

On the Effectiveness of APCs

3rd ESAC Workshop in Munich | 28-29 June 2018

Outcome Report

1. Background

The first Efficiencies and Standards for Article Charges (ESAC) workshop in 2016 produced a “Joint understanding of offsetting” drafted by workshop participants which prescribed that offsetting pilots should lead to pay-as-you-publish models. The aim was to achieve a scenario in which institutions would pay for their actual article output instead of purchasing fixed article packages, which, along with persisting access-based fees, characterize most of the current agreements. It was posited that as offsetting deals unbundled article charges, APC price levels would subsequently be differentiated to reflect production costs, impact and services offered by a given journal.

Two years on, more evidence is available: Data provided by the Open APC initiative allows for benchmarking of hybrid price points against expenditures for pure open access publishing, showing that the latter operate on substantially lower APC levels. At the same time, it is not yet fully clear how a journal’s APC actually relates to its impact, brand or popularity within a community.

Institutions and consortia who manage publication charges on behalf of their authors need to gain a clearer understanding of pricing mechanisms as well as develop their own goals in this respect, in order to progress towards a sustainable and transparent APC market. To this end, the 3rd ESAC workshop in Munich was especially dedicated to this topic. Presentations on bibliometric and publication data analyses stimulated the dialogue among institutions and consortia negotiating open access based agreements.

2. Method

30 participants from 13 European countries and from the US attended the 3rd ESAC workshop representing national library consortia and institutions that have adopted or are planning to adopt transformative agreements (“offsetting”, “publish and read”) with publishers, as a means to shift their financial investment away from the closed, subscription paradigm to an open access paradigm.

The first day of the workshop took an evidence-based look at the APC business model in practice in academic publishing. Guest speakers provided an environmental scan with different analyses of current APC price points, taking into consideration both disciplines and publishers, to better understand what factors are determining APC levels, in general. The day was concluded with a guided discussion in which participants were invited to reflect on the evidence presented with the aim of identifying some key takeaways to be formulated as the group’s common understanding of the current status.

The second day of the workshop focused on the question of how institutions are meeting or planning to meet the challenges of the, currently, largely APC-based open access scholarly publishing market in ways that will ensure cost control and foster a competitive and, therefore, diverse landscape. After reports and perspectives from different countries and institutions, participants worked together in the culminating session of the workshop to discuss the key challenges of the APC business model both at the level of their individual institutions and for scholarly communication in general.

3. Outcome

Common understanding on APCs

Based on the data evidence and market analyses presented on the first day of the workshop, the participants agreed on the following:

Value assessment & cost determining factors

- Analysis of and considerations on APCs must be differentiated, as there are elements that characterize and distinguish APCs relative to different publishing models: 1) APCs for articles in pure open access journals 2) APCs for publication in hybrid journals 3) APCs governed by a transformative agreement (“publish & read”, “offsetting”, etc.).
- Hybrid price points are significantly higher than pure gold open access APCs. This has been validated and is no longer an assumption.
- Costs of APCs governed by transformative agreement to date are currently on the level of hybrid APCs, generally, but must be analysed in the context of overall cost-savings in terms of obviating the double-dipping phenomenon.
- A journal’s APC level cannot directly, or at least, exclusively, be explained by value indicators such as Source Normalized Impact per Paper (SNIP). Depending on the data sample analyzed, a weak positive correlation between APC and SNIP can be observed; however, other factors such as subject area, publisher, and business model (hybrid vs. pure open access) may also have a role to play.
- Pure gold APCs have been a core business model of fully open access publishers since their outset, and they therefore show a more coherent reflection of production costs and services in their price points¹, whereas hybrid APCs rather reflect current revenues and profit margins of the subscription business. The group therefore no longer sees this as a valid argument for higher APC prices.
- Median price levels are the key drivers in the overall evolution of costs. We should therefore closely monitor price points of the highly frequented journals and journal portfolios that encompass the largest share of the publishing output.

¹ See for example eLife’s specification of costs <https://elifesciences.org/inside-elifeb6365b76/setting-a-fee-for-publication>

Monitoring

- The group considers publisher independent data gathering and analyses as being important tools to uncover and help understand the trends in APC price levels. Moreover, the community is now enabled with data evidence to discuss price points of APCs in an informed manner, thanks to the transparency achieved with initiatives such as OpenAPC. This new vantage point constitutes a significant achievement with respect to the position of libraries and institutions within the opaque subscription market.
- National and international entities (Jisc Monitor, OpenAPC, OpenAIRE, Crossref, Hybrid OA Journal Monitor²...) as well as data scientists who are gathering data and conducting analyses should combine and coordinate their work to maximize the impact of their efforts.
- Having gained insight into APC trends through data collection and analysis, institutions and library consortia are now called to build a bridge to concrete action, using this new knowledge as leverage to take the publisher negotiations to the next level in the drive to achieve a fair, sustainable and fully open access publishing paradigm.

How to mitigate potential risks associated with the APC-based publishing business model

i. Risk of **increasing overall costs for scholarly communication through hybrid APCs.**

Strategy: An initial lack of coordination among research funders, researchers, institutions and their libraries permitted subscription publishers to create a new revenue stream for hybrid open access publishing on top of their subscription revenue stream (ie “double-dipping”), massively increasing the overall cost to the academic community (funders, producers and consumers of research) for scholarly communication. Integrating open access publishing services, and their relative costs, into an institution’s subscription license agreement provides a means to gain oversight in order to stem the duplicate spending and formally convert journal subscription funds into funds to support open access publishing of articles. Transformative agreements should be negotiated with the clear objective of rapidly actuating the full transition of subscription based publishing to open access access and the language in contracts should explicitly reflect the transitional nature of these type of measures (as piloted e.g. by the Royal Society of Chemistry and the Massachusetts Institute of Technology³). Ultimately, financial support for hybrid publishing must be withdrawn and transparency, central oversight and control of the costs of fully open access publishing services must be achieved.

² <https://najkoja.shinyapps.io/hybridoa/>

³ <http://intheopen.net/2018/06/mit-rsc-read-and-publish-agreementn-access-mit-and-the-royal-society-of-chemistry-sign-first-north-american-read-and-publish-agreement/>

- ii. **Risk of legacy subscription publishers dominating the scholarly publishing market** and enforcing high APCs attributable to powerful brands.

Strategy: In principle, we consider the open access transformation an opportunity for a substantial shift in the scholarly publishing industry's current balance of power. The APC-based business model for open access publishing is a definite improvement with respect to the current subscription market in that the costs of APCs are transparent and, therefore, subject to a level of scrutiny that is utterly lacking in the opaque subscription market. Furthermore, in an open access paradigm in which pricing of publishing services is set at the article-level, institutional funds currently locked in big deal journal subscription packages are free to flow precisely where individual researchers wish to publish. Nevertheless, in order to support the evolution of a more efficient and diverse market, institutions should avoid two common pitfalls of the subscription area:

- a. **Cost increases and fair pricing:** The MPDL whitepaper⁴ revealed that the academic community is paying between 3.800 and 5.000 EUR per article under the current subscription paradigm in which pricing is based not on actual cost but on historical print expenditures. Conversely, the open access publishing market is currently demonstrating average costs per article (APCs) of well below 2.000 EUR for pure gold OA publishing. Confronting these "pay to read" and "pay to publish" price points offers leverage against any argument that more money is needed for the transition: there is already enough money in the system to support a transition to open access.

Institutions should use the transformation period to gain back power, meaning that they need to develop their own understanding of what would be a feasible price for open access publishing services with a given publisher. In preparation of any negotiation of transformative agreements, institutions should therefore gain a clear picture of how their current subscription expenses translate in APCs (also in comparison to other publishers) before assessing the value of an APC as introduced by the publisher. Further payment streams to that publisher (eg hybrid oa, color and page charges, pure oa APCs) need to be taken into account as well. Setting up strategic priorities for the negotiations also helps to move straight forward⁵.

- b. APC levels should not be assessed on so-called journal quality metrics such as SNIP and JIF as these have severe limitations in terms of transparency and applicability on an article level⁶. We should therefore exclude such metrics from cost negotiations as they have proven to be unreliable and serve only to cement the power of journals and publisher brands.

⁴ <https://doi.org/10.17617/1.3>

⁵ See the Californian Call to Action as an example:

https://libraries.universityofcalifornia.edu/groups/files/slasiac/docs/NegotiatingJournalAgreementsAtUC_ACalToAction_final.pdf

⁶ See <https://www.frontiersin.org/articles/10.3389/fnhum.2013.00291/full>

Moreover, even where high price points for so-called high impact journals have been noted, there is clear evidence that the greatest challenge we face in the transition from subscriptions to open access is rather gaining control over the median hybrid price points which are applied for the vast majority of mid to low impact journal publications. APCs costs at this level will have much more impact on the overall cost development than the rare high APC, high-SNIP/JIF journals.

Another important aspect is to not lose sight of pure open access publishers as well as cooperative and APC-free publishing models. We should not only ensure funding for authors, but also actively shift budgets and savings to new models in order to stimulate competition and innovation on the academic publishing market.

iii. Risk of **increasing costs for research intensive institutions.**

Strategy: Every institution will face this challenge for some publishers where costs for publishing exceed former subscription costs. However, the overall numbers have proven that there is enough money in the system which speaks for the need of cost reallocation. Individual institutions can mitigate these risks in a number of ways: reorganize consortia structures, look at the expenditures from an aggregate level, introduce mechanisms of compensation and solidarity funds, where needed.