

# Astak's way into e-book market? It's EZ

BY MARY DUAN

**SAN JOSE** – Because it's a story that sprung from a book, it's easy to put San Jose-based Astak Inc. and its line of EZ Readers into the role of David.

And in the role of Goliath? There is Amazon and its Kindle, Sony and its Reader, and the most recent entry into the exploding world of e-books, Barnes & Noble's "nook" device, which is due to ship Nov. 30.

So how can David hope to compete against not one but three Goliaths, as well as a handful of small players?

It's a huge market, experts say. So vast, in fact, that nobody can quite put a dollar value on it. Instead, experts point to the fact that anyone who can read anywhere on the planet is a potential buyer of an e-book device.

"There are 300 million people in the U.S. I suspect 200 million of them are literate and a large percentage have mobile phones. They're familiar with technology, and e-books are a mobile delivered content experience," said Eric Openshaw, vice chairman of the technology practice group in the San Jose office of Deloitte & Touche LLP. "This market is going to grow fast, it's vastly under-realized, and there are a lot of niche areas that can be exploited."

Astak, whose parent company Team Research Inc. of San Jose is a \$300 million seller of flash memory, security and surveillance products, came to the e-book market in a roundabout way. One of Team Research's factories in China was manufacturing an e-book to be sold in Europe, but the company had no idea how to sell it in the U.S. market, said Bob Barry, Astak's business development manager for North America.

Team Research asked Astak to take the product to the American market. Astak branded the product under its name and began selling it late last year. Sales were less than terrific, Barry admits, totaling about 10,000 units at an average price of \$199 for the Pocket Pro edition and \$249 for the Mentor Lite edition.

Astak retooled the device, incorporated Adobe's Digital Editions and nine other formats into its technology, made the page turns work faster and offered it in a half-dozen colors. In addition to holding as many as 8,000 books at a time, users also can load mp3 files onto the device and listen to music while reading.

Barry said the company aims to sell 200,000 devices this year. For the Hal-



VICKI THOMPSON

**AIMING HIGH:** Bob Barry of Astak Inc. said his company aims to sell 200,000 of its EZ Readers this year.

## AT-A-GLANCE

### Astak Inc.

**Location:** San Jose

**CEO:** Jason Hsia

**Revenue:** Parent company Team Research Inc. reports revenues of \$300 million

**Founded:** 1992

**Employees:** 323, with 23 in San Jose and the remainder in Taiwan

**Web site:** [www.astak.com](http://www.astak.com)

**Phone:** 408.453.1188

loween season, customers who buy an Astak EZ Reader also will receive an SD card loaded with 50 spooky stories, courtesy of the company.

"We're not fooling ourselves into thinking the Kindle will close up shop and fall down and worship us, but we think we have a better e-book reader at a lower cost with more features," Barry said. "We want to see e-book readers available to the masses."

Kurt Johnson, director of operations for online e-book seller Books on Board, said his company started working with Astak a few months ago, when the device was retooled to support the Adobe format. While Amazon went a proprietary route with the Kindle, many device manufacturers have switched direction to take advantage of the Adobe format.

Astak "has a good price point, and we really liked the device," Johnson said. "It's a simple setup for customers, and

it's very industrial-looking. I want something that looks like it won't break, and this device is robust."

Analysts say one way for Astak to differentiate and gain traction is by going after niche markets, such as education.

Mukul Krishna, global director of the digital media practice at Frost & Sullivan, said it's tough for a pure electronics company such as Astak to make headway in the market, especially against players such as Amazon.com Inc. and Barnes & Noble Inc., because both have established relationships with publishing houses.

"As a smaller player, you really have to find your niche," Krishna said. "Go after the education market, for example, and offer it at a lower price point for students. The foreign market is huge, but the ability to establish relationships with the publishers is huge, too."

Openshaw theorizes that Amazon may take care of the content provider relationships on its own, to the benefit of the smaller device makers such as Astak. He believes the company introduced the Kindle in order to push the entire publishing industry forward.

"If I'm right, it's a brilliant move to entice other industry players to create all kinds of e-readers that Amazon can then start to distribute content on," Openshaw said.

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