20010131	037541097X	10.40/037541097X.01.001	LIT	9.25	9.95	USD	0.50	1	Authorlink	Joyce, James	The Portrait of the Artist as a Young Man
D	20010131	031112234X	10.40/031112234X.01.001	REB1100	13.50	15.95	USD	0.48	1	The Book Report, Inc.	Austen, Jane	Pride & Prejudice
D	20010131	034777556X	10.40/034777556X.01.001	LIT	13.50	15.95	USD	0.48	1	The Book Report, Inc.		The Badge

*bold fields are required*

Closing Line:

C	# of Records in Feed	
C	10	EOF

## Debit Memo and Credit Memo

Once you report your monthly sales, we will issue a Debit Memo (this is an invoice for your monthly sales). On the infrequent occasion that a customer wants his money back, you can submit a credit report that is separate from the debit reports, and we will issue a Credit Memo. There are a few ways we can issue Debit and Credit Memos. We prefer to send them via EDI. If you are not able to accommodate for EDI delivery, we can send them in an email or a paper statement. Or, you can register on our Biz site and download them each month. Please indicate your preferred billing method on the form below.

## Monthly Statement

If there is any open balance at the end of the month, Random House will mail a monthly statement of your account to you. You will not get this document if you do not have a balance. You can request to have the statement faxed or emailed if you would prefer. An example of this statement, and a guide to reading the statement, are on pages 13 and 14.

## ONIX Feeds

If you sell eBooks, it is required that you take our ONIX feeds. We will provide you with metadata-information you need in order to list the books on your site-- including title, author, price, etc. Our Content Management Group will be working with you in order to set up and understand these feeds. You will be receiving more information regarding ONIX after returning your completed Account application. If you would like to know more about ONIX, you can visit their site at [www.editeur.com](http://www.editeur.com). **You will be receiving more information about ONIX feeds and territory rights in the process of setting up an account at Random House.**

## BUSINESS SELF SERVICE - RANDOM HOUSE “BIZ” SITE

Random House Business Self-Service now offers the following:

- Title/Author Lookup
- PO/Order Status and Tracking
- Filing a claim for damage and receiving an instant credit
- Replacement orders for damages
- Invoice/Packing Slip lookup where you can select to receive an invoice and it will be sent to you via e-mail

The registration process:

- Step 1. Go to [www.randomhouse.biz](http://www.randomhouse.biz)
  - Step 2. In the **Business Self Service** section, click on “LAUNCH”
  - Step 3. Click on “REGISTER”
  - Step 4. Complete the registration form online (a sample of the form is shown below)
- Once your request has been approved you will have access to your account.

Once you have registered for access to the Biz Site ([www.randomhouse.biz](http://www.randomhouse.biz)) you will be able to download an Excel invoice, your debit memo, as well as access other information about your account and billing transactions.

A Biz-Site User Guide will be sent to you once your registration request is approved.



## Full Explanation of all Categories

- A.** Overall account balance; includes all items, whether due or not yet due.
- B.** Total “current” invoices due at the end of the current month.
- C.** Total invoices past due.
- D.** This message is generated if there are any past due invoices in category C.
- E.** Total invoices not yet due.
- F.** Cash on your account that has not been applied. These could be duplicate or over payments, etc. They are represented on the statement as an amount followed by a “-“.
- G.** Credit(s) on the account. These are an amount of money issued to be used by the Reseller. They are represented on the statement as an amount followed by a “-“.
- H.** Debit(s) on the account. These could be short payments of invoices or deductions taken on your remittance.
- I.** Total of all invoices due and past due.
- J.** Sum of categories F, G & H.
- K.** Total invoices due, (category I) plus or minus the sum of unapplied cash, credits & debits (category J).
- L.** Invoice date.
- M.** Invoice number, credit memo number or payment identification.
- N.** The "store number" listed represents the last four digits of the account number for the plan or branch account.
- O.** The Reseller purchase order number, if one was provided, or a default purchase order number created by Random House.
- P.** The date the item is due to be paid; payment should be received by Random House by this date.
- Q.** Document type; see category T for list of descriptions.
- R.** Amount of the invoice, payment, credit or debit memo.
- S.** Account balance by plan or branch account number.
- T.** Document type descriptions.
- U.** The address your payments are mailed. Address will vary by geographical location.
- V.** The main Reseller account number.

The right side of the statement must accompany the payment unless an itemized remittance is provided.