



GOING FOR GOLD

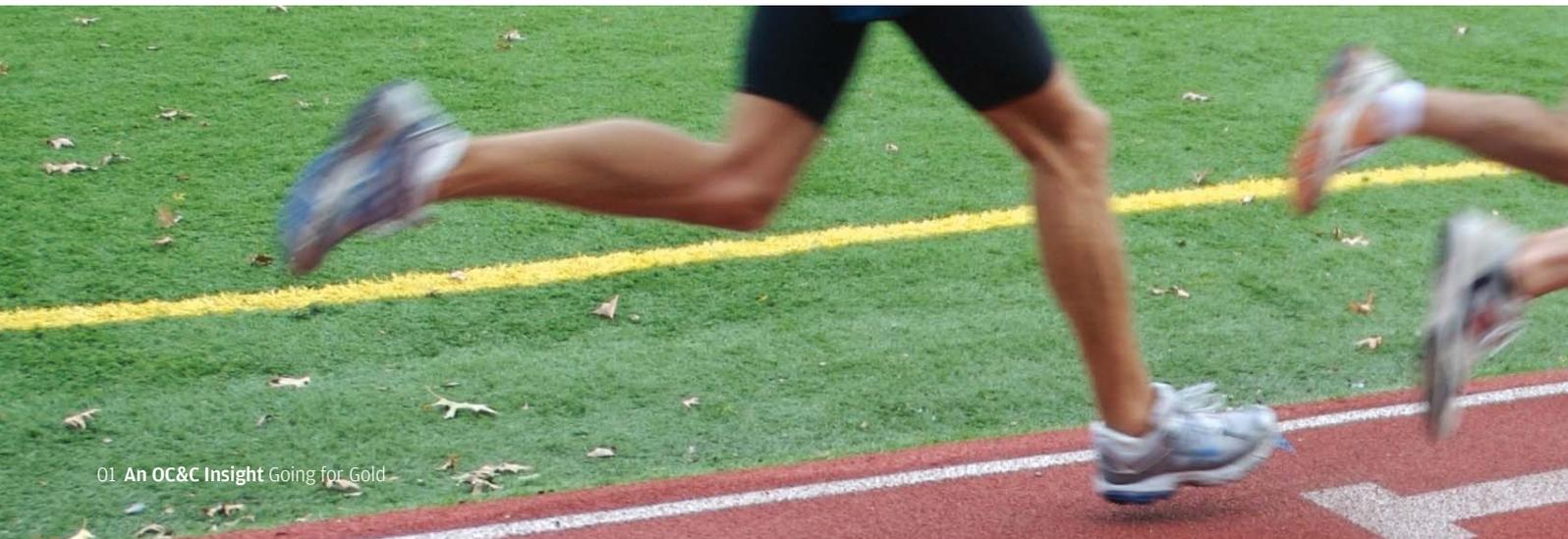
Positioning your business
to win as Open Access
enters the race

STARTING BLOCKS: WHAT IS OPEN ACCESS (OA)?

The key principle of Open Access (OA) is to make academic research outcomes freely accessible to all readers. It has emerged over the past 20 years, driven by academics at research-based higher education institutions, who feel that research should be made freely available to users / readers.

In the OA model, academics 'pay-to-publish' their articles rather than 'pay-to-read' the articles of others. Under this model, authors pay publishers an article processing charge (APC) to submit their research to journal editors for consideration for publication. This model replaces the 'pay-to-read' model, where publishers charge research institutions - typically libraries - annual subscriptions for access to content.

Proponents of the OA movement argue that APC-based funding enables greater access to research. Sceptics argue however that pay-to-publish models remove a key element of quality control, and incentivise journals to publish more articles rather than better quality ones. Where all stakeholders agree, however, is that OA is becoming a key area within journal publishing with the potential for wide-ranging impact.



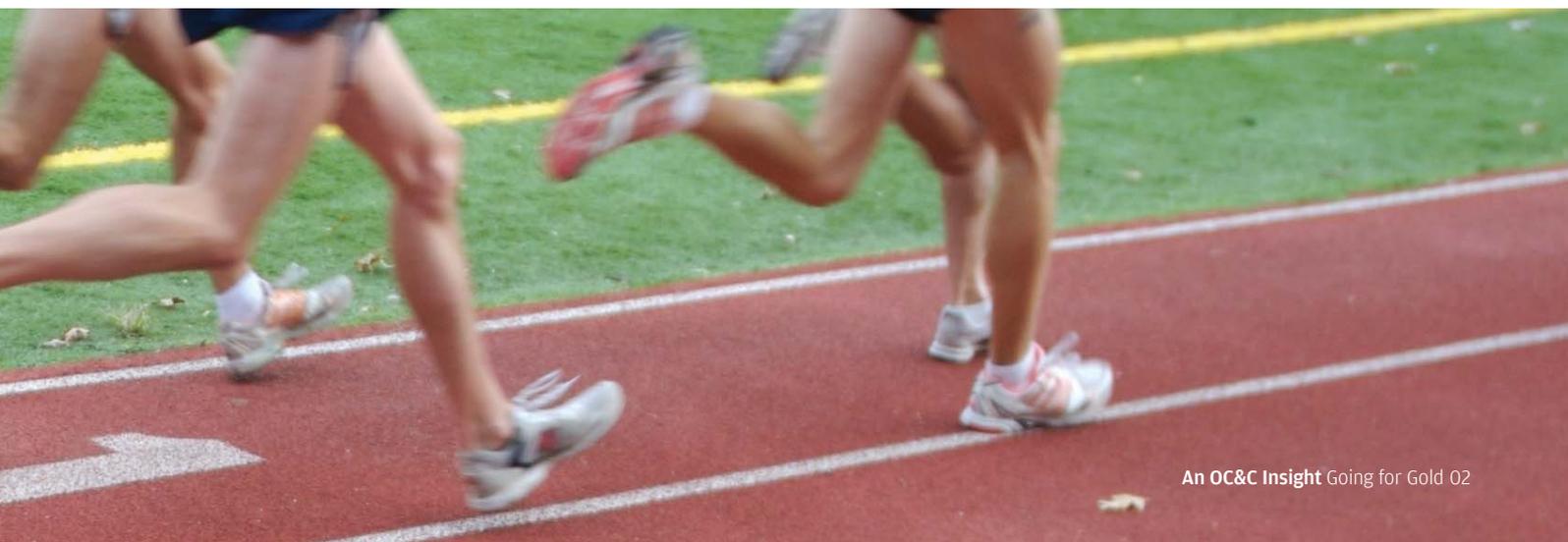
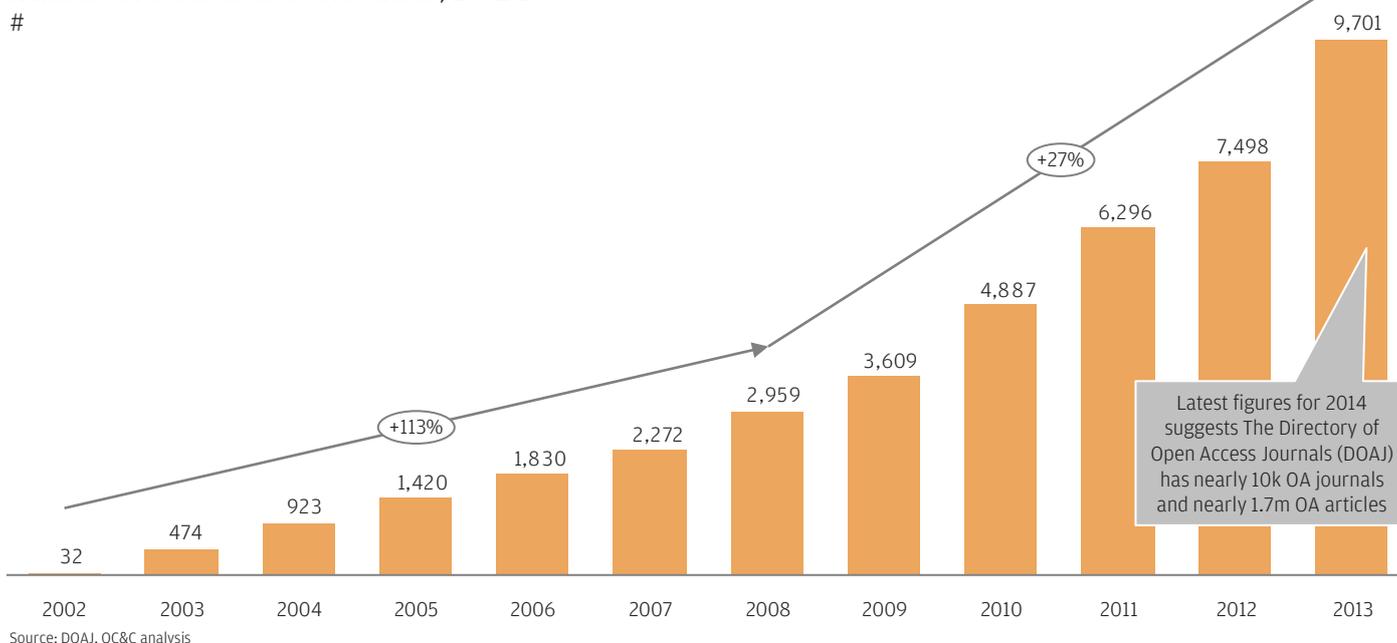
NO PRIZES FOR SECOND PLACE: GOLD VS GREEN OPEN ACCESS

There are two types of OA publishing: 'Green' and 'Gold'. In Gold OA, articles are made available for free readership and re-use when the author (or more normally a sponsoring institution) pays an APC to the publisher. In Green OA, authors self-archive their work online in institutional or disciplinary repositories, where these repositories are free to access.

The Green OA model has so far had limited impact on traditional publishers. Articles in Green repositories are typically time-delayed or a different version of the published article, in order to enable some monetisation of the original article. However, researchers require information that is up-to-date (the value of new research has a short shelf life) and in its final, peer-reviewed version (so that authors can cite findings and build upon existing research).

On the other hand, Gold OA has grown into a substantial segment of the journal publishing market, with article growth led by the biggest OA journals: PLoS One and BioMed Central. We estimate that c.14% of articles in 2014 will be published in Gold OA journals, and there are already c.200k articles available in this format. Furthermore, the market for OA journals, which was worth c.€200 million in 2013, will grow at an estimated 20% per annum over the next 4-5 years.

Number of Peer Reviewed OA Journals, 2002-13



THE REIGNING CHAMPION: WILL OA LEAD TO THE DEATH OF THE PUBLISHER?

Publishers play a critical role in the validation and dissemination of scientific research. For years, the journal publishing market has shown solid annual growth, driven by steady price growth and strong underlying demand for content. Market stability has enabled key competitors to dominate the market and retain their positioning - the top four players (Reed Elsevier, Springer, Wiley Blackwell and Informa) maintain more than 50% market share.

However, the growth of OA has forced these established publishing giants to think about how they can protect their business, and how they can benefit from new and incremental revenue streams. For example, Springer has aggressively expanded its OA proposition to capture incremental revenue by developing BioMed Central - one of the largest publishers of Gold OA journals. Also, Reed Elsevier announced at the end of 2013 that it would convert seven of its journals into OA models, in order to gain exposure to OA revenues.

The staunchest OA supporters argue that the OA pay-to-publish model will render these more traditional publishers obsolete - and are vocal in these desires. However, the majority of stakeholders - including governments critical within the funding debate - recognise that there is a real cost of publishing. Publishers continue to have a very important role to play, to ensure effective peer review, journal management and knowledge dissemination. Nonetheless, with the rise of alternative and frequently cheaper publishing models, the political, academic and competitive pressures on corporate publishers to justify their margins are unlikely to ease.



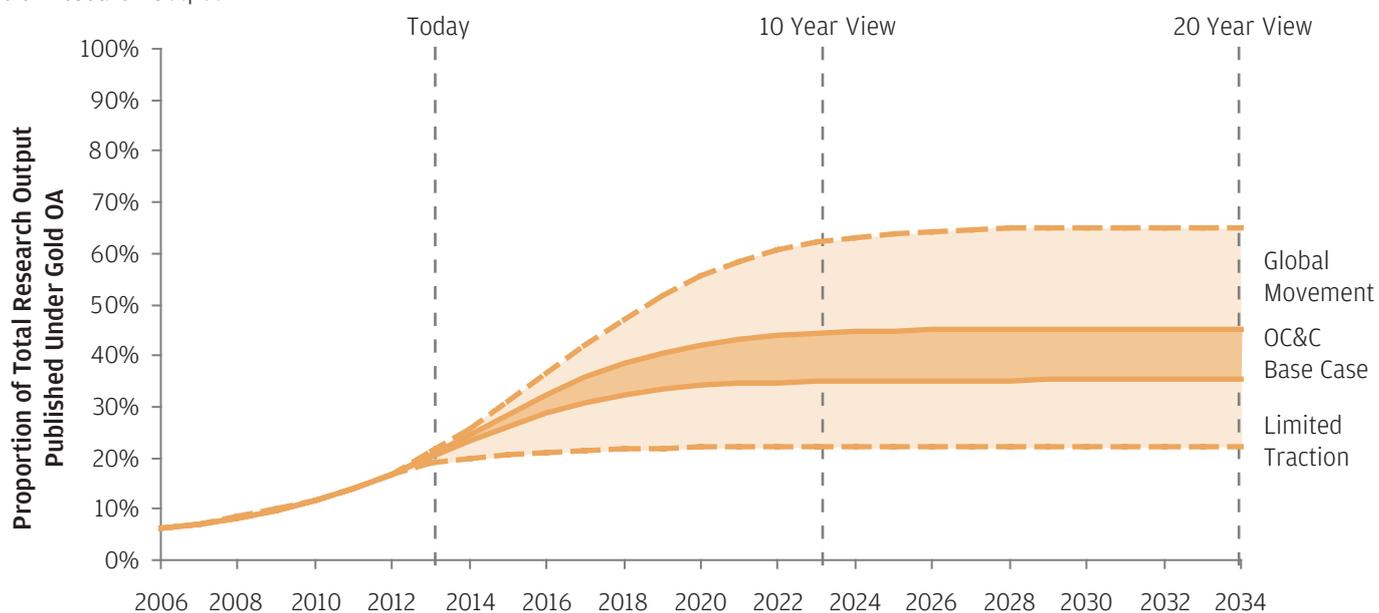
THE FINISHING LINE: WHAT IS THE END-STATE OF OA?

OA publishing is still at a relatively early stage and there is little market consensus on mid- and long-term evolution. There are several market complications and change is likely to occur slowly, with any end-state taking at least a decade to materialise.

The OA outcome will vary by region and by subject, with factors such as government attitudes, overall research consumption (versus production) and local educational goals driving a matrix of different adoption rates. Taking account of these nuances, we have built up a scenario-based view of the evolution of the global Gold OA market, combining insight from bespoke web surveys, expert interviews and existing academic research.

Expected Evolution of Gold OA Coexistence (Bass Diffusion Model)

% of Research Output



The results of this exercise lead us to believe that the most likely outcome is for Gold OA to achieve a c.35-50% share of total research output within ten years, but to co-exist alongside traditional publishing. We envisage that this will lead to some traditional revenues being converted to OA, but also to incremental revenues for those publishers who are able to develop APC models, and 'double-dip' in the short term. A more aggressive scenario, 'Global Movement', suggests a c.65% Gold OA share of research output is possible. However the stakeholder cooperation and unification suggests this end-game is unlikely.

Our findings tell us that - even in a very conservative 'Limited Traction' scenario - Gold OA will continue to grow in the immediate future and remain an important segment of the market on a long-term basis.



PRE-RACE RUMOURS: WHAT ARE THE LATEST DEVELOPMENTS IN OA?

Coordinated movement from traditional publishing to OA publishing requires government intervention and policy. As yet, government action in major economies has been fragmented - although there have been several major regulatory reports and investigations in OA and its impact on national research and development.

Typically, these reports have recognised the value that OA publishing can bring, but have not yet encouraged widespread rollout. For example in the US, the FASTR Act (February 2013) decreed that all publicly funded scientific research should be made available in a Green repository after six months, but made no explicit Gold requirement.

In Europe there is more government appetite to develop Gold OA alongside Green OA repositories. For example both the 2012 Finch Report in the UK and the 2012 European Research Council PMC lends support to the development of journals funded through APCs. However, those driving the OA movement are not satisfied with some of the protection that traditional publishers are currently afforded and consequently appeals and challenges are in play across the globe. It seems more than likely that the trend towards increased acceptance of OA will continue, and the portion of articles published via APC-funding will increase.



GOING FOR GOLD: WHAT ARE THE PRIORITIES FOR MY BUSINESS?

The continued development of OA publishing poses some tough questions for businesses exposed to academic publishing. OC&C can help companies who want to respond and position themselves to win in this shifting market.



FUTURE-PROOF EXISTING PUBLISHING MODELS

The increase in players offering non-traditional content models (eg, Open Access, MOOCs, Freemium models) requires existing players to secure customer loyalty and take action to protect revenues and margins.



GENERATE INCREMENTAL OPEN ACCESS REVENUES

Traditional publishers can reposition to drive upside from APC revenue streams - first movers will be the first to profit from revised go-to-market strategies and will be advantaged from preferred access to funding.



PRICE EFFECTIVELY ACROSS APCS AND SUBSCRIPTIONS

Publishers will need to ensure they have an optimal pricing strategy that continues to deliver recurring revenues through traditional subscription models, whilst also ensuring that additional value is captured through efficient setting of APC prices.



DRIVE BENEFIT FROM 'CASCADING' CONTENT MODELS

The APC model can enable publishers to drive greater monetisation of lower quality content through families of journal brands, using differentiated pricing to match research demand to supply.



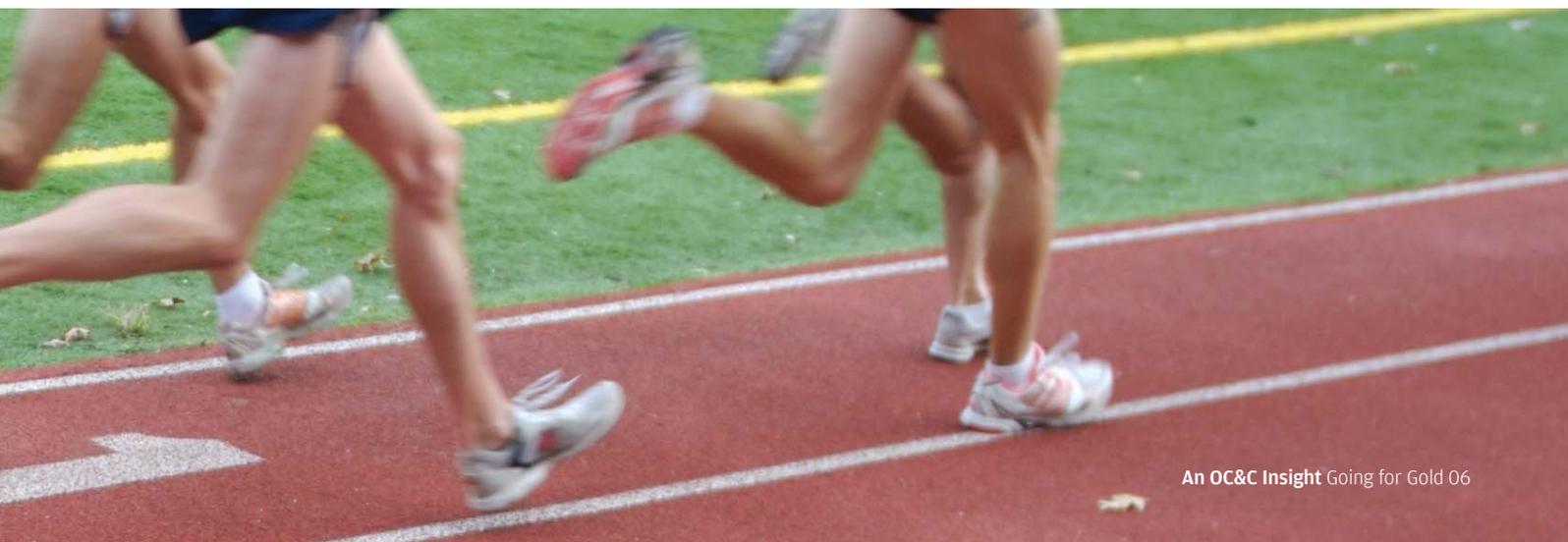
SECURE CONTENT THROUGH IMPROVED AUTHOR SERVICES

OA publishing increases the power that sits with authors as they increasingly become the customer. Understanding and delivering effective author services will be key in winning the support of these important stakeholders.



BUILD CAPABILITY IN METADATA AND WORKFLOW TOOLS

Publishers with strong online offerings can strongly differentiate themselves by providing users with metadata, search, workflow and other usability tools. Enabling researchers to rapidly locate relevant 'known' content and related 'unknown' content offers the customer functionality that many of the lower cost propositions are unable to effectively deliver.



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