INTaCT — *Transparent Infrastructure for Article Charges*

From Offsetting to Pay-as-you-publish
The (potential) comeback of selection, individual prices and competition

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Purpose of this presentation

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– Introducing the Pay-as-you-publish model to replace offsetting

– To discuss necessary adjustments in order to transform current "offsetting" towards Pay-as-you-publish

– To outline positive effects of Pay-as-you-publish on the market of scholarly publishing in terms of transparency, pricing, and competition

Agenda

- Offsetting: models, shortcomings, necessary adjustments

- Pay-as-you-publish: market effects

- Conclusion & outlook

Offsetting in the context of the open access transition

"If gold oa is to take place in the next few years it can only come about via the **major publishers massively converting their portfolios of established journals**, not via authors choosing outlets among newly started OA journals."

(Björk, Bo-Christer. „The Open Access Movement at a Crossroad: Are the Big Publishers and Academic Social Media Taking over?: Open Access". Learned Publishing 29, Nr. 2 (April 2016): 131–34. doi:10.1002/leap.1021; http://www.openaccesspublishing.org/apc11/Open_Access_Movement_at_a_Crossroods.pdf)

Current offsetting agreements, basically two types

- "Read and Publish": converts former subscription charges of institutions into a publishing fee, usually supplemented by a reading fee

- "Offsetting": reduces the annual license fee by the expenditures an institution has incurred for open access publishing in the previous year

Shortcomings of „Offsetting"

Type I, "Read and Publish"

	2017 (year 1)	2018 (year 2)
No. of articles	100	110
Article charge	2,000 EUR	2,000 EUR
Publishing fee	200,000 EUR	220,000 EUR
Reading fee	20,000 EUR	20,800 EUR (+4%)
Total	**220,000 EUR**	**240,800 EUR**

Shortcomings of „Offsetting"

Typ II, "Offsetting"

	2017 (year 1)	2018 (year 2)	2019 (year 3)
Nominal license cost	150,000 EUR	156,000 EUR (plus 4% price increase)	159,120 EUR (plus 2% price increase)
Offsetting	- 0	90% = - 90,000 EUR	80% = - 80,000 EUR
Pre-payment	= 150,000 EUR	= 66,000 EUR	= - 79,120 EUR
Article charges (ongoing according to publishing output)	e.g. 50 articles à 2,000 EUR = +100,000 EUR	e.g. 50 articles à 2,000 EUR = + 100,000 EUR	e.g. 50 articles à 2,000 EUR = + 100.000 EUR
Administration fee	+ 2,200 EUR	+ 2,200 EUR	+ 2,200 EUR
Total	**252,000 EUR**	**168,200 EUR**	**181,320 EUR**

From offsetting to Pay-as-you-publish

- Despite the current shortcomings of offsetting, the opportunities compared to the former subscription model clearly prevail. It is on us (research institutions, libraries) to shape offsetting according to our needs.

- ESAC workshop on offsetting (March 2016): participants agreed that offsetting should lead to a Pay-as-you-publish mode:

- http://esac-initiative.org/joint-understanding-of-offsetting/

Pay-as-you-publish

– Research institutions cover the costs for their publishing output only (publications by corresponding authors affiliated with the research institution).

– No upfront payments

– No lump sums, no guaranteed amounts

– No access based cost components

Necesary adjustements to offsetting

– A **continuous drawdown of access based cost** components.

– A consistent **alignment with the actual publication figures** of an institution

– **Risk sharing** when agreed publication numbers were not reached

– The obligation of **publishers to identify eligible articles** and to cooperate with institutions when establishing efficient business processes and de facto standards.

Article pricing

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- – Pricing will change: From journal titles (subscriptions, access fees) to journal articles (APC)

- – Costs for academic publishing cannot be passed to library budgets only anymore

Author participation

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– Publishers normally do not pay the authors for their articles

– Expected reputation, services and costs will be considered, when to decide, where to publish

– Libraries and authors do have budget restrictions!

Author particiption

- Pay It Forward: Investigating a Sustainable Model of Open Access Article Processing Charges for Large North American Research Institutions: http://icis.ucdavis.edu/wp-content/uploads/2015/07/UC-Pay-It-Forward-Project-Final-Report.pdf

Author Price Sensitivity and Values

Subscription costs for scholarly journals, typically paid by research libraries, have experienced hyperinflation for decades. Containing those costs while maintaining a rigorous scholarly publishing system has so far eluded the library community, and the current system is increasingly unsustainable. If the business model for scholarly journals transitions from subscription fees to article processing charges (APCs), a reasonable question is whether APCs will also be subject to hyperinflation. The conclusion of this project, based on survey data and economic theory, is that containing future APC costs can only be achieved by involving authors more directly in the cost/benefit calculation of where to publish. As long as researchers need to publish their work but have no financial stake in that activity, there will remain very little ability to limit costs absent external regulation. Library negotiation for offsetting agreements or fixed APCs has potential to limit cost increases, but we see no reason to believe they will succeed where traditional negotiations for subscription licenses have failed. The financial model described in this report defines a framework in which libraries and their institutions continue to contribute significantly to the cost of publishing, but authors also become involved in ways that could potentially change this cost/benefit discontinuity and drive costs down over time.

Competition

– Publishers compete for the best authors and articles

– Costs per article are increasingly determined by the number of submissions and the extend of selectivity and rejections

Competition

– Competition between publishers and decreasing marginal costs per article will lead to decreasing APCs

– Pricing will finally be more connected to the real costs of academic publishing

Decreasing costs?

– Armstrong, M. (2015). Opening Access To Research. The Economic Journal, 125 (August), F1–F30. 10.1111/ecoj.12254

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peer-review costs are higher. As a result, some authors with good papers may choose to submit to a less prestigious journal. Readers and committees then have a less precise signal of quality than before and good papers may be lost amongst the mediocre.

In sum, there are good arguments to support both the green and gold routes to open access. For the present, though, I suggest that a green (or delayed open access) policy which makes research available to the public without undue delay delivers most of the benefits of full open access, without the significant disruption involved in moving to a high-fee author-pays regime. A policy whereby a regulated author is permitted to publish in a journal with cheap, rather than free, subscription also seems to merit more consideration than it receives currently. Arguably, the current UK policy places excessive weight on research being available to readers for free, while tolerating what seems like excessive delays in making that research available.

In the longer term, though, the cost of processing journal submissions may fall to such a degree that a gold policy will not require high fees from authors. A move towards journals offering a pure certification service, rather than requiring multiple rounds of revision, will reduce journal costs (and the required publication fees) and lessen the time spent on writing referee reports. A 'light touch' editorial process will also reduce the delay from submission to ultimate publication; arguably accelerating access by readers to research is as important as ensuring that the research is freely available once eventually published. Certification could take the minimal form which ensures a paper is 'correct' and does not duplicate existing work – the importance of a paper could then be gauged more by its citations, say, than by the name of the journal – or certification could be awarded only to the very best submissions. Either way, open access journals which offer an unbundled certification service are a vehicle for free and prompt access to research by readers, at a cost which should be affordable to the majority of authors.

Decreasing costs!

- https://elifesciences.org/elife-news/inside-elife-what-it-costs-publish

In 2012, we published 27 research articles and our overall costs were £2.25m. With a crude calculation, we might deduce that the cost to publish one research article in eLife in 2012 was £83,333. However, this fails to account for start-up costs, including establishing our first editorial and publishing systems, which are major undertakings. Table 2 shows our publishing-only costs and average annual cost per article for the past three years, and the estimated costs for 2016. Given the continued (albeit more modest) growth this year, we anticipate that the cost per article will drop further in 2016 and in subsequent years.

Year	Articles published	Publishing costs	Average cost per article
2013	217	£2.644m	£12,184
2014	496	£2.998m	£6,044
2015	833	£3.025m	£3,630
2016 (projected)	1,095	£3.446m	£3,147

Table 2: eLife annual publishing costs and average cost per article, 2013 - 2016

Further effects

– Library and author budgets will be spend, for what they need (increasing benefit!)

– Expenditures in line with research focus of the institutions

– As offsetting already shows, the place for publications (journals) will come into focus

Expected Market Effects

Transparency

- https://treemaps.intact-project.org/apcdata/offsetting/

- Offsetting contains bibliographic data (Springer Compac) only at the moment

- First outcome: only a few journal titles attract a siginificant number of publications by participating institutions

Conclusion
From offsetting to Pay-as-you-publish

Subscrip -tions **Open access**   **Subscrip - tions** **Open access**
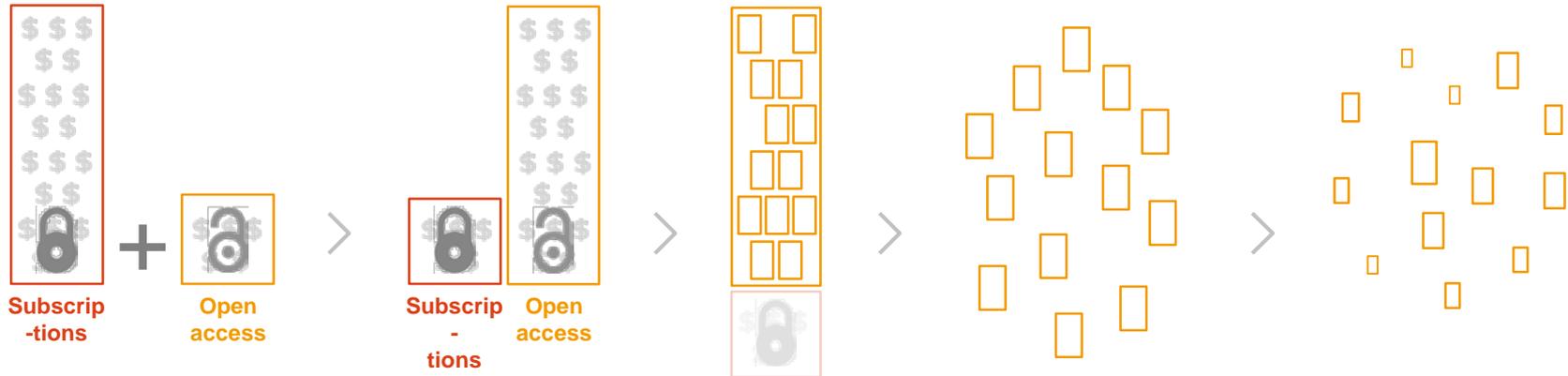
Phase 1

How to get in

- Combine subscriptions with OA
- Combine entitlements and shift costs
- Establish OA processes & workflows

Phase 2

How to get out

- Unbundle the individual publications and **pay-as-you-publish**
- Fade out the reading fee
- Establish differentiated APC pricing