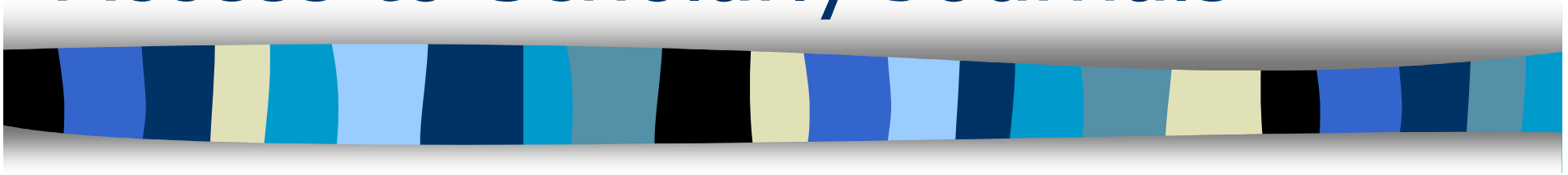
Economic Issues for Electronic Access to Scholarly Journals



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Publishing

1996 US GDP

Motor vehicles and equipment	$85.1 B
Electronic and other electric equipment	$143.8 B
Printing and publishing	$90.4 B

1997 Sales

- Reed Elsevier ($5.75 B)
- Wolters-Kluwer ($2.75 B)
- Gannett Co. ($1.3 B)
- News Corp ($3.2 B)

Selected Publishing Merger & Acquisition Activity

- Harcourt General acquires Times Mirror's Mosby Inc. ($415 MM) (9 Oct 98)
- Bertlesmann AG to buy 50% ($200 MM) in Barnes and Noble online (7 Oct 98)
- Penton Media to buy Mecklermedia ($200MM) (8 Oct 98)
- Wolters-Kluwer acquires Ovid Technologies (30 Sept 98)
- Microsoft in discussions with Reed Elsevier? (24 Sept 98, Assoc Press)
- Reed Elsevier acquires Matthew Bender and Shephard's ($1.65 B) (27 Apr 98)
- Individual Inc. and Desktop Data and ADP/ISS (24 Feb 98)
- Washington Post and Newsbytes News Network (18 Dec 97)
- Reed Elsevier and Kluwer propose merger (13 Oct 97; abandoned)
- Reed Elsevier acquires Chilton Business Group ($447 MM) (23 June 97)
- Reed Elsevier acquires MDL Information Systems ($320 MM) (24 Mar 97)
- Reed Elsevier acquires Thomson legal titles (Feb 97)

Problems and Opportuntities

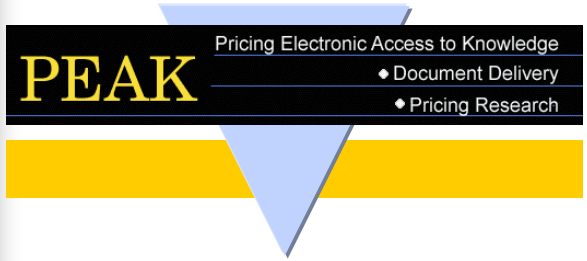
- **Problems**:
  - High first copy costs
  - Constrained library budgets
  - Threat from “bypass publishing”
  - Incremental costs from new delivery media
  - Development risk for new value-added services
- **Opportunities with electronic access**:
  - Revenue from new service provision
  - Revenue from reaching new readers
  - Extracting more value from heterogeneous users

Question:

Do prevailing models for structuring, delivering, and pricing journals make sense in an electronic environment?

Question:

What sort of business model/revenue impacts might different revenue schemes have for publishers?



PEAK: Pricing Electronic Access to Knowledge

- Deliver 1200 Elsevier journals
  - Large-scale production
  - Local search engine
  - Electronic commerce
  - Multiple remote sites participating
- Pricing research
  - Creating new value
  - Institutional and individual responses to bundling and nonlinear pricing

PEAK Pricing Models

Institutional		Individual
		
✓	Traditional subscriptions	✓
✓	Generalized subscriptions	✓
✓	Per article	✓

Participants

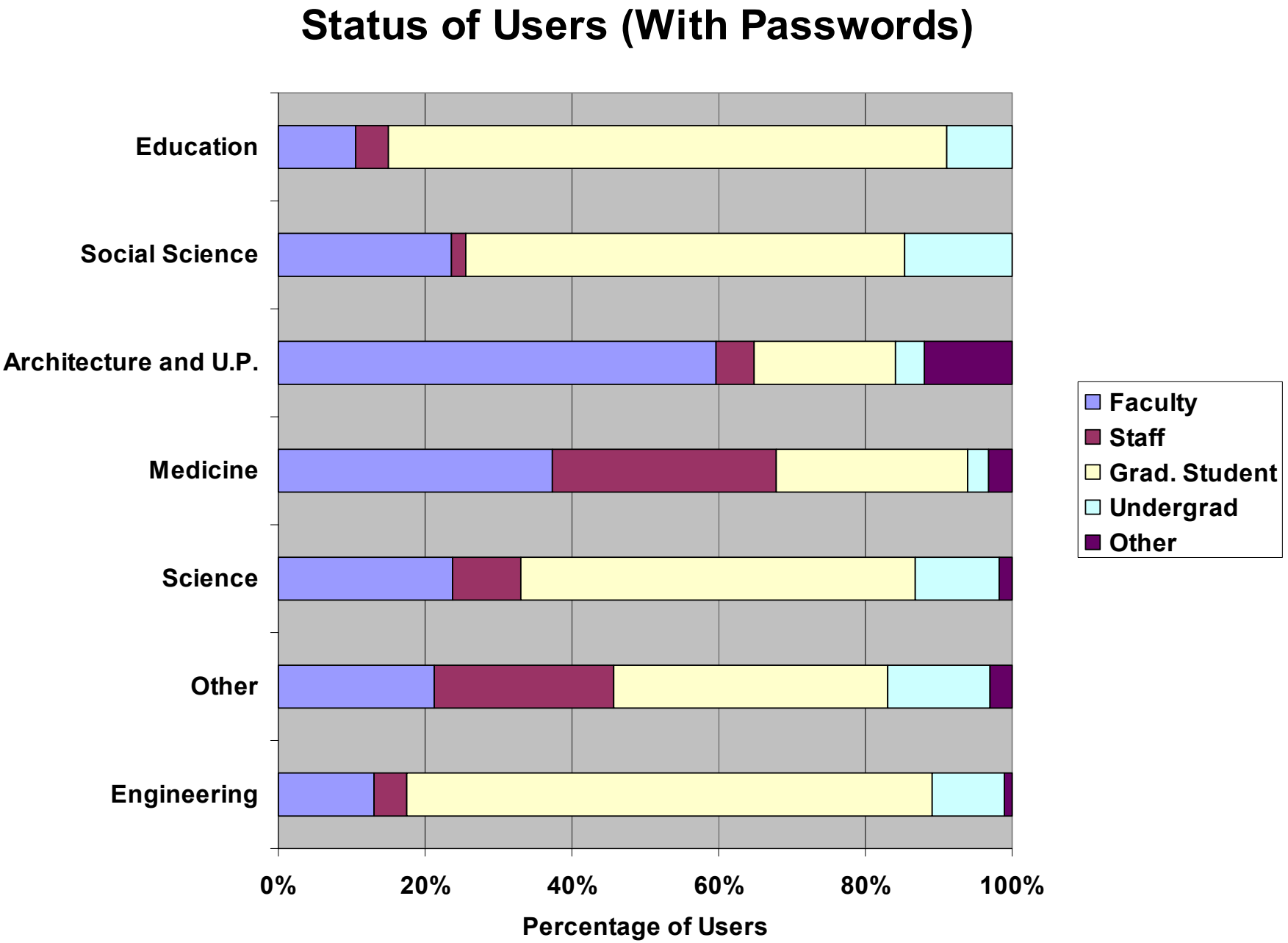
INSTITUTION	ENROLLMENT
Large Research	
4 institutions	35,000 - 42,000
Medium Research	
4 institutions	6,500 - 10,000
Small College/Professional	
2 institutions	1,000 - 2,000
Corporate	
2 institutions	——

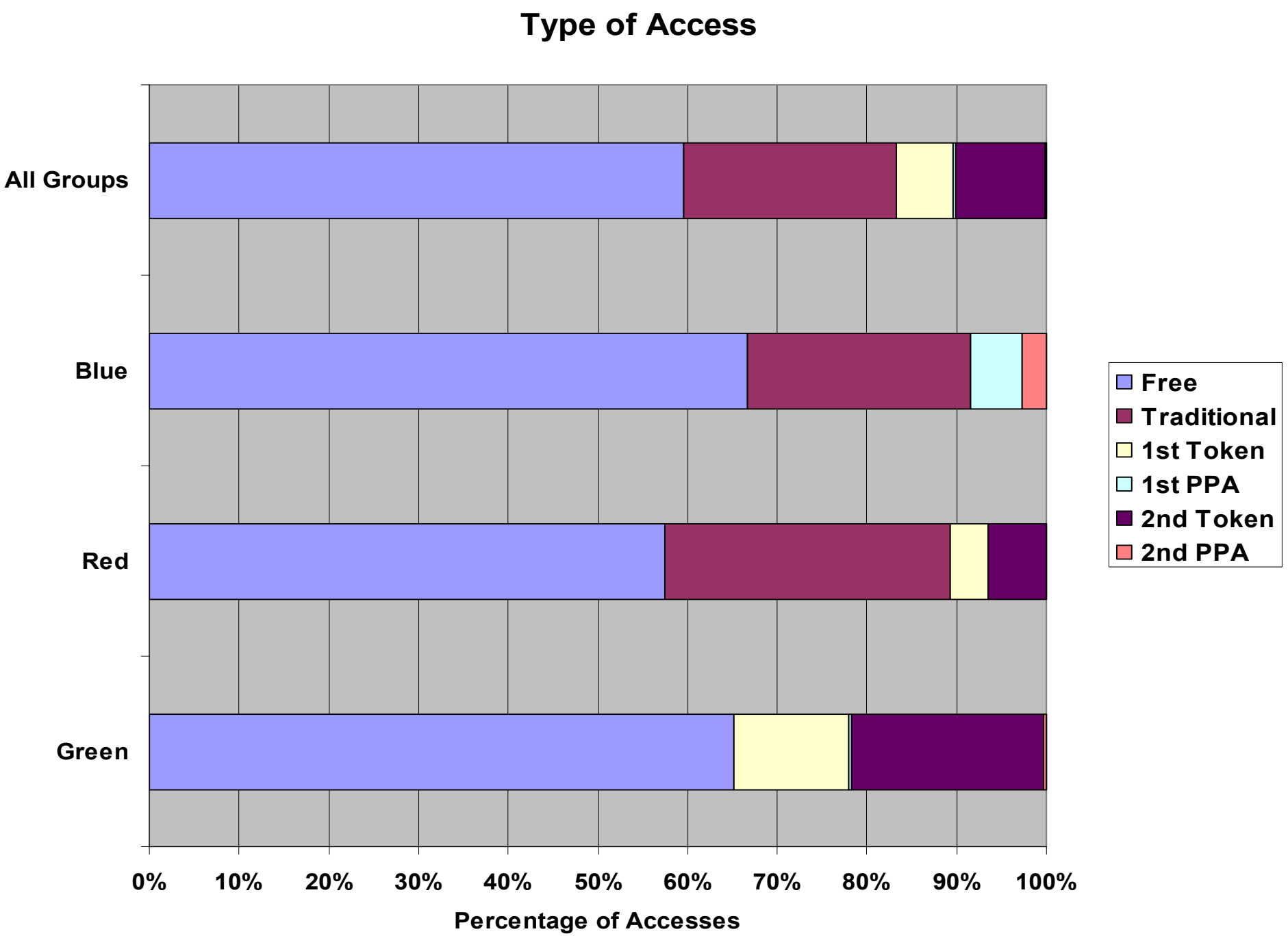
Participants & Models

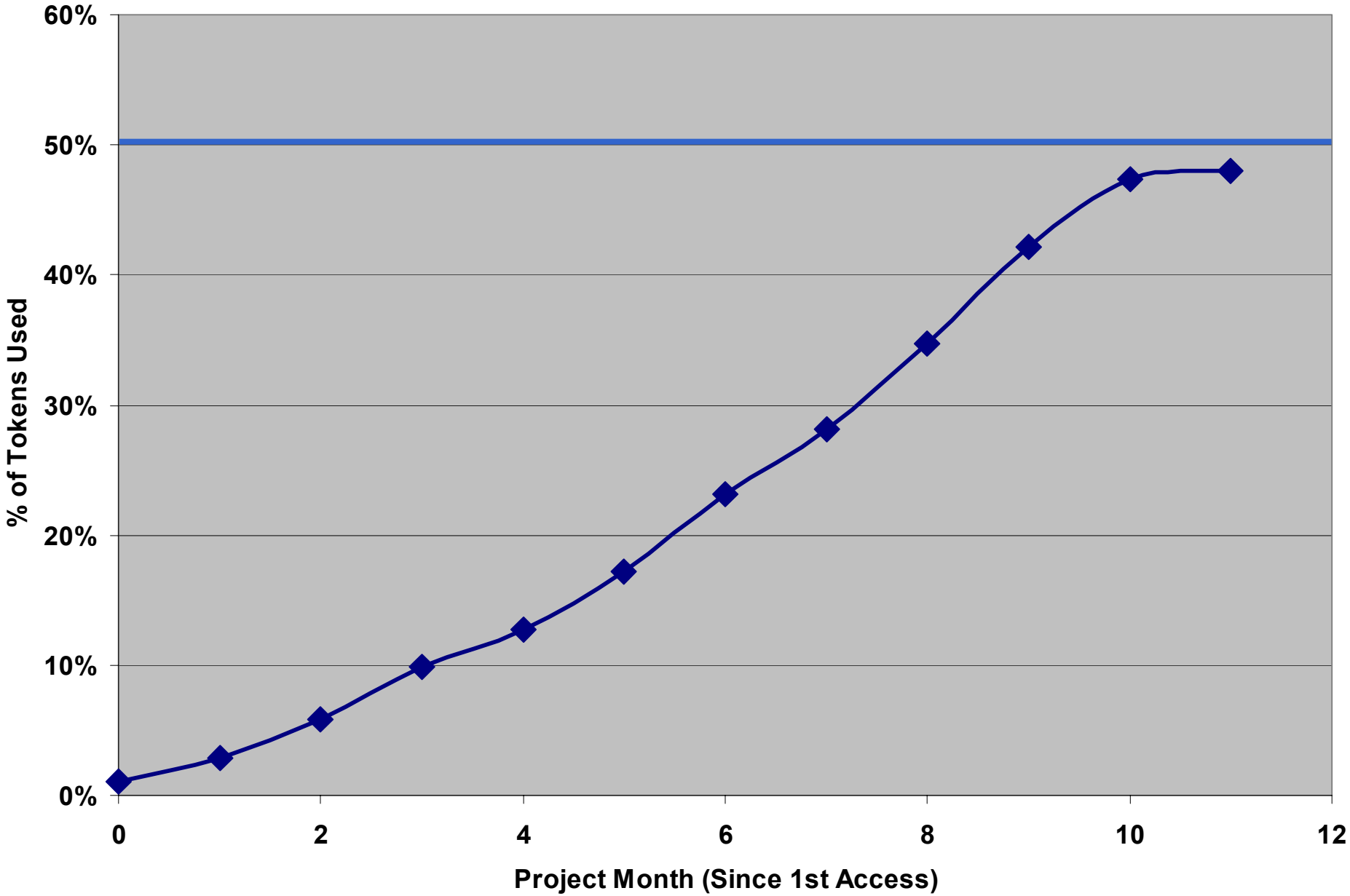
INSTITUTION	AVAILABLE OPTIONS		
	Traditional	Generalized	Per Article
Large Research (35-42,000)			
Institution A	X	X	X
Institution B	X	X	X
Institution C	X		X
Institution D		X	X
Medium Research (6-10,000)			
Institution A	X	X	X
Institution B		X	X
Institution C		X	X
Institution D	X		X

Participant Models

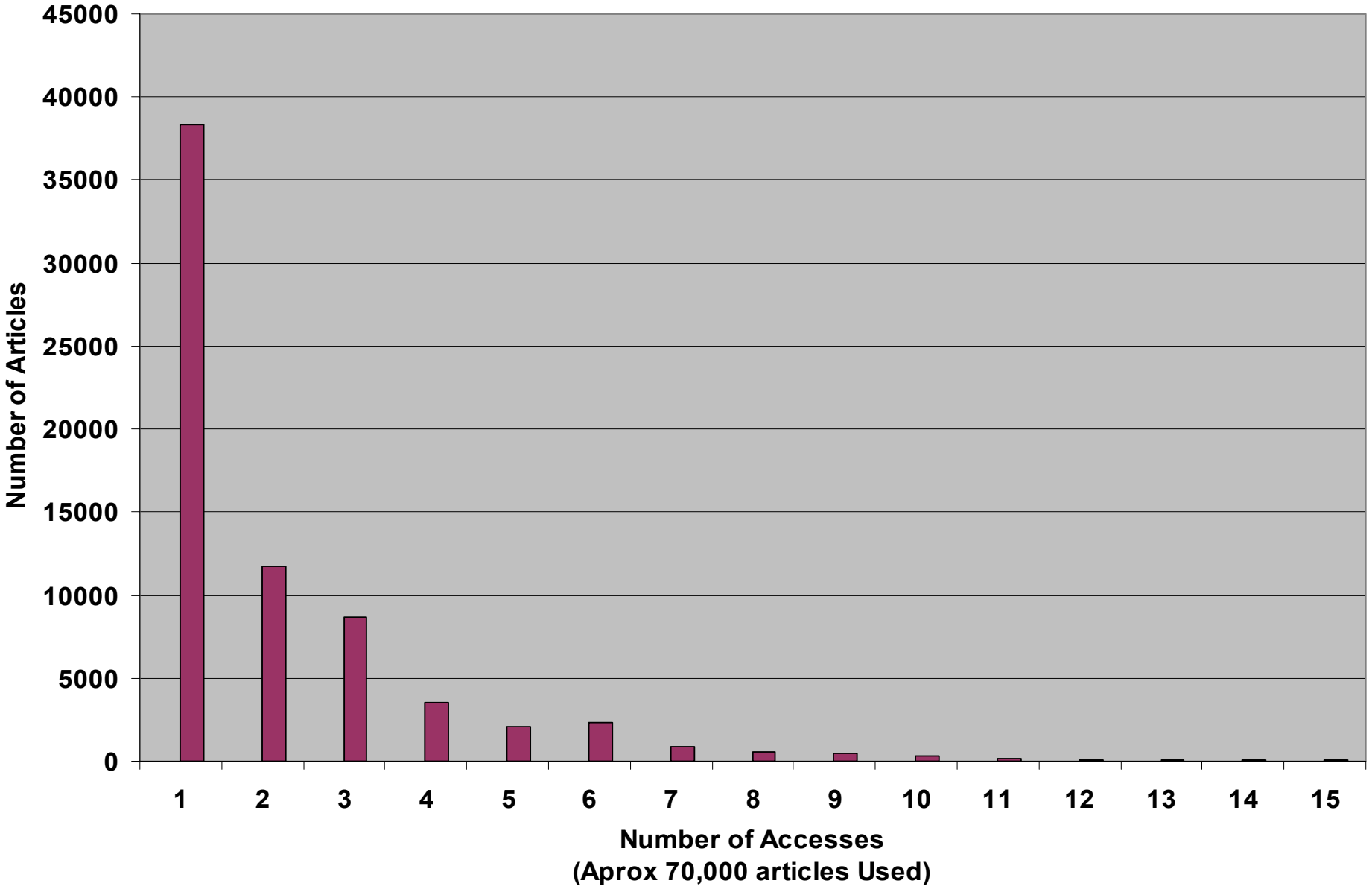
INSTITUTION	AVAILABLE OPTIONS		
	Traditional	Generalized	Per Article
Small College/Professional (1000-2000)			
Institution A	X		X
Institution B	X	X	X
Corporate			
Institution A		X	X
Institution B			X


Status of Users (With Passwords)
Education
Social Science
Architecture and U.P.
Medicine
Science
Other
Engineering
0%
20%
40%
60%
80%
100%
Percentage of Users
Faculty
Staff
Grad. Student
Undergrad
Other

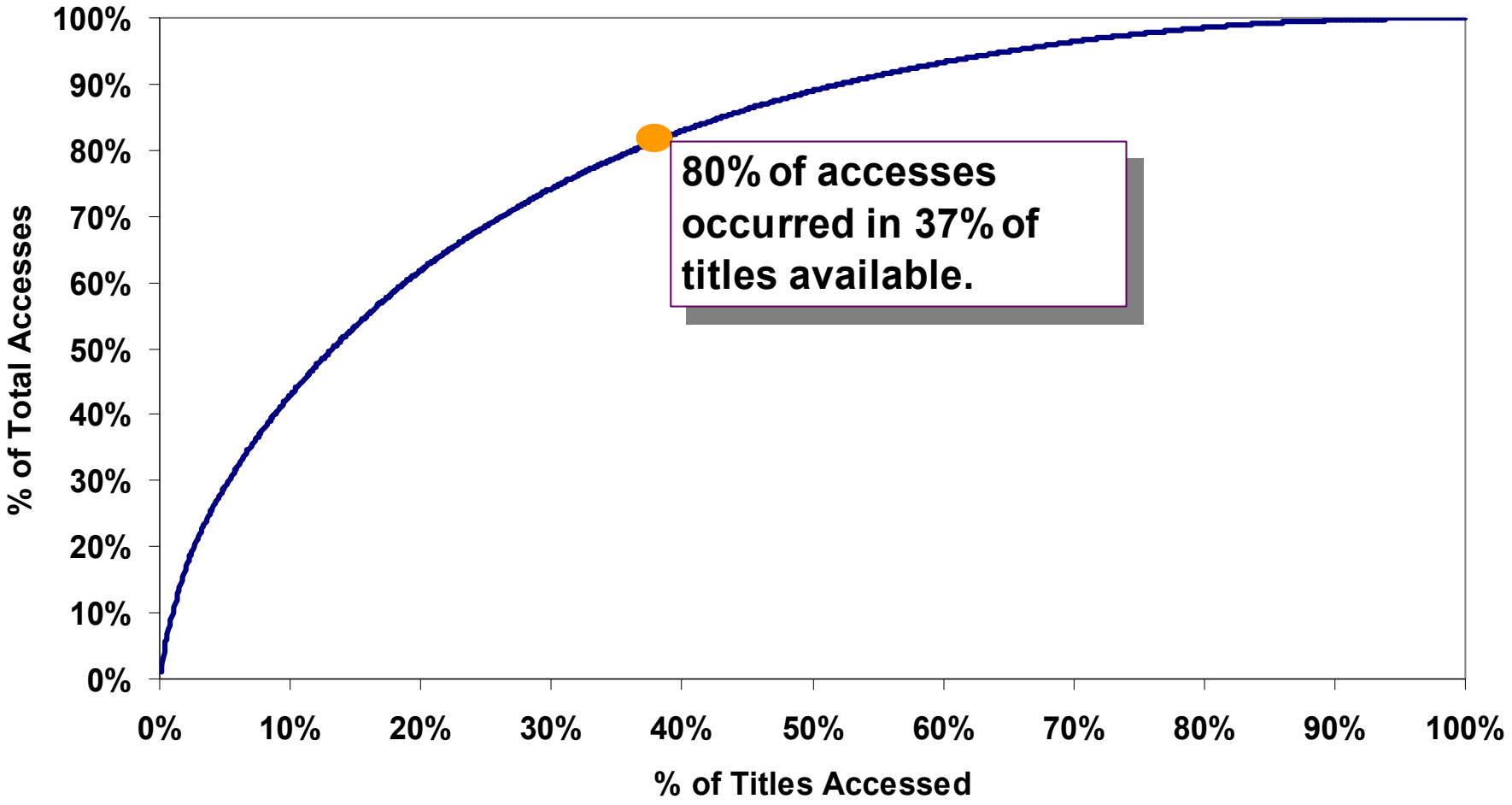

Type of Access
All Groups
Blue
Red
Green
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
100%
Percentage of Accesses
Free
Traditional
1st Token
1st PPA
2nd Token
2nd PPA


Cumulative Use of Tokens 1998 - All Institutions
60%
50%
40%
30%
20%
10%
0%
% of Tokens Used
0
2
4
6
8
10
12
Project Month (Since 1st Access)

Repeated Accesses of Articles



Concentration of Collection Usage
All Institutions



Early Observations

- Overbuying
- Generalized tokens are appealing
- New users
- Wide variability in user behaviors

For more information...

- PEAK Project Site:

  www.lib.umich.edu/libhome/peak/