Open Reader Access: a better business model?

A view from the *STM*-Association

P.S.H. Bolman, San Diego, 05-03-14
About the *STM*-Association

- “*STM*” = International Association of Scientific, Technical & Medical Publishers
- ~ 100 members, both “for-profit” and “not-for profit” (approx. 55:45), large and small
- Secretariat in The Hague (The Netherlands); will move to London, UK in 2005
- AAA, ACS, AIP, AMA as well as Elsevier, Springer, Wiley are members
General Principles

- **STM** is business model neutral:
  - author pays or reader pays, both or…??
  - both for-profit and not-for-profit
  - both types of **STM** members experiment with author pays (e.g. Springer, AIP, OUP)
  - **STM** does not recognise a priori superiority of one model over another, moral or otherwise
Business Model requirements

• The chosen business model should be:
  a. (financially) sustainable
  b. provide long term continuity

• Income should be generated by adding value for customer

• Ideally business model shows ‘cause & effect’, i.e. the customer enjoys added value for sacrifices
(Financial) sustainability

• In principle, the operation should be financially independent and not directly and principally rely on (government) subsidies.

• It should generate enough surplus/profit to
  a. innovate
  b. attract investment and/or have reliable access to investment funds
  c. attract the best people
Long term continuity

• “Digital is different”: It requires different characteristics from business model employed: it is no longer only selling a (physical) product, it requires sustainable service after ‘first sale’

• Examples: digital (retro) archiving and (technological) updates, linking, novel (inter-platform) search services etc..
Added value

- Three types of customers: authors, readers and librarians (& Funding Agencies?)
- Author: Brand (prestige), prioritisation, production & distribution (p+e), marketing
- Reader: Brand (profile & quality filter), linking, continued (searchable) availability, (e-)archiving
- Library: collection management, (interoperable) database, usage information
Who pays?

• In principle it is logical that all customers pay in accordance with (in proportion to?) value delivered

• Thus: more prestige -> more value -> more pay? May be contravening other ‘code of practice’ (mixing of scientific & economic criteria)

• In any event: it is not inherently illogical that authors pay nor is it illogical that readers pay.

• Both?
Added value for Author

- “VIP” (Visibility, Impact, Prestige) through reputation of the journal: branding
- Validation & Registration
- Priority
- Distribution & continued “R&A” (‘retrievevability’ & accessibility)
- Permanence : ‘Minutes of Science’
Types of Open Access

• 1. Author (institute) pays
  2. Self-archiving

• Type 1 = business (or value) model

• Type 2 = symbiotic: presupposes current business model; mutualistic or antagonistic (parasitic)?
Critique of “Only Author Pays” Model

• Digital Cost = f(t): cost for continued availability and access is not paid for; in print era this cost is borne by library

• If receiver does not pay, this cost is not covered: OK if # articles is steady or grows

• Who pays for 2005 article in 2015? Akin to Social Security problem: current generation pays for future (improvements in) access
Added value for Reader

- Value pre-selection through branding (peer review: quality and reliability filter)
- Instant access to historical and conceptual (scientific) context through linking, cross platform searching, retro-digitisation, etc.
- 7*24*365(6) access from preferred location
- No question that reader has benefited most from internet publishing
Critique of “Only Reader Pays” Model

• Subscription model inadequate, does not allow for “fractional demand”
• Consortium license model is a significant improvement but still leaves potential readers deprived, in addition to being based on increasingly meaningless historical costs.
• Current licensing model is not user/usage based
• Economically speaking OK: ongoing costs are covered by ongoing revenues
Mixed mode experiences

- Common practice among US society publishers (tax exempt): page charges and low library subscription charges & marginal cost based membership charges (e.g. AIP, APS)
- Result: relatively large (print) circulations, contributing to prestige & impact
- Drawback: author charges unpopular (especially to non-US authors) => loss of important papers
- All but abandoned: subscription only. Prestige remained => more non-US authors
How morally right is Open Access?

- “Tax payer is entitled to …” argument:
  - Tax payer has not paid for value added to either reader or author. De facto recognised in both business models
  - Should all discoveries funded by public purse be in public domain? No patent income for universities and no individual benefiting beyond salaries?!
How sustainable is “Author Pays?”

- AIP’s and IOPP’s experience (> 7 years): journals editorially successful, at current charge levels not independently sustainable
- BMJ: ditto; OA experiment is losing proposition
- From published information, PLoS and BMC do not fare much better
- Springer’s “Open Choice” at realistic(?) levels (let market decide philosophy): few takers so far
“Author Pays”: conclusions

• Barriers of entry are considerable (PLoS, BMC)
• Not a matter of principle: one of practicality
• Neither operating costs nor investments covered
• Long term instability: future costs unknown, so are future revenue streams
• Switching costs (inertia): if fully adopted, requires considerable re-channelling of funding ($5-10B?)
• If model does not work as advertised, bad service to science
Type 2 OA: self-archiving, IR’s

- Symbiosis: mutualism or parasitism? – if the latter, an “operation successful, patient died” case?
- Most STM members expressed willingness to experiment (“green” in Harnad parlance)
- Experience with HEP preprint database seems to be ‘benign’ so far (for APS and IOPP at least)
- So, what’s the worry? See next slide. Note: HEP has strong tradition of preprints.
- NIH (800 pounds gorilla) mandate: access to value added (not paid for) material (11% of total)
“Might you be willing to pay for it?”

- “Our budget is flat since years and for sure I’m not willingly to pay anything if I could get it for free (and my boss would certainly crucify me if I do)”

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Type 2 OA: conclusions

• Potentially self-destructive, especially with Google Scholar type of developments
• Based on marginal cost analysis: proponents are not necessarily experienced in running (larger) organisations, for – or not- or-profit
• Large scale government market intervention undesirable (very un-American?): it biases in favour of a particular business model
Alternatives

- Since 1996 many-fold increase in access through licensing + COUNTER for better decision making +CrossRef for linking & searching
- For developing countries: HINARI and AGORA, works NOW, not some time in future
- Current system not designed for public access: Patient-Inform is better service (~100% of relevant world literature)
- Could we have a succinct formulation of the problem(s) to be solved?
Fundamental questions & values

• Are we inhibiting the research worker and/or concerned citizen, and if so, how? How can we further facilitate the research worker?

• Needed: optimal balance between social responsibility and letting market develop in its own way. Ultimate question: Have we improved the quality of science?
General Conclusions

• System has been improved significantly since introduction of Web publishing & continue to do so
• Both types of OA have drawbacks, possibly fatal; *STM* wishes them well, though!
• Let market decide which model is best within social responsibility constraints!