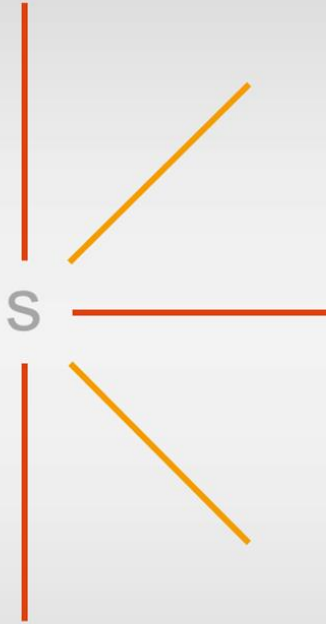


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How OA2020 changes the publishing industry's balance of power

Strengthening the market's competitive forces



The Five Forces framework

- In his seminal article of 1979, Harvard economist Michael E. Porter describes how the collective strength of five competitive forces determines the **ultimate profit potential** of an industry.
- The Five Forces framework reveals how underlying **sources of competitive pressure** provide the groundwork for a strategic agenda, highlighting the places where industry trends promise to hold the greatest significance as either **opportunities or threats**.

Porter's Five Forces



At the center Porter places the first force, **industry rivalry**, and coming from four different sides the **bargaining power of suppliers**, the **bargaining power of buyers**, the **threat of new entrants** and the **threat of substitutes**.

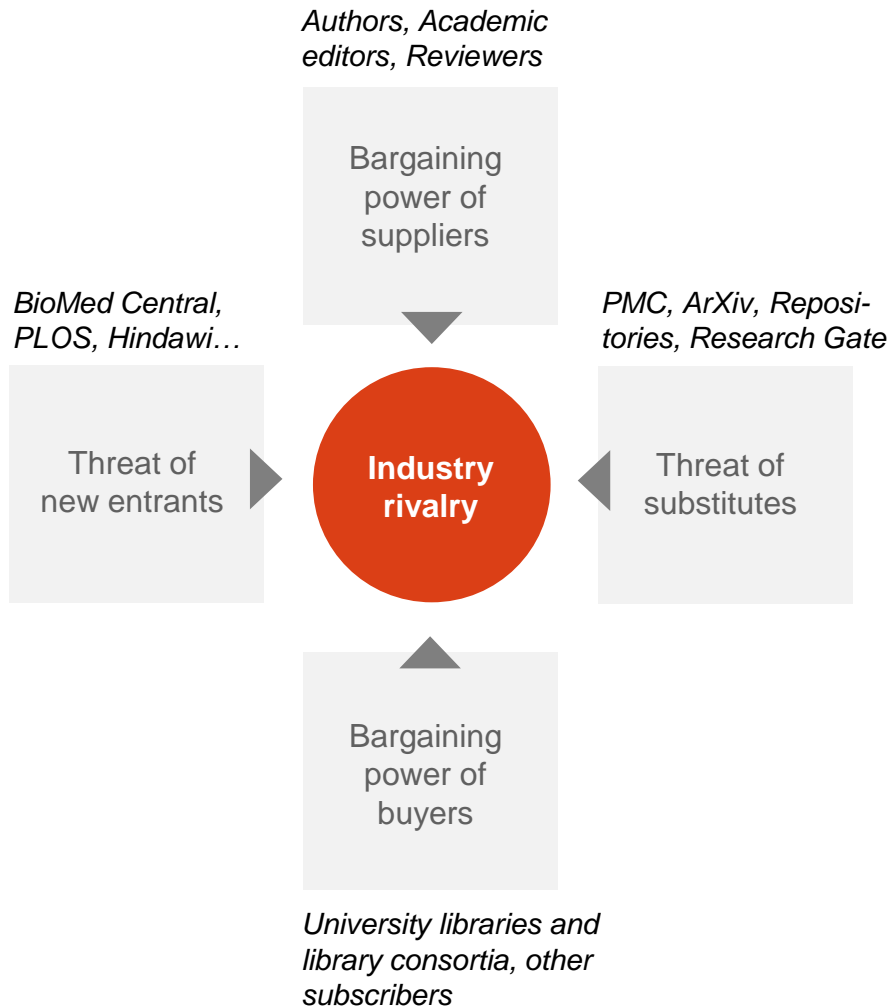
- If there is a fierce competition in the center, suppliers and buyers have strong bargaining power.
- When the 5 competitive forces are weak, the industry becomes very lucrative.



The Five Forces and the Publishing Industry

- By **analyzing the scholarly publishing industry** through the Five Forces lens, Bo-Christer Björk explains why open access publishing has not yet succeeded in reaching a substantial market share.
- According to Björk’s analysis, traditional publishers firmly hold the industry in a deadlock as **none of the five forces** currently **endangers their profit margins**.

The Five Forces and the Publishing Industry

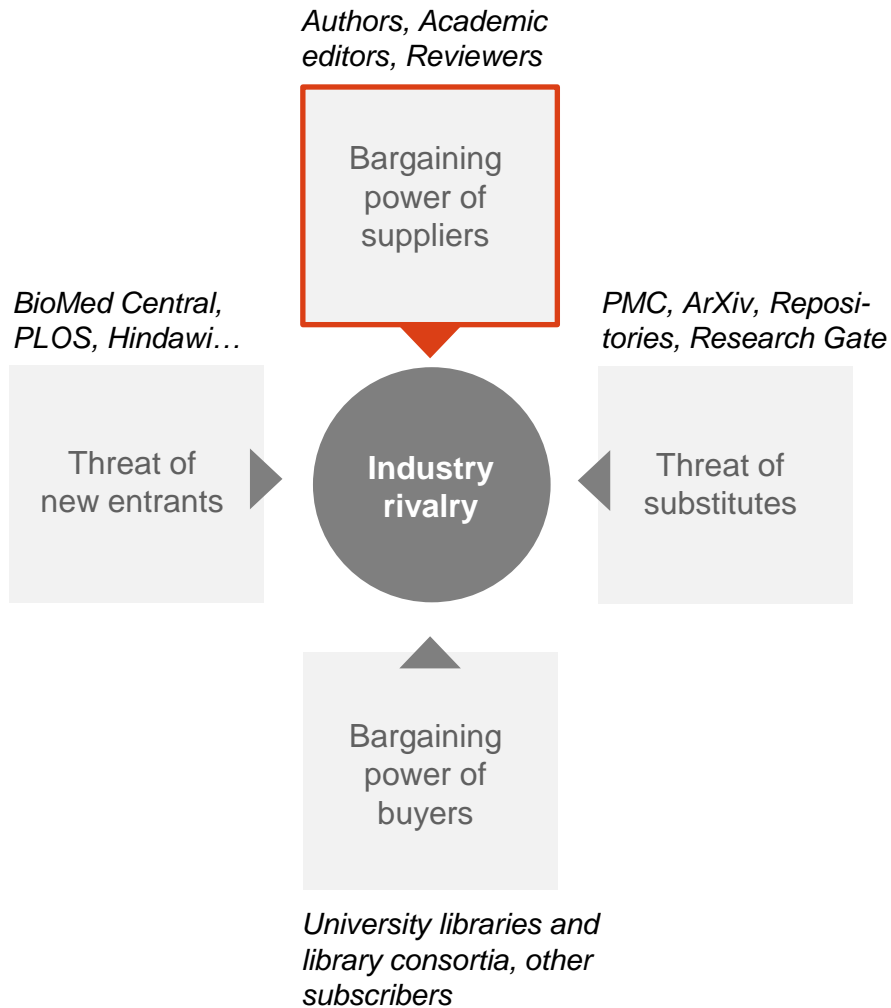


Industry rivalry

In the current **oligopolistic market**, a handful of **large commercial publishers** control highly diversified portfolios of respected journals and do not compete on price.

Industry rivalry, as a competitive force, **is weak**, as customers cannot choose one over another but must purchase from all of them.

The Five Forces and the Publishing Industry

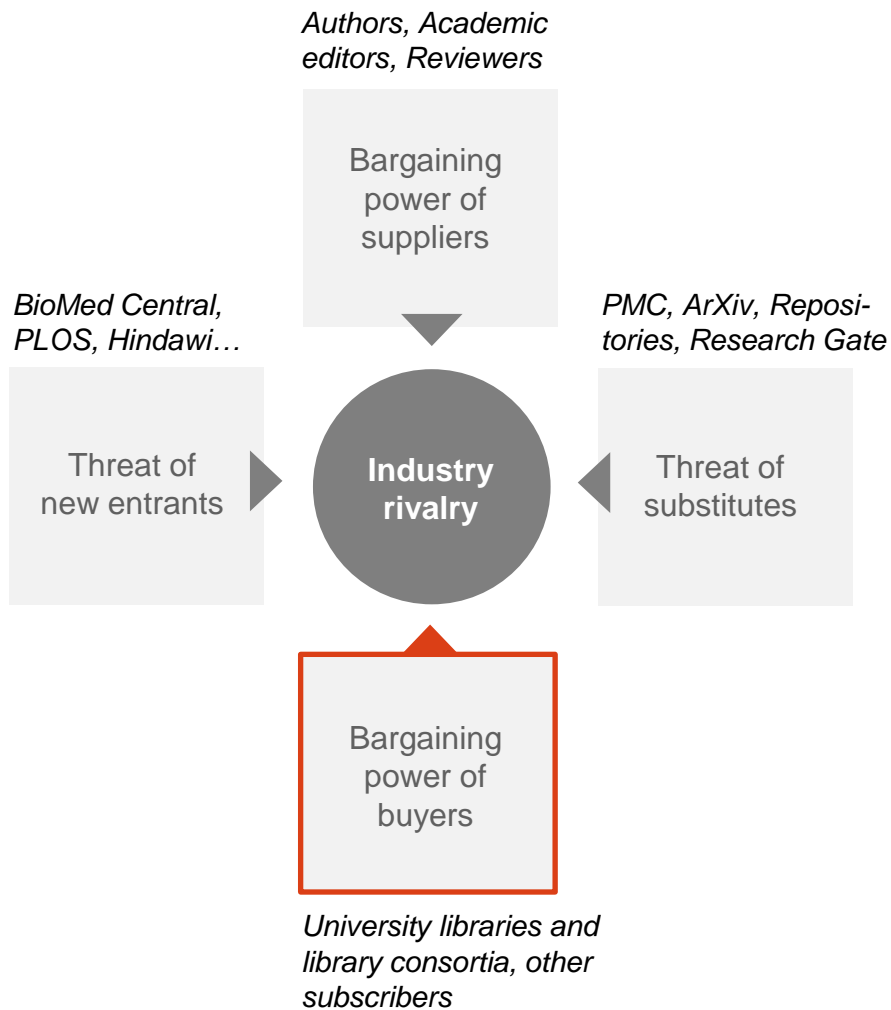


Bargaining power of suppliers

Suppliers (authors, editors, reviewers), rather than exert price pressure, willingly give their articles and services for free, receiving social capital in return.

The total lack of monetary transaction obliterates their bargaining power.

The Five Forces and the Publishing Industry



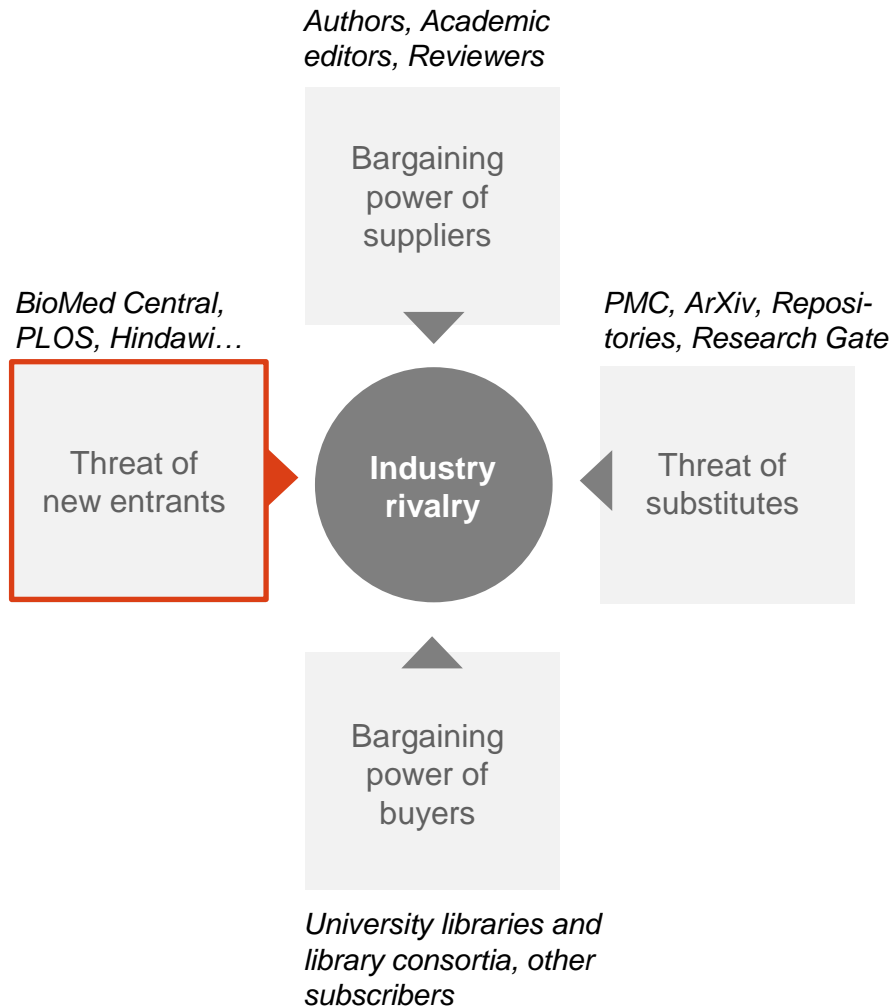
Bargaining power of buyers

With their budgets locked into publisher “big deal” subscriptions and prices hidden by non-disclosure agreements the **bargaining power of *Buyers* (libraries) is weak.**

The large publishers succeed in increasing prices year after year, not according to actual cost of publishing but rather the customer’s “willingness to pay”.

The actual users, who might exert some pressure, are shielded from any cost considerations.

The Five Forces and the Publishing Industry

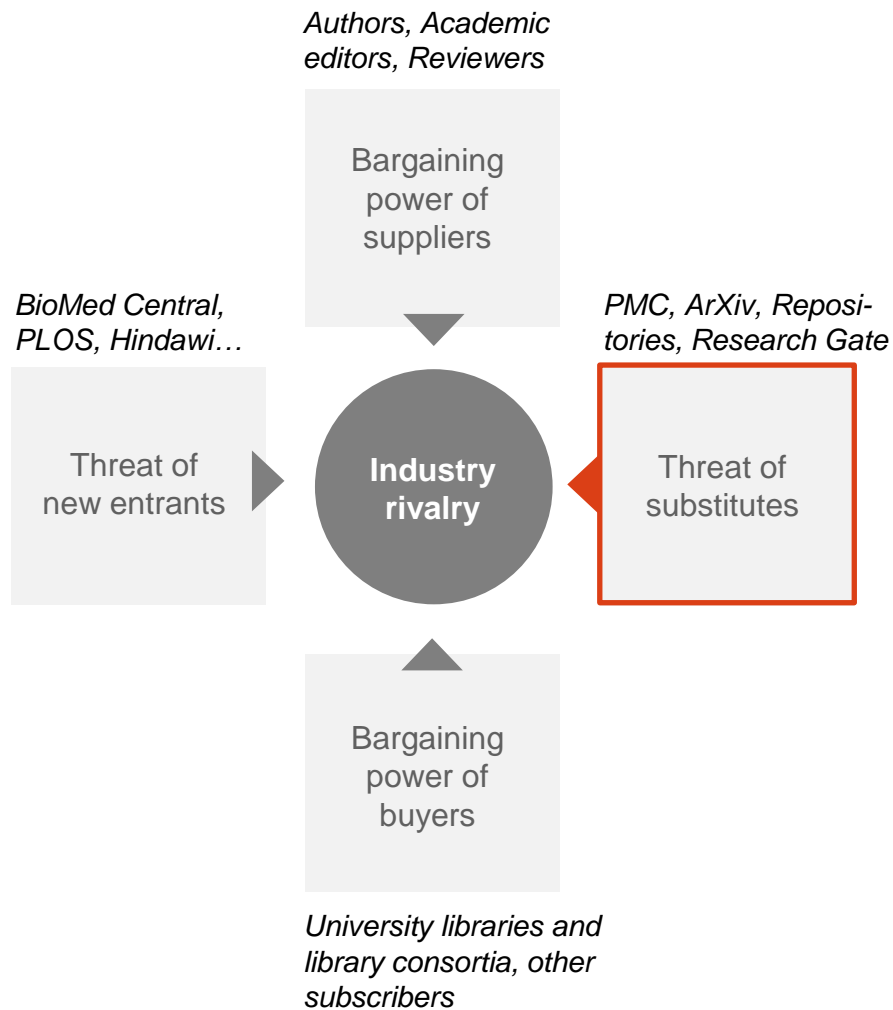


Threat of new entrants

Given the market dominance of “big deal” journal packages which drain library budgets, the threat of *new entrants* (pure OA publishers) is weak.

The competitive pressure from new entrants is weak, due to the time required to build journal reputations.

The Five Forces and the Publishing Industry



Threat of substitutes

The threat of ***substitutes***, such as **pre-print archives, IRs and sharing sites** is hampered by embargo periods, low deposit rates and the threat of legal action against piracy.

Customers (libraries) cannot fully rely on freely available copies as an alternative to subscriptions.

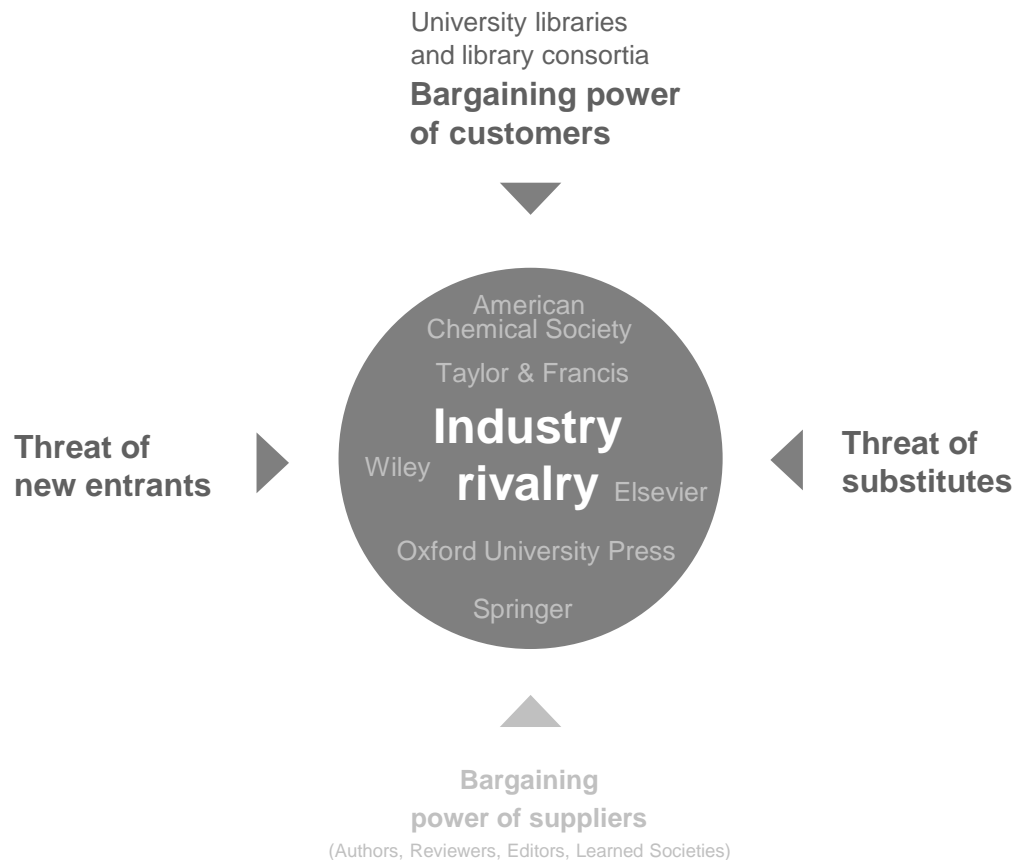


The positive impact of OA2020 on the Five Forces

- In the following adaptation of Porter's Five Forces, we clearly see how the **OA2020 strategy** has the potential to **alter the current market deadlock** and finally achieve open access on a large scale by **strengthening the competitive forces**.
- To begin: by shifting their current budgets away from subscriptions to open access publishing models, the **bargaining power of customers (Libraries) intensifies**.

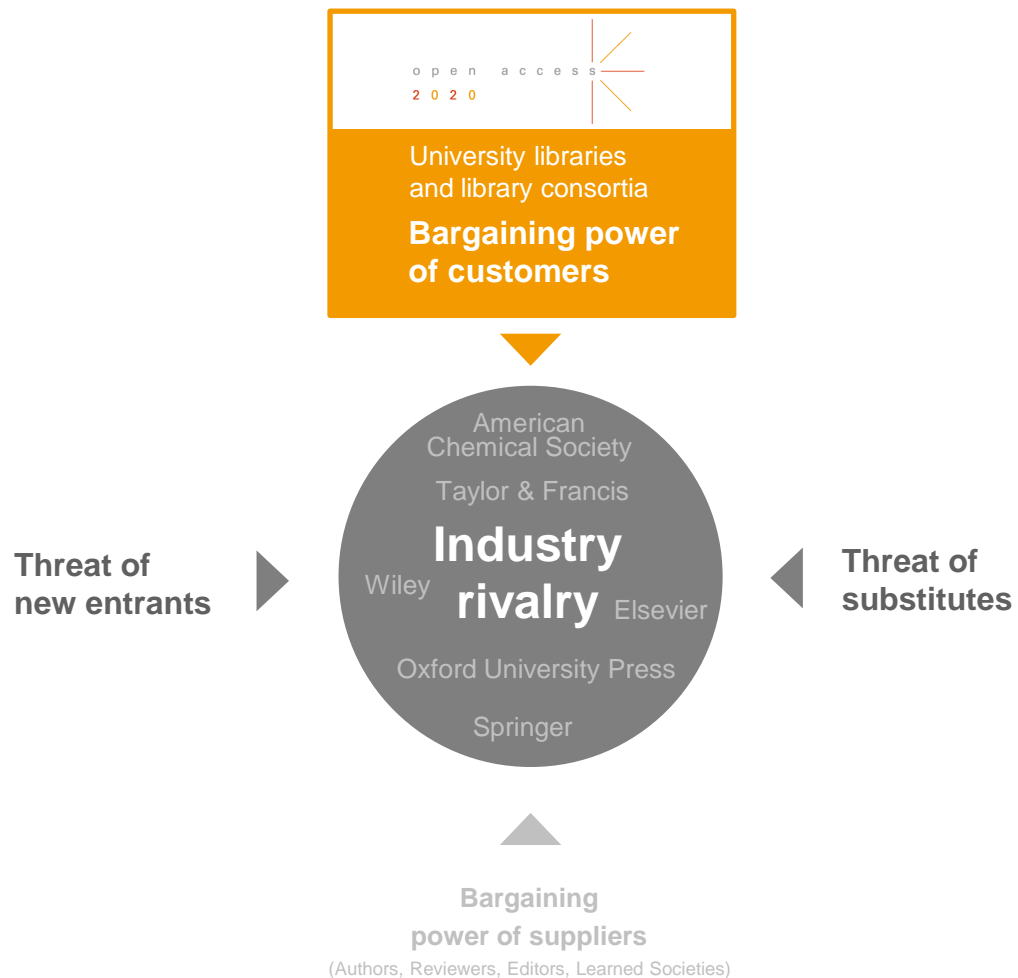
The transformational power of the OA2020 strategy

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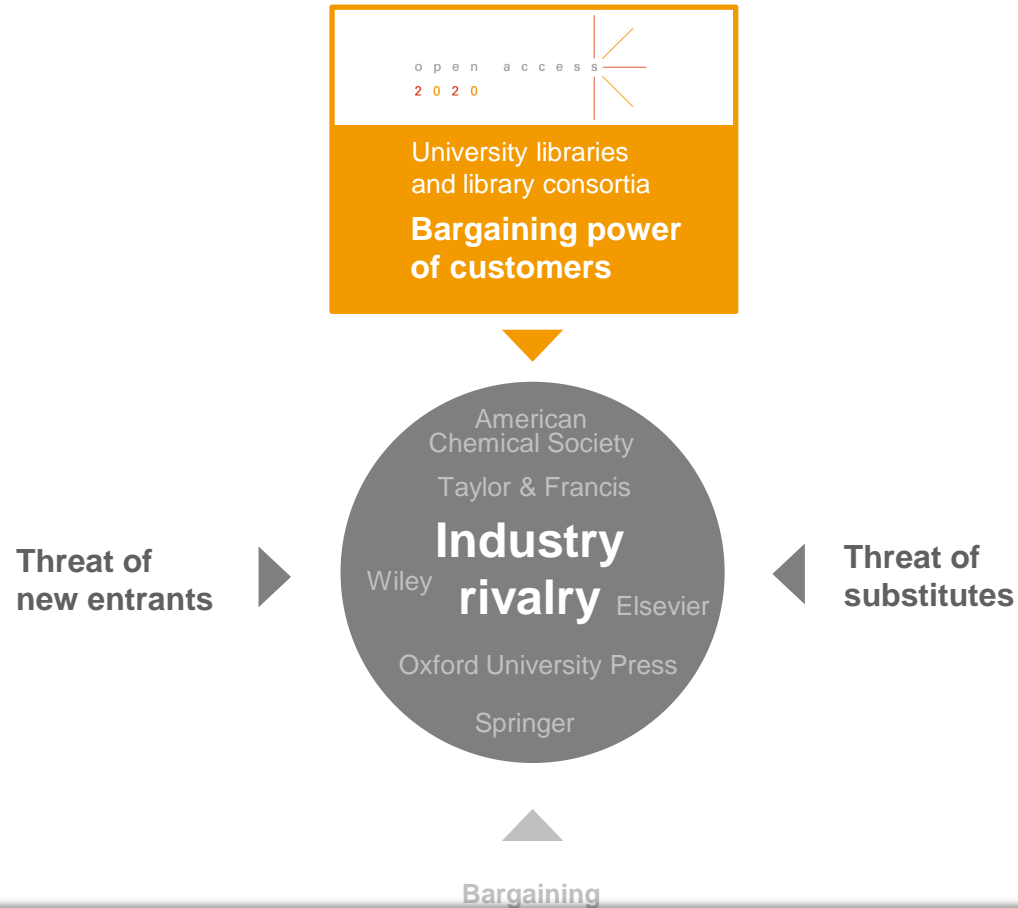


The transformational power of the OA2020 strategy

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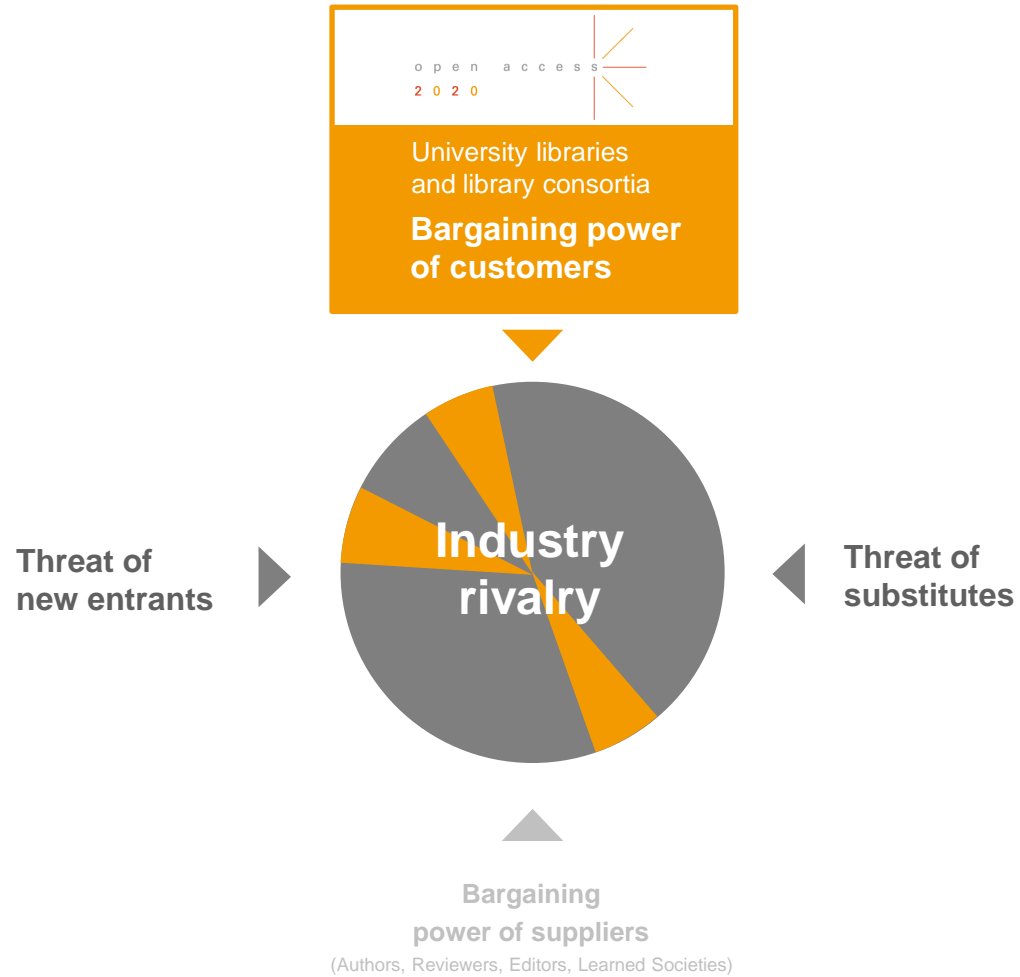
The transformational power of the OA2020 strategy



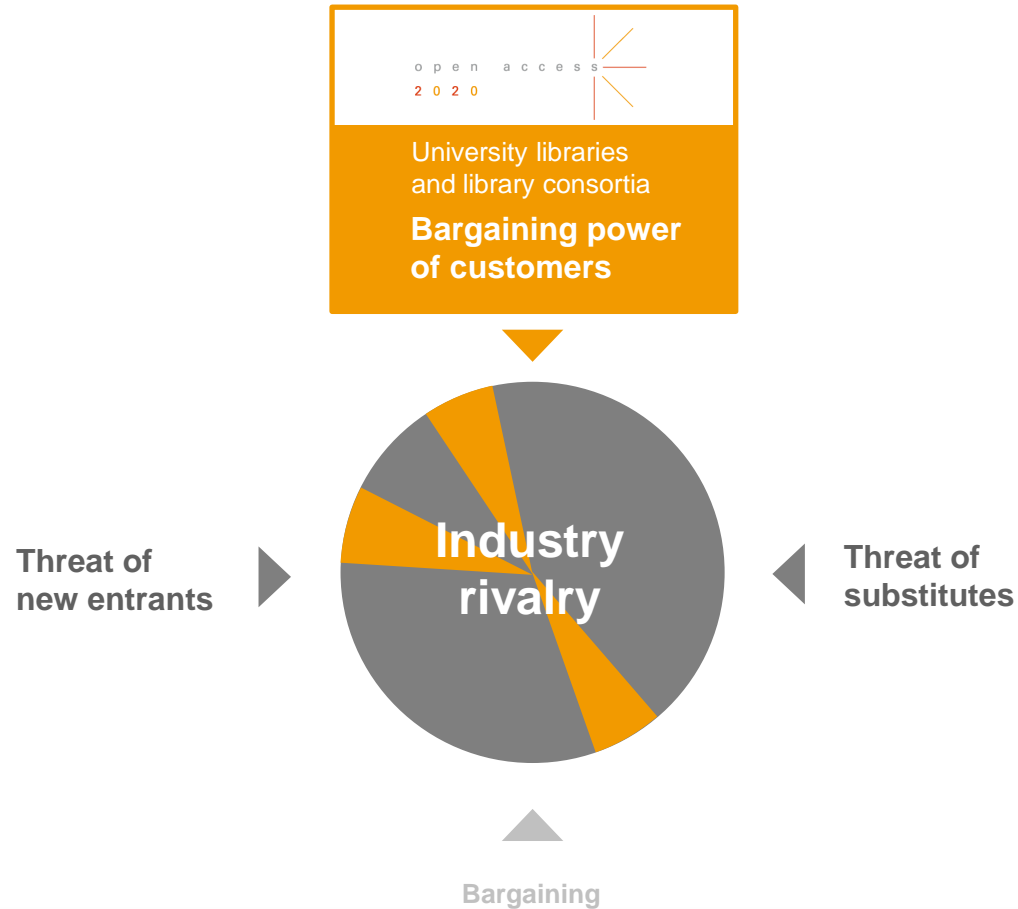
OA2020 strategy

OA2020 gives customers leverage. Institutions adopting the OA2020 strategy commit to an action plan for reinvesting their current subscription expenditures in open access business models. This commitment gives them a clear position for negotiating with publishers and therefore strengthens their bargaining power.

The transformational power of the OA2020 strategy



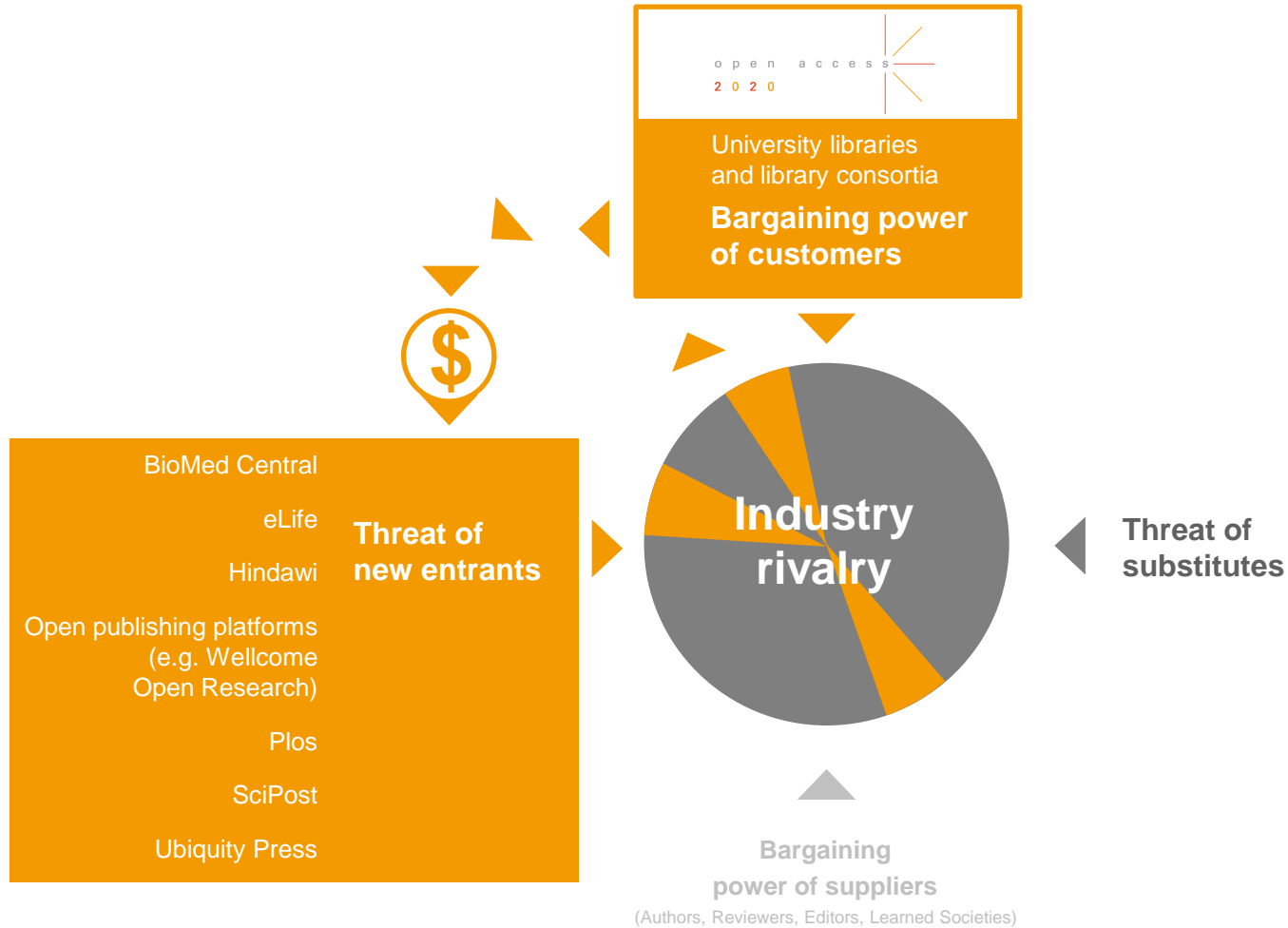
The transformational power of the OA2020 strategy



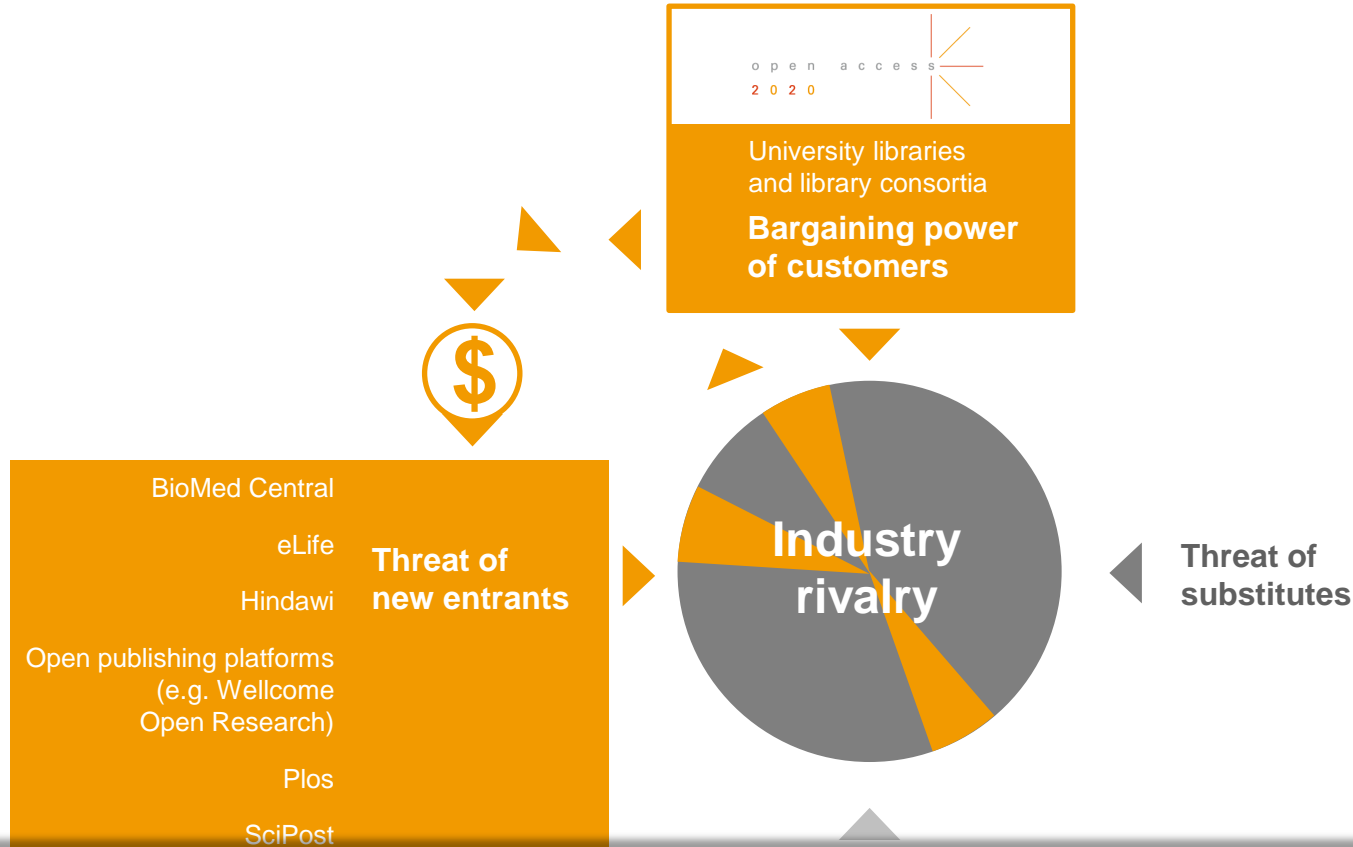
Open access agreements

Agreements with traditional publishers will only be renewed if they include open access publishing rights. Publishers will be incentivized to change their business models, as offering open access publishing becomes a competitive advantage.

The transformational power of the OA2020 strategy



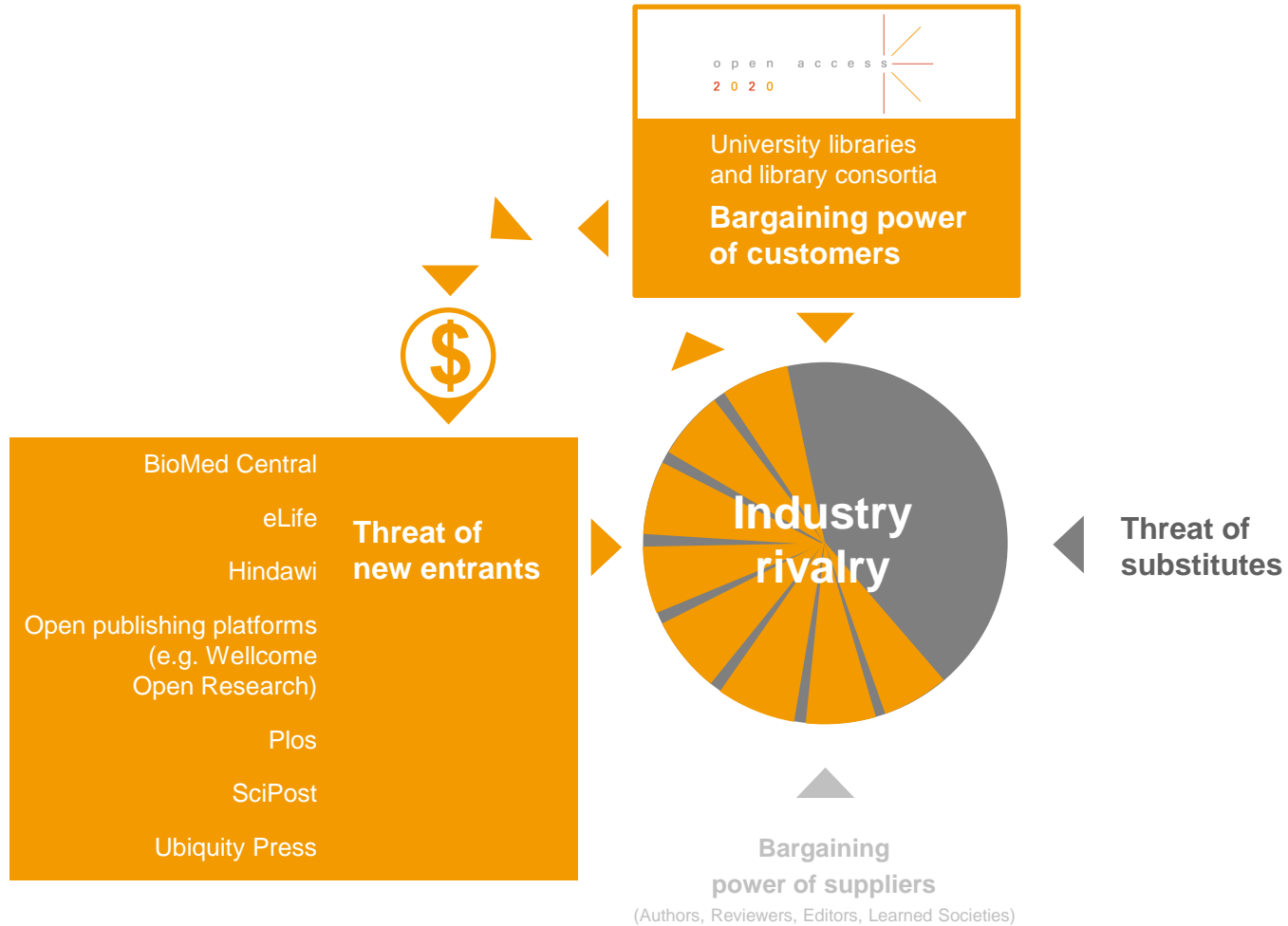
The transformational power of the OA2020 strategy



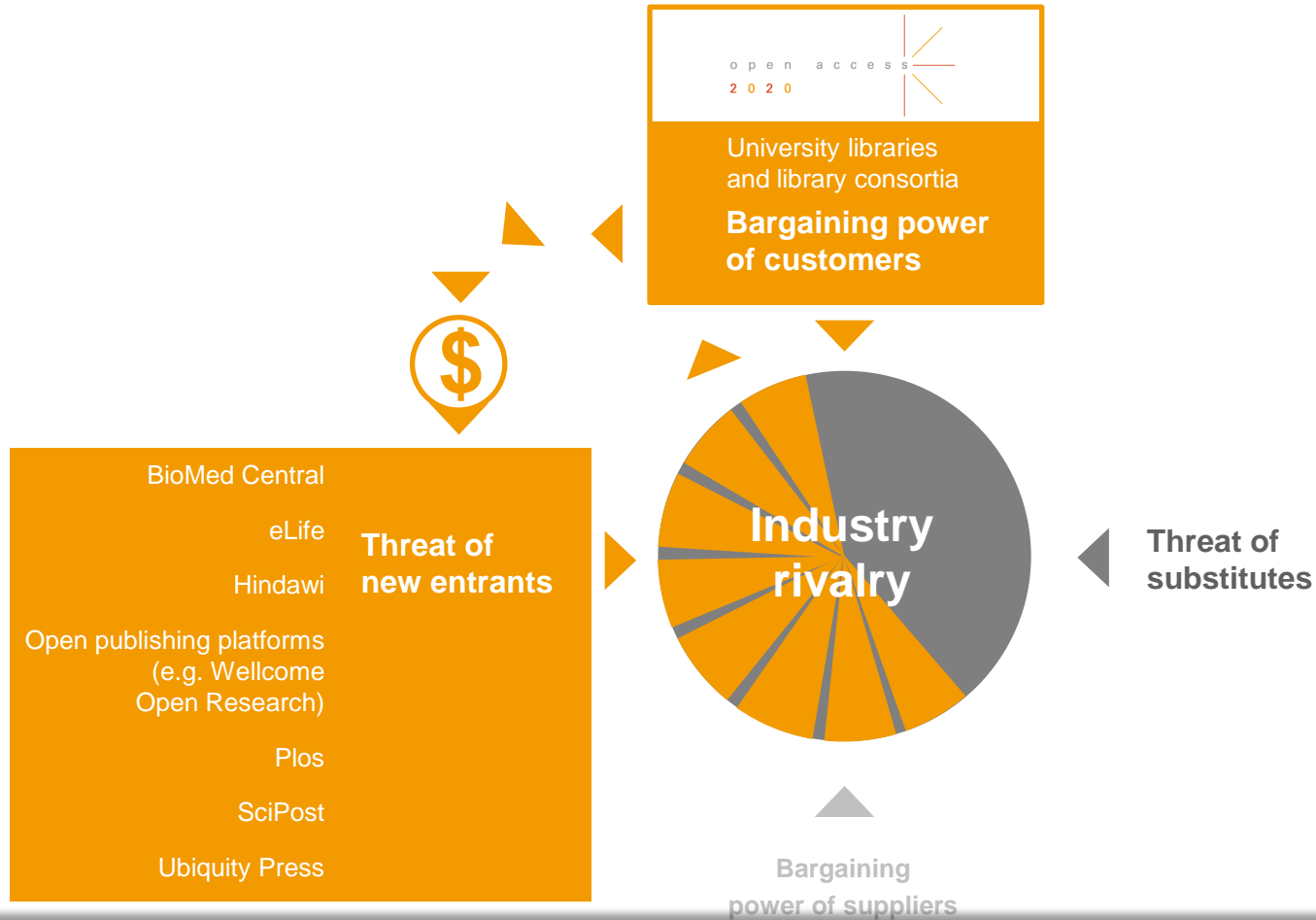
Divest from subscriptions – reinvest in open access

7.6 bn € (\$10B) can be reinvested in open access. The MPDL whitepaper has shown that there is already enough money in the system to finance open access publishing, beyond the transformation of today's scholarly (subscription) journals. OA2020 affirms not only establishing OA agreements with traditional publishers, but also shifting current subscription expenditures to new OA market players, business models and initiatives such as setting up institutional OA publishing funds and supporting cooperative OA business models.

The transformational power of the OA2020 strategy



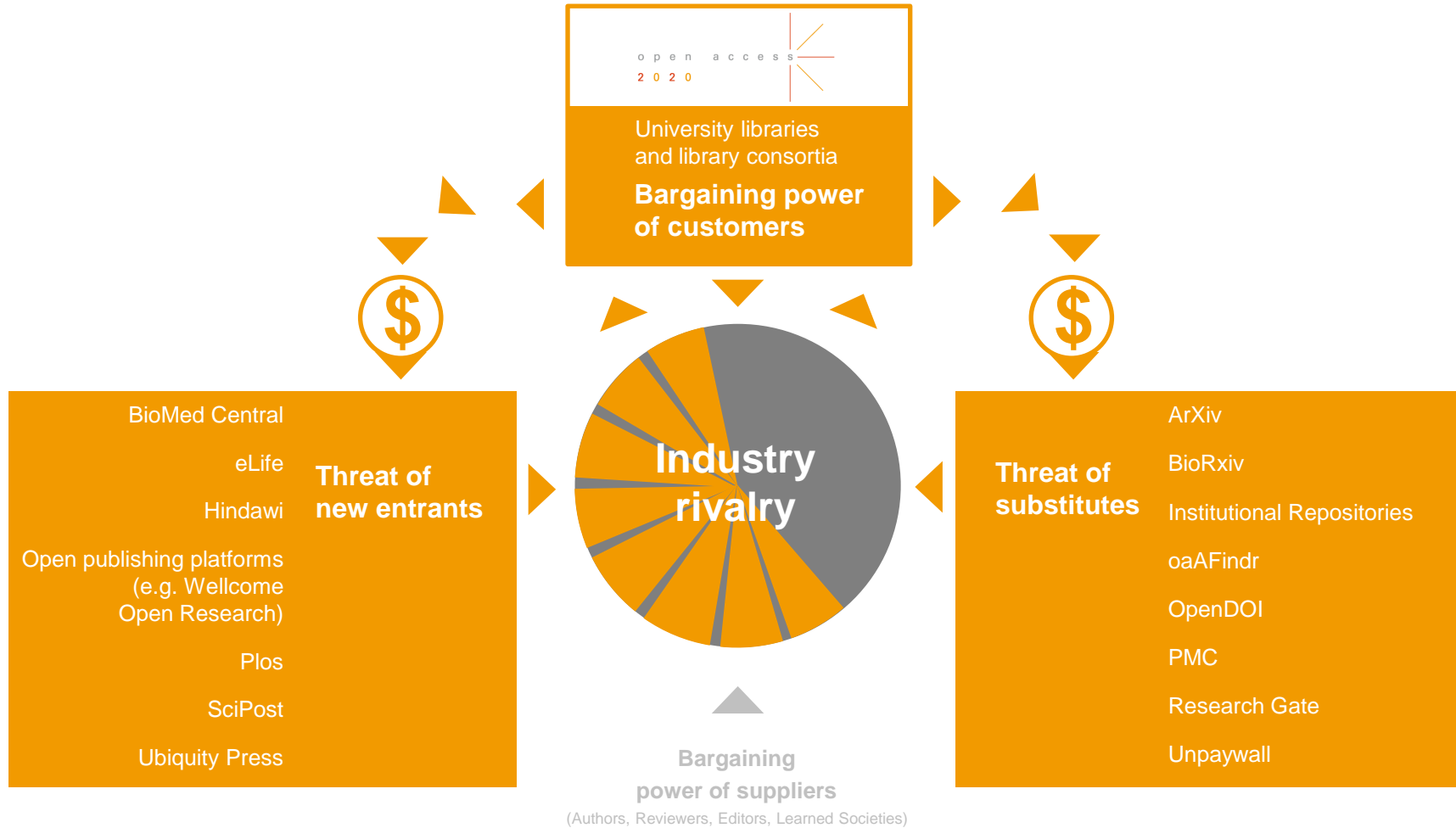
The transformational power of the OA2020 strategy



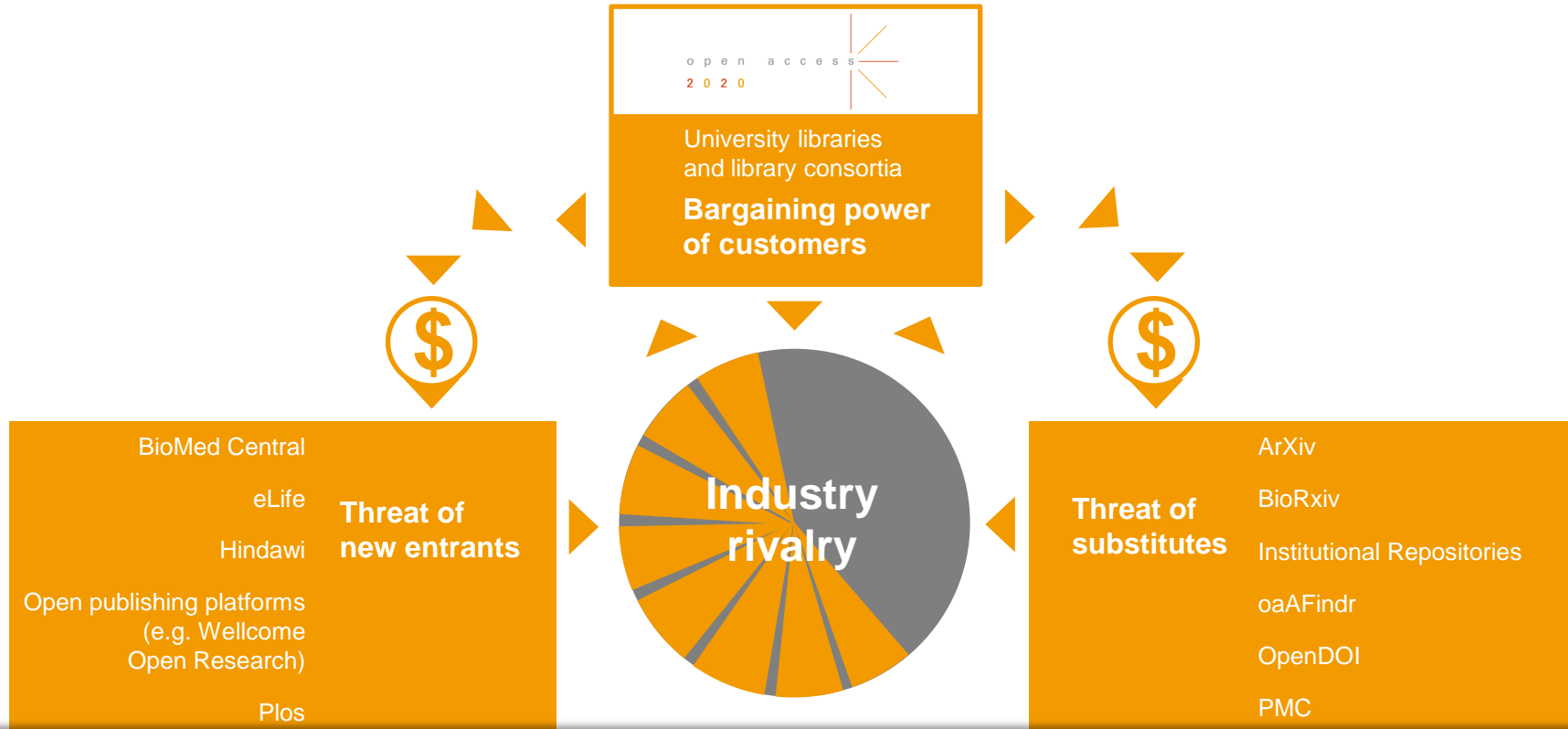
OA2020 changes the market situation

More competition, more open access. OA2020 fosters competition by shifting budgets to open access business models.

The transformational power of the OA2020 strategy



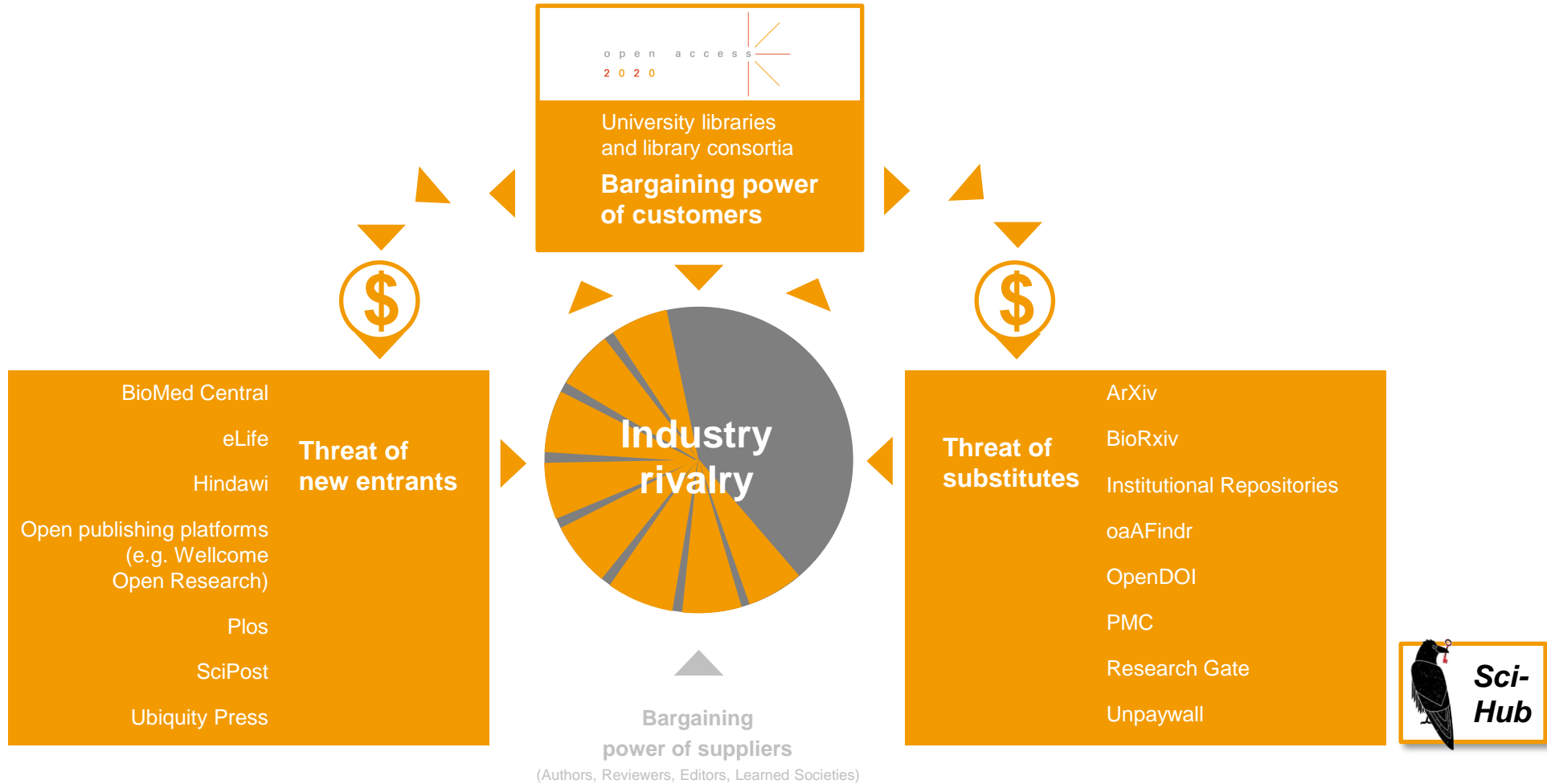
The transformational power of the OA2020 strategy



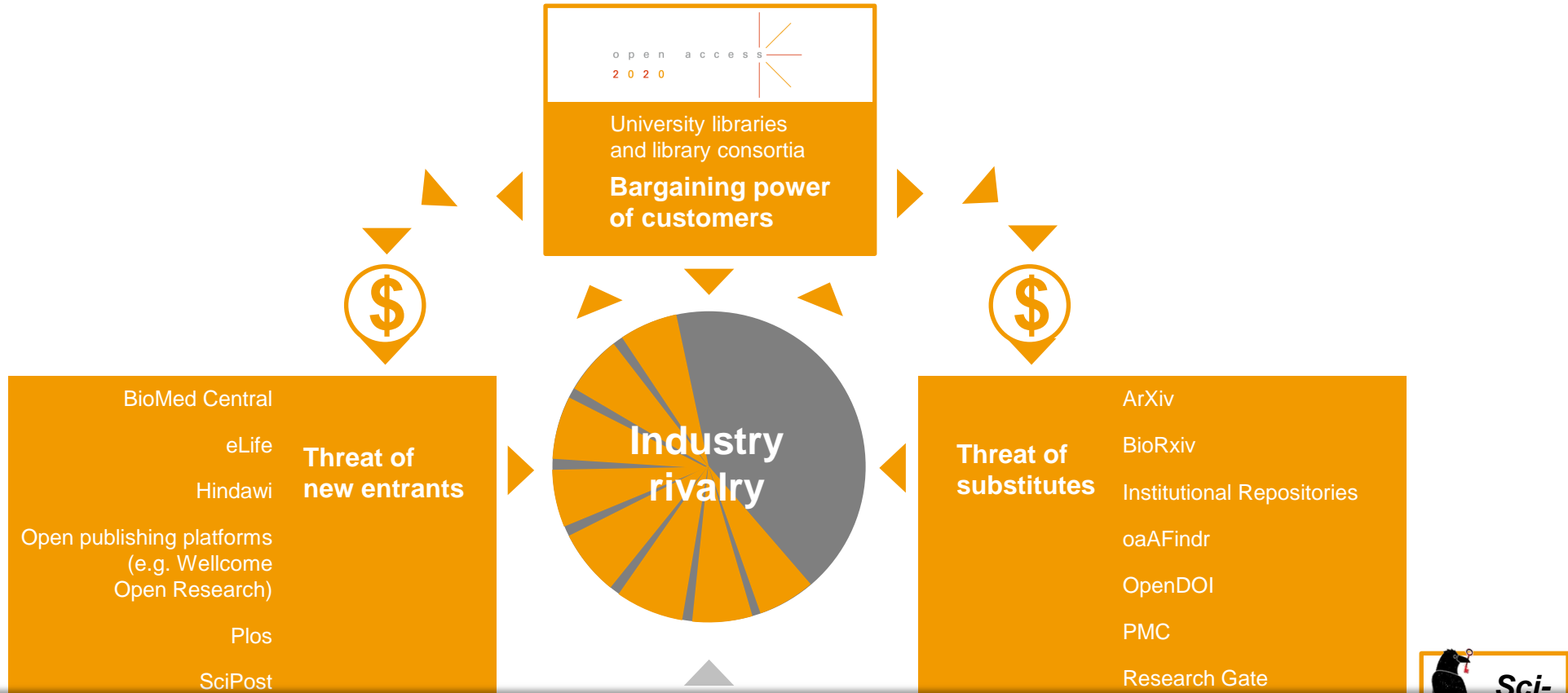
Divest of subscriptions to support infrastructure and be aware of alternative sources

The green route benefits from OA2020. Many institutions lack the significant financial resources necessary to set up, populate and maintain local repositories and even have difficulty in finding funds to support community-driven platforms such as ArXiv. The OA2020 strategy works to support the green open access route, as liberated subscription funds can be used to develop and sustain local self-publishing and repository infrastructure as well as new services, such as OpenDOI, that are built on content already freely available. These “market substitutes” provide alternative access points which can be taken into account when cancelling subscriptions.

The transformational power of the OA2020 strategy



The transformational power of the OA2020 strategy

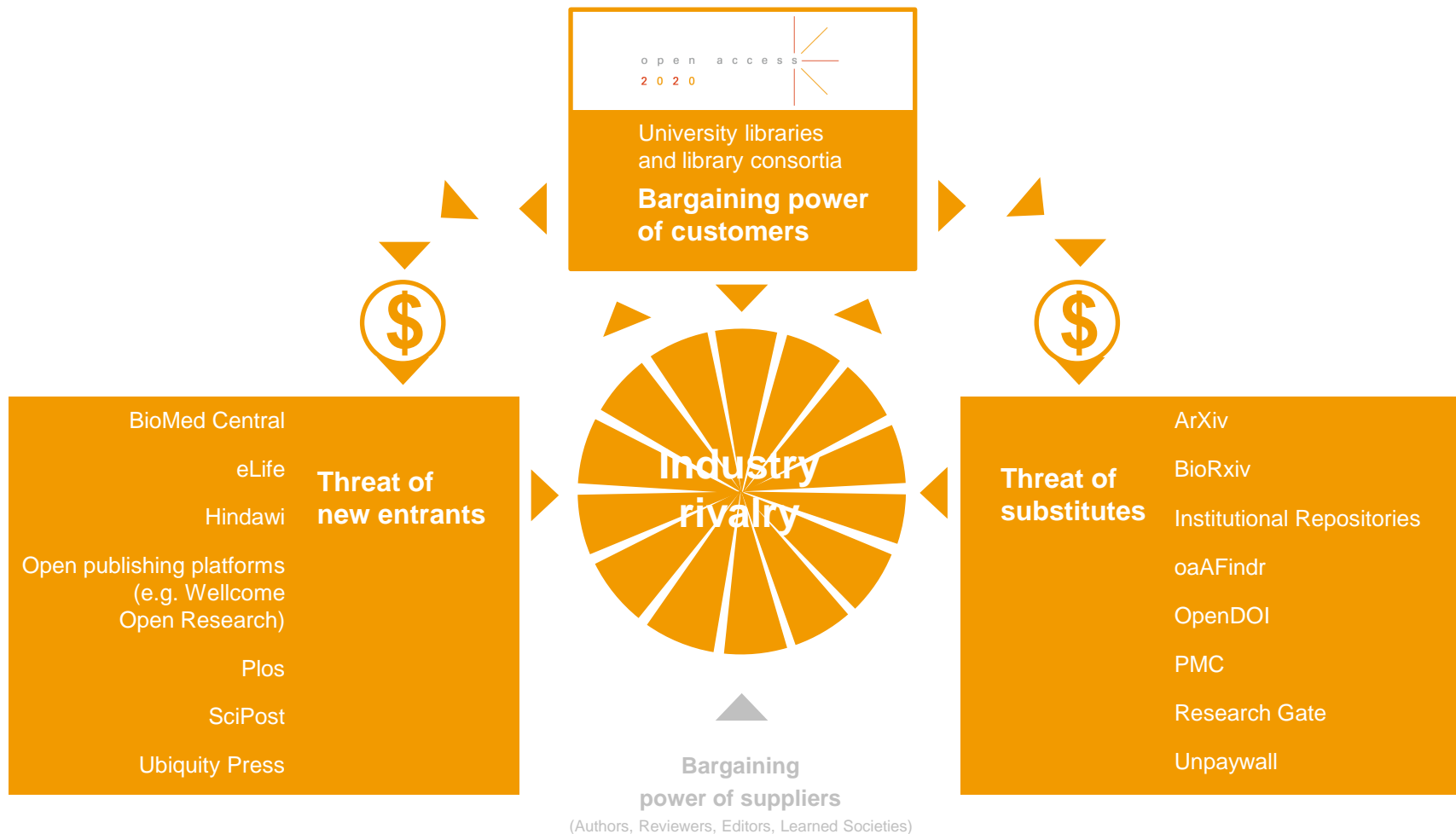


It's time to face the facts: Sci-hub is a severe threat to scholarly publishing

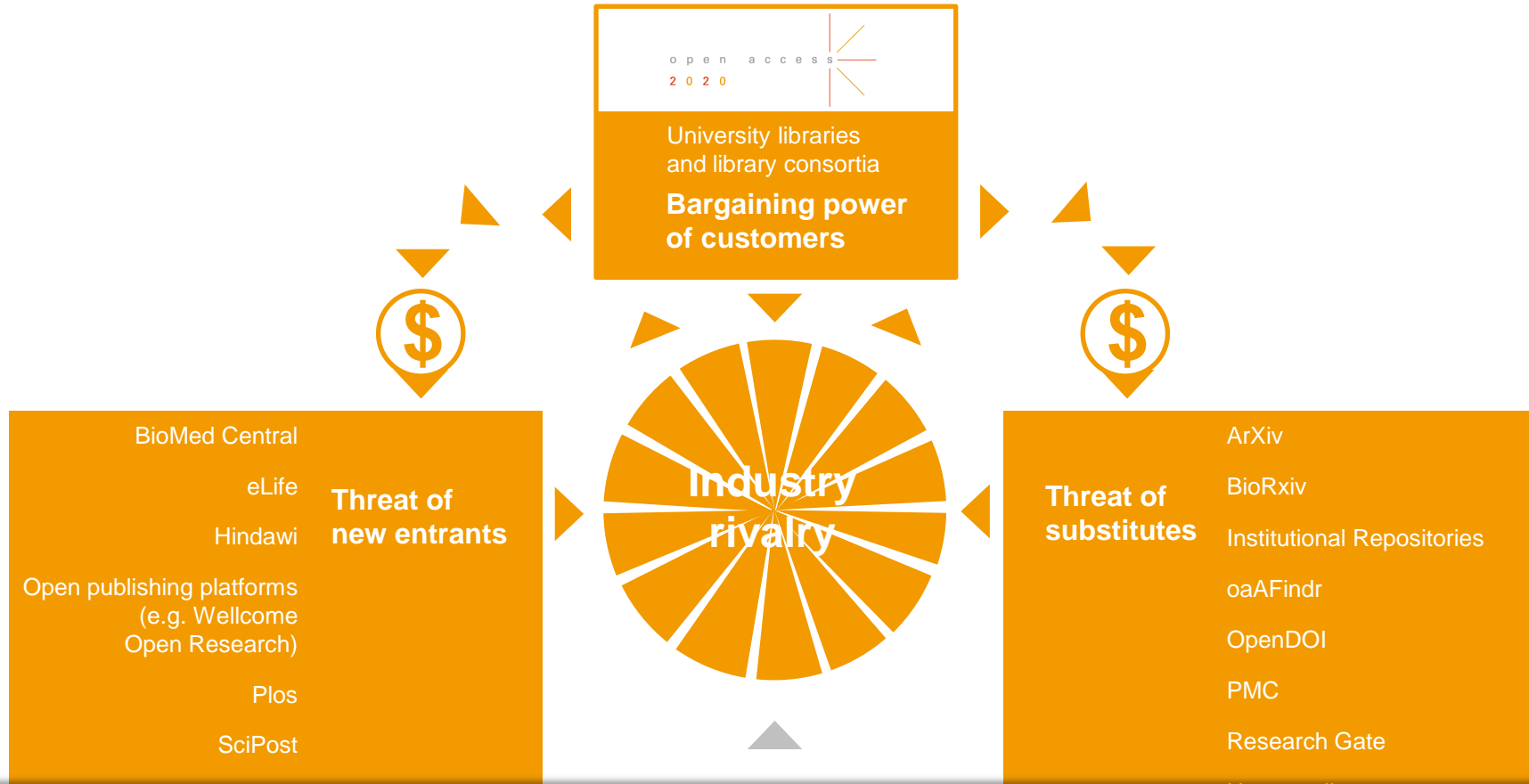
Sci-Hub is a clear demonstration that the subscription system is obsolete. While we are discussing how best to reach a legitimate and sustainable open information environment, researchers have already made a decision on what access to scientific literature should look like in the digital age. The OA2020 Initiative represents a final offer to the publishing industry to upend the subscription system or risk total disruption of their scholarly journals.

The transformational power of the OA2020 strategy

open access
2020



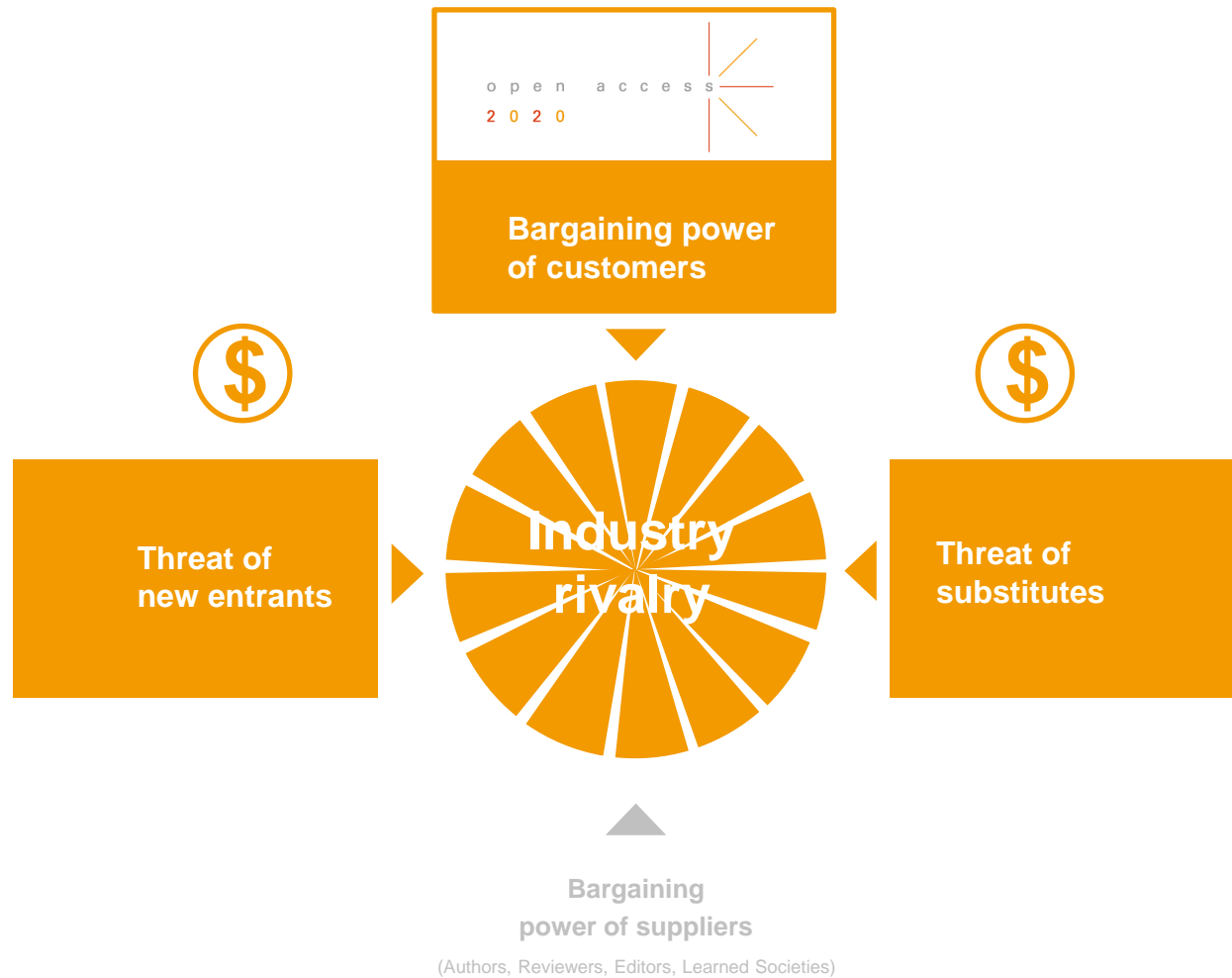
The transformational power of the OA2020 strategy



OA2020 - an effective strategy to transform scholarly communications and finally achieve open access

OA2020 strengthens competitive forces to irreversibly alter the current market deadlock. By channeling current subscription expenditures to open access business models, infrastructure and initiatives, the OA2020 strategy generates the leverage necessary to finally make Open Access the default in scholarly publishing.

The transformational power of OA2020



Make open access the default in
scholarly communications.



Endorse OA2020 to drive the transformation.
<https://oa2020.org/>