

Jisc



March 2014

A guide to the best revenue models and funding sources for your digital resources

Nancy Maron, Ithaka S+R



A guide to the best revenue models and funding sources for your digital resources

Nancy Maron, Ithaka S+R

The Strategic Content Alliance

This guide is supported by the work of the Strategic Content Alliance, a unique partnership between **Jisc**, **Arts Council England**, the **British Library**, the **BBC**, **Heritage Lottery Fund** and the **Wellcome Library**.

The Strategic Content Alliance fosters content innovation and strategic alignment across sectors and organisations, providing tools, guidance and evidence-based research to help apply best practice in the creation and management of digital content.

The partnership is dedicated to fostering collaboration, inspiring innovation and informing policy and works to achieve a single aim: to reduce the barriers that current inhibit access, use and re-use of digital content so that users can gain best value from public investment.

Ithaka S+R

Ithaka S+R is a research and consulting service that helps academic, cultural, and publishing communities in making the transition to the digital environment. We pursue projects in programmatic areas that are critical to the advancement of the academic community.

Ithaka S+R is part of **ITHAKA**, a not-for-profit organization that also includes JSTOR and Portico.

© Copyright: Jisc, 2014



This work is licensed under **CC BY**

Contents

Executive summary	1
Introduction	4
Sustainability and the role of revenue generation	9
Advertising.....	17
Author (or Contributor) Pays	24
Consulting and Other Services.....	31
Corporate Sponsorship.....	36
Freemium Models	41
Host Institution Support	48
Membership Models.....	53
Licensing of Content and Software.....	59
Purchase or pay-per-use	64
Philanthropy	71
Subscriptions.....	80

Executive summary

Introduction

There are fewer barriers than ever before for those who wish to build something on the web, whether an online journal, a website with tools for teaching, or a digitised collection of rare and unique materials. Today's builders may be individuals, institutions or social enterprises, in addition to more traditional 'publishers' of digital resources. Recent and growing enthusiasm among faculty and students for digital humanities suggests that this moment of digital creation and innovation is far from over. This is evidenced by the growth of workshops, The Humanities and Technology (THAT) camps¹, the Jisc Summer of Student Innovation competition² and other training opportunities, as well as the movement of funders in the cultural heritage sector to support digital work.

Whether a digital project was created with a significant grant from public funds or subsidised by the hard work and volunteer effort of a devoted group of partners, whether its content is made freely available or not, there are substantial costs involved in keeping the resource up and running and delivering value to those who use it. Identifying sources for that ongoing support is not obvious or easy, as funders' programmes often target innovation and not ongoing operations.

With the support of the Jisc-led Strategic Content Alliance (SCA), Ithaka S+R has developed this guide to support those who are actively managing digital projects and are seeking to develop funding models that will permit them to continue investing in their projects, for the benefit of their users, over time. This report updates **Sustainability and Revenue Models for Online Academic Resources** (2008) in two major ways: first, by expanding the list of revenue models covered in order to take into account emerging models, including highlighting those methods that are compatible with open access. Second, the report places the notion of 'revenue generation' in the context of the fuller range of funding activities we have observed in higher education and the cultural sector. In addition to practices more often seen in the commercial world like advertising and corporate sponsorships, the report devotes time to discussions of a range of philanthropic sources of support as well as support offered by host institutions.

While this updated guide is substantially expanded from the original and updated to include new and more current examples and illustrations, we are deeply aware of just how rapidly revenue models change, along with the digital projects that use them. We hope that the examples offered in this guide are useful and permit project leaders to quickly determine which methods may be best suited to their needs. We hope that the greatest value of this guide and its articles will be as a framework, a starting point to encourage project leaders to develop new ideas for supporting their work, before gathering the most current data, and actively testing these ideas against the specific circumstances of their projects and their audiences.

¹ <http://thatcamp.org/>

² jisc.ac.uk/blog/the-summer-of-student-innovation-winners-announced-01-jul-2013

Structure of the guide

Funding models for digital resources is comprised of two parts. An introductory essay outlines the rationale for project leaders to think about sustainability planning and funding models in particular. In an age of increased competition for users' attention, and the shorter and shorter shelf life of digital tools and interfaces, project leaders can no longer – if they ever could – be content to build something once and hope that preserving it intact over time will continue to meet user needs. For those project leaders who want to see their digital projects continue to grow, there are many types of ongoing support needed, from staff and project management, to technology upgrades and design, to outreach to encourage usage and incentivise contributors. While some of these efforts may be done on a purely volunteer basis, others will require some level of funding and that funding can come from many different sources.

This guide offers a new framework for thinking about what those sources might be, based upon first identifying what the project's real strengths are. The **Value Assessment Framework** is introduced as a means to encourage project leaders to consider the ways in which their project is particularly valuable, and to whom, as a first step in considering the most likely sources of financial support. For one type of project, content or innovative tools may offer a source of value; for another it might be the strength of a large audience of devoted users. The Value Assessment Framework suggests four main sources of value in digital resources: content, technical platform and tools, audience and mission.

The second section of the report consists of the guide to revenue models, short articles that explore each of the different revenue models in depth. Readers are encouraged to consider possible funding models, based on the value users or other stakeholders may find in their content, software and technology, audience and mission.

- » For resources with unique or well-curated content, for instance, **subscription, purchase, pay-per-use, licensing** and **freemium** models are discussed.
- » Projects that have developed innovative tools and services may be able to attract authors and contributors to pay for use of the tools or for the opportunity to publish content on the platform (**licensing, author-pays** model). Project staff may be able to leverage the expertise gained by launching a resource into a **consulting** service.
- » Digital resources with a large and/or well-defined audience may be able to look to **advertising** or **corporate sponsors** for a revenue stream.
- » Digital resources whose mission and aims align well with those of their host institution or other key stakeholders may find ongoing support through **membership, philanthropy (grants, endowments, donations)** or their **host institution**.

Each article includes several sections designed to help readers quickly find the information they need:

- » **Introduction** defines the revenue model and offers a quick overview
- » **This is a good fit for** suggests the characteristics for projects or organisations best suited to the revenue model
- » **How it works** describes the mechanics of the model and what makes it 'tick'
- » **Trends** offers a brief overview of some current topics
- » **Case studies** offers specific examples of the revenue model in action

- » **Benefits and Disadvantages** outline the pros and cons of working with each revenue model
- » **Costs attributable to the revenue model** outlines the categories of costs associated with implementing the revenue model
- » **Key questions** suggests topics to address if you are considering this model
- » **Further reading** offers a list of key works cited and relevant literature

Whether a digital project was created with a significant grant from public funds or subsidised by the hard work and volunteer effort of a devoted group of partners, it has become clear that there are substantial costs involved in keeping these resources up and running and delivering value to those who use them. All project leaders who see a future for their digital resource need to plan ahead, whether or not they are supporting projects with freely available content. While not every project leader may find every model described here appropriate, we hope that this guide will help them to consider models they may not have looked at before, and help them find a sustainable future for their resource.

Introduction

The blossoming of thousands of digital projects in the academic, cultural and other sectors over the past two decades has created a rich terrain of digital material. Much of this bounty is freely available, including digitised collections of rare and unique archival materials, images, sound files, aggregations of scholarly articles, crowdsourced transcription projects, citizen science initiatives and a wealth of platforms and tools for others to use in order to conduct and publish their research. The desire to participate in the world of digital creation has moved beyond major research institutions to small historical societies and local archives; there are more types of organisations developing digital material than ever before,³ and some new funders have begun to offer increasing support for digital outputs which result from existing funding activities.⁴

These platforms, collections and tools, like every aspect of technology, are prone to 'digital decay' due to the rapid pace of technological change and evolving user expectations. Finding ways to keep these resources relevant and accessible will become increasingly urgent as the digital world continues to change.

While some digital initiatives may be conceived with an eye on growth and development from the outset, many take a more circuitous path. Project leaders may be academic faculty or library staff who determine only once a project is underway that it is something they intend to support well beyond the initial funding. Digital resources are often created at libraries, in museums, or at other kinds of cultural centres, where protecting and preserving content may be a core value. However, identifying ongoing funding sources to enable a digital project to do this remains a challenge, particularly in times of economic duress. Once it is determined that a resource has created some value—for its audience, which has come to rely upon it, or for its home institution, which benefits from its excellent reputation—what will make it possible to maintain or increase this value into the future? And if this is already a challenge for the best-resourced libraries and museums, how will the new generation of digital resource creators find ways to develop reliable plans to support their work into the future?

At the same time, today there is an increasingly strong movement to provide research outputs, particularly those that have been created from government funds, freely to the public. Since 1 April 2013, all research funded by Research Councils UK (RCUK) has been required to be published either Green or Gold Open Access (OA).⁵ In the United States, similar efforts are underway, including an executive memorandum issued by the White House. This memorandum requires all federal agencies with research expenditures greater than \$100 million per year to

3 For examples of sustainability strategies of digitisation projects at academic and cultural heritage organizations in the United States, see Nancy Maron and Sarah Pickle, *Searching for Sustainability: Strategies from Eight Digitized Special Collections* (ARL and Ithaka S+R, 2013), sr.ithaka.org/research-publications/searching-sustainability.

4 See application guidance for the Heritage Lottery Fund's Our Heritage grants, hlf.org.uk/HowToApply/programmes/Documents/OH_Application_Guidance_SF4.pdf, p. 31.

5 The Working Group on Expanding Access to Published Research Findings was commissioned by the U.K. Minister for Universities and Science and chaired by Dame Janet Finch. Its report, *Accessibility, Sustainability, Excellence: How to Expand Access to Research Publications*, known as the Finch Report, is available at researchinfonet.org/wp-content/uploads/2012/06/Finch-Group-report-FINAL-VERSION.pdf. For the government's response to and acceptance of the Finch Report, see bis.gov.uk/assets/biscore/science/docs/l/12-975-letter-government-response-to-finch-report-research-publications.pdf.

⁶Green' OA content is commonly delivered via institutional repositories as a draft or peer-reviewed post print, while 'Gold' OA is published with immediate access through a designated OA Journal. On this topic OA scholar Peter Suber helpfully notes, "The green/gold distinction is about venues or delivery vehicles, not user rights or degrees of openness." <http://legacy.earlham.edu/~peters/fos/overview.htm>. For Research Councils UK policy, see rcuk.ac.uk/research/Pages/outputs.aspx. See also a decision tree summarising the policy, created by the Publishers Association and endorsed by RCUK: publishers.org.uk/index.php?option=com_docman&task=doc_download&gid=780&Itemid=.

submit plans by August 2013 to demonstrate how they will establish policy to provide taxpayer-funded research freely to the public.⁷

How does this drive to open access influence the choices of digital project leaders who are developing platforms, primary source collections and other digital resources beyond journal articles and books? Many embrace open access in principle, feeling that removing barriers will make universal access to their resource possible, ultimately resulting in greater impact of the work. Yet even the strongest proponents of free content have pointed out that open access is indeed a choice about *access* and is “not a kind of business model, license, or content.”⁸ For many, ultimately the goal is not just to make something ‘open’ but to see that it reaches the people who want and need to use it. For digital projects to remain vital, current, and discoverable, and be used by the people who want to use them, takes hard work from the project leaders and teams that create them. Creating a model that balances the desire to keep a resource openly available, with the need to cover the costs associated with continuing to actively develop it, is no simple task.

This report is intended to offer some guidance to those who are actively managing digital projects and are seeking to develop funding models that will permit them to continue investing in their projects, for the benefit of their users, over time. The introductory essay outlines the basic concepts of sustainability planning and situates revenue generation as just one possible aspect of a fuller funding model that is likely to also include support from the project’s host institution as well as contributions from donors and others.

Project leaders seeking to explore sources of funding will have many questions about how various revenue models work, and which might be most appropriate. Accompanying this essay are eleven short articles, each one offering practical guidance and examples of specific revenue models in action. Each article includes several sections designed to help readers quickly find the information they need:

- » **Introduction** defines the revenue model and offers a quick overview
- » **This is a good fit for** suggests the characteristics for projects or organisations best suited to the revenue model
- » **How it works** describes the mechanics of the model, what makes it ‘tick’
- » **Trends** offers a brief overview of some current topics concerning the revenue model
- » **Case studies** offers specific examples of the revenue model in action
- » **Benefits and Disadvantages** outline the pros and cons of working with each revenue model
- » **Costs attributable to the revenue model** outlines the categories of costs associated with implementing the revenue model
- » **Key questions** suggests topics to address if you are considering this model
- » **Further reading** offers a list of key works cited and relevant literature

7 The Fair Access to Science and Technology Research Act (FASTR) bill introduced to House and Senate in February 2013 would provide funding to all federal agencies so that they can develop “public access policies relating to research conducted by employees of that agency or from funds administered by that agency.” Later that month, the White House’s Office of Science and Technology Policy issued an executive memorandum that ultimately aims to expand the National Institutes of Health’s green OA policy to all research funded by federal agencies with research and development expenditures greater than \$100 million (£61 million). The text of the FASTR bill may be found at <http://doyle.house.gov/sites/doyle.house.gov/files/documents/2013%2002%2014%20DOYLE%20FASTR%20FINAL.pdf>. For the Office of Science and Technology Policy Memorandum on Expanding Public Access to Federally Funded Research, see whitehouse.gov/sites/default/files/microsites/ostp/ostp_public_access_memo_2013.pdf.

8 Peter Suber, Open Access Overview, <http://legacy.earlham.edu/~peters/fos/overview.htm>

In the real world, many digital projects, and non-profit organisations more generally, develop business models that combine a combination of funding sources. An open access resource may be supported through advertising, donations, and also host support, for example. An academic department that publishes a subscription journal may use that revenue to subsidise an open access newsletter, and so forth. The interaction of these models and the context in which they operate matters a great deal. Yet, the sheer number and variety of combinations this yields makes it impractical and not particularly useful to address every possible hybrid model in this report.⁹

We hope that the revenue model guidelines in this report will encourage project leaders, whether they are seeking to fully support the activities of their project or simply to generate some incremental unrestricted income, to consider a wider range of tactics for developing support for the projects they have so carefully built.

Background

In 2008, the Jisc-led Strategic Content Alliance (SCA) and Ithaka S+R (then called Ithaka Strategic Services) partnered to produce the report *Sustainability and Revenue Models for Online Academic Resources* (2008).¹⁰ At that time, many funders had begun investing in the creation of digital projects in the academic and cultural sectors. Jisc, Arcadia and the Wellcome Trust, in the United Kingdom; The Andrew W. Mellon Foundation, the National Endowment for the Humanities (NEH), and even the National Science Foundation in the United States, among others, were noting similar trends among their grantees. Past grantees were returning to the funders, asking for new grants that would support the ongoing operations of the websites, collections, platforms and tools that the grantees had created.

A typical scenario might proceed as follows:

- » Funder supports innovative new idea – for example, the first online aggregation of X! The development of a new platform to facilitate Y! The creation of a dynamic internet space where the community can contribute to Z!
- » Project team executes idea with excellence
- » Project grant runs its course, and leaders then seek new funding, only to find that funders prioritise innovation and have little interest or remit in helping them pay the monthly rent

This scenario would then often lead to certain outcomes:

- » The project leader, having delivered on the original job, might develop a next phase of work and successfully find a funder to underwrite that next stage
- » The project leader, having undertaken the work as 'research' or an experiment, might be satisfied with the outcome and content to move on to the next project

⁹ For those seeking fuller examples of how real-world digital initiatives have developed robust sustainability plans, often by combining several types of revenue generation, we refer you to the *Ithaka Case Studies in Sustainability*, twelve reports that outline the full sustainability strategies employed by projects from the United States, United Kingdom, France, Germany, and Egypt. The same twelve cases were studied in 2009 and an update was issued in 2011. See Nancy L. Maron and Matthew Loy, *Sustaining Digital Resources: An On-the-Ground View of Projects Today; Report with Case Studies*, 2009, <http://sca.jiscinvolve.org/wp/portfolio-items/sustaining-digital-resources-an-on-the-ground-view-of-projects-today-ithaka-case-studies-in-sustainability-3/>, and Nancy L. Maron and Matthew Loy, *Revenue, Recession, Reliance: Revisiting the Ithaka Case Studies in Sustainability*, 2011, <http://sca.jiscinvolve.org/wp/portfolio-items/revenue-recession-reliance-revisiting-the-sca-ithaka-case-studies-in-sustainability-full-report/>.

¹⁰ Kevin Guthrie, Rebecca Griffiths, and Nancy L. Maron, *Sustainability and Revenue Models for Online Academic Resources* (Jisc, 2008) jisc.ac.uk/publications/programmerelated/2008/scaithakasustainability.aspx.

- » The project leader, still seeking to develop the work further, begins to explore other, recurring sources of support

Sustainability and Revenue Models for Online Academic Resources was researched and written in order to provide useful and pragmatic guidance to project leaders. It assisted them in creating revenue streams to support the continued management, enhancement and further development of the valuable digital projects they had created, so that those would not have to be dependent on the whims of the market or the largesse of a funder.

Today, over five years later, several things have changed. For one, the era of major digitisation funding programmes has largely passed. Some of the key funders of digital activities in the academic and cultural sectors are on unsteady ground. The US House of Representatives has proposed cutting the budgets of NEH and the NEA (National Endowment for the Arts) by 49%.¹¹ In the United Kingdom, among the consequences of a policy of austerity has been the closing of several agencies in recent years, with the UK Film Council and the Museums, Libraries and Archives Council (MLA) being abolished¹² and those organisations' responsibilities transferred to others. Other agencies are undergoing significant restructures; Jisc, for instance, transformed from a nongovernmental body to an independent not-for-profit organisation in December 2012.¹³

Funders have looked to new ways to encourage this the creation of digital resources in a less risky fashion: in the United States, the NEH's Office of Digital Humanities, for example, has a system of modest start-up grants (up to \$30,000 [£18,340] for early prototypes and up to \$60,000 [£36,700] for developing proof of concept) and offers only a very few 'implementation' grants to those projects that have already "successfully completed their start-up phase and are well positioned to have a major impact."¹⁴

What has not changed, is the need for project leaders to have reliable sources of support for their work. Some recent reports have addressed specific approaches to these funding puzzles, including revenue models to support Open Access¹⁵ or specific types of publications, like scholarly monographs.¹⁶ Our recent work has demonstrated the increasingly important role of host institutions in supporting projects developed by faculty and library staff.¹⁷ The media eagerly track the many ups and downs of the revenue models that are popular in the commercial sector, gauging the pulse of a subscription model versus advertising support in the newspaper industry, for example. And those in the not-for-profit sector keep a close eye on trends in fundraising, including the rise of crowd funding and corporate sponsorships.

Whether ensconced at well-known research institutions or labouring at smaller cultural societies, digital project leaders are still actively seeking more stable footing—not just to 'keep the lights on,' but also to enable their enterprises to develop with the times. This report does not advocate any particular revenue or funding model, but instead offers readers a clear explanation of what each option can offer project leaders in their journey.

11 US House of Representatives Committee on Appropriations, 'Appropriations Committee Releases Fiscal Year 2014 Interior and Environment Bill,' 22 July 2013 <http://appropriations.house.gov/news/documentsingle.aspx?DocumentID=343384>.

12 Gov.uk, 'DCMS Cuts Quangos: Nineteen Public Bodies To Be Abolished or Reformed,' 23 July 2013, <https://www.gov.uk/government/news/dcms-cuts-quangos>.

13 Jisc, 'Reshaping Jisc,' jisc.ac.uk/about/corporate/reshaping

14 NEH, "Digital Humanities Implementation Grants," neh.gov/grants/odh/digital-humanities-implementation-grants

15 Raym Crow, *Income Models for Open Access: An Overview of Current Practice* (SPARC 2009) sparc.arl.org/sites/default/files/incomemodels_v1.pdf

16 Frederick Friend, *Open Access Business Models for Research funders and Universities*; Knowledge Exchange Briefing Paper; Mary Waltham, Jisc: Learned Society Open Access Business Models (2005).

17 Maron and Loy, *Revenue, Recession, Reliance: Revisiting the SCA/Ithaka S+R Case Studies in Sustainability*. sr.ithaka.org/research-publications/revenue-recession-reliance-revisiting-scaithaka-sr-case-studies-sustainability. Also see the forthcoming *Sustaining the Digital Humanities: Institutional Strategies Beyond the Start UP Phase* (forthcoming, 2014) sr.ithaka.org/research-publications/host-institution-strategies-sustaining-digital-resources.

Methodology

In developing this report, the Ithaka S+R research team revisited each model discussed in *Sustainability and Revenue Models* and has expanded the list to take into account emerging models as well as those that needed deeper discussion. Based on desk research and interviews, conducted throughout the first half of 2013, we updated figures where new ones were available and added lists of recommended readings, taking into account more recent works. We sought to illustrate the models by making use of case studies and examples, both drawn from our previous work and through original interviews conducted for this report.

While this version of the report is substantially expanded from the original, we are also deeply aware of just how rapidly details change as digital initiatives test new pricing models that shift from free access to paywalls and back again as new initiatives spring up and others go under. We intend for the examples we cite to be useful, but we also hope readers will continue to send us other examples they encounter.

Acknowledgements

This work would not have been possible without the generous support of the Jisc-led Strategic Content Alliance and the encouragement of its director, Stuart Dempster, and its manager, Sarah Fahmy. In researching this report, the Ithaka S+R research team benefitted from many people who agreed to be interviewed about their work and their efforts to create sustainable plans for their projects. Many thanks to James Harris (thefaculties.org), Humphrey Southall (*A Vision of Britain Through Time*), Ed Zalta and Uri Nodelman (Stanford Encyclopedia of Philosophy), Steve Kelling (eBird) and Matthew Gibson (Encyclopedia Virginia).

We are especially grateful for the support of our colleagues Rebecca Griffiths and Deanna Marcum of Ithaka S+R and Sarah Fahmy, Catherine Grout, Paola Marchionni and Dr Neil Jacobs of Jisc for reviewing drafts of the articles and the essay.

Invaluable research support was provided by Ithaka S+R staff including analysts Clara Samayoa, Jason Yun, and Sarah Pickle, as well as our most excellent intern, Aiden Bowman.

Sustainability and the role of revenue generation

"Even if you're on the right track, you'll get run over if you just sit there."

Will Rogers

The particular path a project leader chooses to pursue in order to support any ongoing development of her resource depends upon the ultimate goals of her project and the partners who have helped to create it. Some projects, such as those working with scholarly articles, are in fact finished at a certain point, and plans are emerging that aim to guarantee the preservation of the research outputs that these kinds of initiatives create. Data management plans are increasingly required by funders. Librarians and other research support services have stepped up to guide faculty in making certain that, at the very least, the data they have developed will be stored somewhere and will be accessible to others in the future.¹⁸

But some initiatives require substantial ongoing work well beyond deposit and preservation, such as updating, project management, and the addition of new content, ongoing interface upgrades, digital preservation, and user outreach. Think of crowdsourced transcription, disciplinary 'hubs' that aim to support scholars, collections in fields where new materials continue to emerge. As interfaces move on and new, related content sources are created or come to light, what will permit the hard work and investment in this first generation of content creation to remain visible, searchable, and valuable? Better yet: what investment might enable a project to reach its full potential, to develop a strong and devoted base of users who adore it, and to have real impact in its field?

Projects need not fail outright to be at risk. Leaders of some important resources may have determined how to preserve the content they have created, but are still in danger of being left outside of the range of vision of potential users. The New Opportunities Fund-supported activities, originally hosted by the Arts and Humanities Data Service (since defunded) provide classic examples. Many sites are still accessible—if one knows the precise URL—but are otherwise difficult to find, perhaps in part because many have not been updated since their deposit.¹⁹ Other more recent enterprises, such as the **UCL Bloomsbury Project**, a collection of original articles and references about the central London neighbourhood, and **Valley of the Shadow**, a collection of Civil War-era letters, diaries, newspapers, census, and church records, have simply not been updated in recent years. Those who know of them can find them, but without updating, how visible will the site be as time goes on? **Transcribe Bentham**, a crowdsourcing transcription project, made headlines when its initial funding came to an end. It became clear that, while the content would certainly be hosted, the ongoing work of the editors – eg. their vital interactions with contributors—would *not* be continued if no additional support were secured. Luckily, this project successfully petitioned for assistance from its host organisation, and the work continues.

In an age of institutional support, why thinking about funding is still important

¹⁸ See for example Data Management Plan Tool: Guidance and Resources for Your Data Management Plan, DMP, <https://dmp.cdlib.org>

¹⁹ Google search algorithms, for example, take into consideration whether and when a site has been updated, and the number and quality of the links it contains. A site with no updating for two years and few active links is unlikely to appear high in a set of search results. google.com/intl/en_us/insidesearch/howsearchworks/thestory/

For many project leaders, particularly those whose work takes place in the context of larger collecting organisations like libraries and museums, sustainability is often largely dependent on:

- » larger structural and operational issues, including the development of shared infrastructure to minimise costs of customised platforms;
- » the creation of workflows that fully integrate digital content with the storage, search and preservation practices of the institution;
- » and the adoption of portfolio strategies to prioritise investments and to determine where scale solutions work and where a more targeted solution is needed.²⁰

While these institutional issues are not the focus of the present report, they often figure prominently in the strategies of project leaders at libraries, museums and other cultural institutions.²¹

Some projects also do benefit from support in the form of contributed resources, including the time of the project leader and staff from their library, as well as other departments, such as IT, legal and communications. These arrangements are good, in the sense that they often permit work to continue, but there are also times when the level of activity and development permitted by such arrangements is quite low. Technology support may be limited or not available on the schedule the project needs; communications and outreach assistance may be subject to the availability of a central office seeking press release-worthy news to share, rather than offered as an ongoing activity.

In 2012, a survey conducted by Association of Research Libraries (ARL) and Ithaka S+R demonstrated that many libraries were spending far less for the ongoing support of resources than on their creation upfront. This may suggest that while many projects are indeed getting by with very low direct costs, which may not be the ideal state of affairs. Whether this low spend is a mark of efficiency or simply underinvestment is unclear, but the question is worth considering. Perhaps some collections could reach a wider audience or otherwise have greater impact if the resources were available to invest in ongoing development and outreach.

For certain entrepreneurial-minded project leaders, the opportunities the internet offers are substantial. With the potential to connect not just to a small circle of local scholars, but to scholars and students across the globe, it offers two-way communication and conversation that can enhance, interpret, and even build upon the scholarly corpus itself.

Some recent examples suggest just how great the potential of a truly global audience can be. Recall the MOOC (massive online open course) led by Sebastian Thrun, then-professor of computer science of Stanford, that made headlines when it drew a virtual class of 160,000; or the citizen science initiative 'eBird', which was initially conceived as a database for ornithologists, but has grown rapidly since repositioning itself as a tool for avid birdwatchers, accepting over three million observations each month; or 'GalaxyZoo', the United Kingdom-based astronomy project that permits amateur stargazers to evaluate and classify galaxies. It attracted over 150,000

²⁰ Jennifer Vinopal, 'Project Portfolio Management for Academic Libraries: A Gentle Introduction' *College & Research Libraries* 73, no. 4 (July 2012): 379–389. <http://crl.acrl.org/content/73/4/379.full.pdf>

And Vinopal, Jennifer, and Monica McCormick. 2013. 'Supporting Digital Scholarship in Research Libraries: Scalability and Sustainability.' *Journal of Library Administration* 53 (1): 27–42. <http://dx.doi.org/10.1080/01930826.2013.756689> (or) <http://archive.nyu.edu/handle/2451/31698>

²¹ For further discussion of the host institution's role in sustainability, see Nancy L. Maron and Sarah Pickle, 'Sustaining Our Digital Future: Institutional Strategies for Digital Content' http://repository.jisc.ac.uk/5041/1/Sustaining_our_Digital_Future_Ithaka_S%2BR_FINAL.PDF. For tactics involved specifically with Online Educational Resources, see Peter Chatterton, *Sustaining and Embedding Innovations: A Good Practice Guide*. (London: Jisc, October 2010).

<http://jiscdesignstudio.pbworks.com/w/page/40439212/Sustaining%20and%20Embedding%20innovations%20Good%20Practice%20Guide>

participants in its first year and fuelled the creation of other citizen science efforts in the 'Zooniverse.'²² While not every humanities-focused online resource would want or be able to attain these numbers, seeing what has been possible for others, and examining the methods they have used to fund this development, may encourage project leaders to assess the benefits and costs of setting their sights on the greatest possible impact, at whatever scale is appropriate.

Finding the funding model that fits

Planning for the ongoing needs of dynamic digital resources, or sustainability planning, is similar to business planning in many ways. It assumes the need to understand what makes a project tick, including how those who manage it define its mission, what drives people to use it, the external factors that may influence its success, and the resources that will be needed to yield the outcomes its manager's desire. Where sustainability planning for digital resources, or non-profit business planning in general, differs from business planning for commercial entities is in the measures of success. While commercial businesses define success in financial terms (how much the project makes, how much profit it delivers), projects in the academic and cultural sectors prioritise mission-based goals: What does the organisation or activity need to accomplish?²³

A full sustainability model, then, is a means to identify the renewable sources of support that a digital project will need in order to continue to deliver value to its users over time. It takes as its starting point the organisation's mission-based goal and works through the implications of that goal, defining the activities needed to reach the goal, assessing the costs of delivering those activities, and determining how to secure the resources needed to cover those costs.²⁴ If the mix of resources that are needed in order to continue to provide value to users is called the funding model, then the overall strategy for obtaining these resources in an ongoing way is the sustainability plan.

The funding sources discussed in this report include all the major categories that we see not-for-profit digital resources working with:

- » Philanthropy (including donations, grants, endowment)
- » Host institution support (such as in-kind support from your library or provost's office)
- » Revenue generation (which includes any exchange of a product or service for money)

The first two categories are well known to most project leaders in the academic and heritage sectors. Those in academia and cultural heritage organisations are well accustomed to seeking grant funding and many have developed fundraising campaigns of one sort or another. And host institution support is way of life for many, with staff time and services contributed from several sources and only infrequently accounted for.

But when it comes to revenue generation, or the notion of seeking money in exchange for goods or services, there appears to be a lingering distrust among digital resources in some sectors. In the 2012 survey of 126 ARL institutions, 51% of those with digitised special collections had not ever tried to generate revenue from those collections, and half of those institutions reported that this was due to choices or mandates concerning open access. Some respondents included comments expressing strongly held feelings about revenue generation,

²² GalaxyZoo is a project of the Zooniverse, a series of citizen science projects <https://www.zooniverse.org/about>

²³ Alan R. Andreasen and Philip Kotler, *Strategic Marketing for Nonprofit Organizations* (Prentice Hall, 2003). See especially chapter 7, Generating Funds.

²⁴ Ithaka S+R has developed several tools that project leaders can use to develop sustainability plans. The Framework for Post-Grant Sustainability Planning is available at jisc.ac.uk/media/documents/programmes/contentalliance/SCA_Ithaka_Framework_Sep11_v1-final.pdf

including that the activity “is not consistent with our mission nor with our ideals” and that “we are firmly committed to providing open access,” among others.²⁵

This attitude may derive in part from the open access mandates and strong suggestions of funding bodies, whose programme officers seek to ensure that the work they fund will have the widest application possible. And yet the conflation of revenue generation with closed access may lead to an unnecessary decision not to attempt any creative funding strategies at all. There are many ways to leverage the value of a digital resource that are entirely compatible with open access. This guide attempts to outline the variety of choices available to project leaders, so that they can choose the methods that fit their mission, while gaining the financial support they need to thrive.

Key Questions to Ask When Developing a Funding Model

These are the questions a project leader will need to ask when developing a sustainability plan. Once the project team has answered these tough questions and determined what they can count on from their institution, volunteer labour and other partnerships, there may well be a gap between what they have the resources to do, and what they would like to do. This is where revenue generation can play a role.

What is the goal of our work; what do we want our impact to be?

- » We want to offer the most reliable data on the works of author X
- » We want to be the first place that teachers of secondary school maths and science come for teaching materials

What do we need to do to reach our goal?

- » We will need to create a comprehensive directory of modern artists
- » We will need to offer articles on every living philosopher in the world

What resources will we need to produce our product or achieve our goal?

- » Programmers, to develop the database and user interface
- » Editors, to select and curate the content we will use
- » The time of XX volunteers, to contribute content for the site
- » The attention of XXX users, to demonstrate that what we are doing is having impact

And how will we obtain those resources?

²⁵ The full report and complete survey results are available at sr.ithaka.org/research-publications/appraising-our-digital-investment

- » We will seek donations
- » We will develop a freemium model, by creating specialised PDFs for our core members
- » We will seek support for core functions from our host institution

The Value Assessment Framework: Finding the Value in Your Project

There are many ways to start thinking about funding sources. In *Sustainability and Revenue Models for Online Academic Resources*, we presented different types of revenue models in terms of whether they relied upon contribution from the direct or indirect beneficiaries of the project. Direct beneficiaries are those who derive value from the resource by using it, whether by reading articles, using tools or otherwise interacting with the content on the website or the web tools a project offers. Direct beneficiary models are based on the assumption that those who derive the most direct value from a given project will be willing and able to pay for that value. Indirect beneficiaries are those who derive value in indirect ways: advertisers and sponsors will benefit from access to the audience of direct users, funders and other donors will benefit from a mission perspective, and so forth. The report grouped revenue models as follows:

Direct beneficiaries pay

- » Subscription or one-time payment
- » Pay-per-use
- » Contributor pays publication or hosting fee

Indirect beneficiaries pay

- » Host institution's support
- » Corporate sponsorships
- » Advertisers
- » Philanthropic funding
- » Content licensing

The benefit of this approach is that it allows one to consider those for whom the project is most important, and whether they benefit from the content directly (as users or as authors) or indirectly, as stakeholders of different sorts.

Other approaches, such as the one presented by Raym Crow, categorise models as either demand-side models, "funded primarily by consumers of the content or by proxies that pay on their behalf" or supply-side models

“funded primarily by producers of the content or by proxies that pay on their behalf.”²⁶ In this case, demand-side models would include both things like premium versions of content that is otherwise openly available, as well as fee for services and even donations. Supply side would include author fees for publication, but also advertising, grants and other forms of underwriting the costs of content production.²⁷

In this guide, however, in order to prompt project leaders to think broadly as they work through the choices that they face, we suggest a slightly different approach, one that we hope will help to provoke new ideas for those who use it.

The **Value Assessment Framework** includes the same types of models mentioned in earlier reports, plus a few more, but it is organised in response to a different question: in what ways is the project you have created valuable or in what ways could it be valuable, and to whom? Any worthwhile digital project has certainly created many potential sources of value. The content or tech tools a project has developed are one source of value; the audience of devoted users it has attracted may be another.

By refocusing the question on sources of value, we hope to encourage project leaders to not stop there, but then to ask, “valuable for whom?” By systematically reviewing the enterprise and its assets of all sorts, project leaders may be able to more easily identify and explore areas of value that they may not have considered before.

By refocusing the question on sources of value, we hope to encourage project leaders to systematically review their enterprise in terms of the sources of value it has created. Chapters in the guide are listed alphabetically by topic and cover the funding sources and methods of revenue generation listed below. But first, to determine which might be most applicable, project leaders can consider the value that users and stakeholders may find in its content, technology, audience and mission.

Figure 1. Value Assessment Framework

Leverage the value of	Revenue Model	
Content	Subscription	Not OA
	Purchase/perpetual access/pay per use	
	Licensing: eg, offering content to publishers for re-use	Compatible with Open Access (OA)
	Freemium: Charge for added value for special formats	
Tools and Services	Freemium: Charge for added value for greater functionality, service, or tools	
	Licensing or customizing software	
	Author (or contributor) pays	
	Consulting and other services	
Audience	Advertising	
	Corporate sponsorships	

²⁶ Crow, p.8.

²⁷ Still other methods are less theoretically framed, but interesting nonetheless. See venture capitalist Fred Wilson’s hackpad list of revenue models for digital content. “Web and Mobile revenue Models (final)”: <https://hackpad.com/Web-And-Mobile-Revenue-Models-final-EgXuEtSibE7>

Mission	Membership	
	Philanthropy (grants, donations, endowments)	
	Host institution support	

For example, an obvious source of value for many projects resides in the **content** it creates. It may be valuable to those who view it but it may also be valuable to other third party publishers who may find creative ways to reuse it in other works. In this case, selling the content to users is one option; licensing it to third parties is another; and developing a premium version for specific uses – such as broadcast quality video for commercial programmes (fee) versus online viewing of the same clips (free) – is yet another.

The **technology** created in the process of developing a digital resource can also yield real value. Some project leaders may choose to license the use of the platform they have created to others, or to charge a fee for specialised tools, while the underlying content is still freely available. In a similar vein, the expertise that a team develops when undertaking such work can sometimes be leveraged and turned into a fee-for-service activity, as team members consult with other projects, whether in an advisory role, or in helping to build other technology activities in their field.

One of the potential benefits of removing any pay walls has always been that it permits the greatest number of people access. We have noted elsewhere that just removing a wall is not the same thing as actively encouraging or incentivising usage, but for sake of argument, let us assume that a web-based resource has developed a large and loyal following.²⁸ The **audience** itself, depending on its size and composition, may have significant value to advertisers or corporate sponsors. Surely questions of mission fit and scale will need to be addressed, but having a third party underwrite the costs of providing free access to users may be one strategy to help cover some costs.

Finally, **mission**. Among project leaders of academic and cultural digital projects, the greatest share of support, by far, has come from those who are willing to underwrite the work as, effectively, a contribution to a worthy cause. In this category, we include philanthropy in its many flavours, from outright gifts from donors, including the newly trendy online crowd-sourced fundraising initiatives; grant-making; and endowments. We also include in-kind contributions from one’s host institution, which can take the form of people’s time, office space, or other overheads that projects may not need to account for directly. In this category we also include membership models. While they are not strictly speaking pure donations and often involve something in exchange for one’s participation, at the heart of the model is the sense that one is contributing to an effort worthy of support.

A Last Word on Funding Models: Planning is better than not planning and sooner is better than later

Given how many options there seem to be, some project leaders may choose to put off thinking about their long-term funding model to focus on more immediate concerns. Some assume that they will build the project first, see how it goes, and then determine what funding model will fit best. At an extreme are those leaders who reach

²⁸ While this guide does not directly address audience development or user needs, understanding the motivations of users and other stakeholders is critical for projects seeking to have any transaction with an audience—whether seeking their financial support in a direct way (through payments for content or services), in an indirect way (through donations to support your work, if they approve of the mission you support), or contribution of their precious time to engage in the activity you need them to participate in (editing, contributing to a blog, sharing information in a network, etc.). If users/contributors are the key to the success of a project, whether or not they pay directly for access, the project leader must to nurture that resource as carefully and strategically as if the users/contributors were a source of direct funding.

the end of a grant period and seek consulting guidance on how to somehow graft a revenue model onto the project they have already built. We do not recommend this; often critical decisions that could have had a major impact on the success of a sustainability model will have already been taken.

To every protest of “we don’t know enough yet to think about sustainability planning!” we would counter that there is value in just starting to ask the questions and for some questions it is never early enough. If there is a project in the works, surely there is an intended audience for it? Perhaps the audience consists of those in the field who will benefit from the research findings. That is a start. Is the project one that you hope to continue? What is a hypothesis (or outright guess) as to what a next stage might be, and who might support it? If it seems clear that the best bet is to approach funding agencies, then keeping their interests in mind is vital; if there may be others out there who might lend support (businesses, individuals, associations), then thinking about what they will find most valuable about this project is a good place to start.

Considering the models in this report is just a first step. While this guide offers many types of models to consider, its authors understand that digital resource projects, especially smaller ones, will not have the time or resource to try everything. We recommend that a team considering a new revenue model treat the decision as they would any significant new strategic direction, assessing the opportunities and risks that the initiative would present.

The guided questions in each article seek to help project leaders weed out those models that are less well suited to them, while offering them concrete lists of questions to consider and research, to further test the fit of the models they feel they want to pursue. Studies have shown that more revenue streams is not always necessarily better, particularly as organisations try to grow.²⁹ We suggest that leaders do not simply rely on one single funding source. Many digital projects today can point to a sole funder as their source of support, and this can place them at risk, for reasons beyond their control. Even if a project should choose to rely on grant support as its sole funding stream, seeking grants from more than one funder, or from both public and private funders, would be well advised.

Hopefully, the information and guidelines included here will offer encouragement to explore some new ideas and support in discarding others. Whether you are just starting a new initiative, have a project already in beta, or are just reconsidering the long-term plans of your resource, we hope this guide offers a clear way to start exploring and testing your ideas about where the value in your activity lies, and how that can help sustain it for years to come.

²⁹ William Foster and Gail Fine, ‘How Non-profits Get Really Big’ *Stanford Social Innovation Review*, Spring 2007.
ssireview.org/articles/entry/how_nonprofits_get_really_big.

Advertising

Introduction

Advertising models can provide leaders of online projects with revenue streams for their academic and cultural resources by offering a third party the benefit of reaching their audience. In this model, an advertiser pays the publisher or host a fee for the opportunity to promote their product, service, or company through one or several formats.

Online advertising, though a robust and growing business in the commercial sector, has not been a significant source of revenue for most academic sites, in part due to the concerns of some project leaders about the fit between advertising and their project's mission. In addition, the basic economics of advertising poses a real challenge to smaller projects; while rates for online advertising have increased in recent years, they are still fairly modest compared to rates for print advertising. A recent assessment showed that in 2010, the CPM rate (what an advertiser pays per thousand views—or impressions—of an ad) for online ads was an average of \$12.00 (about £7.30) and in 2012, there was no industry for which the average CPM for online ads was greater than \$28.00 (about £17).³⁰ In other words, in order to generate \$50,000 (£30,600) a year in advertising revenue, a website would need to draw around two million views annually—a tall order for most academic sites!

That said, advertising is not at all a new idea in the scholarly community. For many years, publishers of scholarly journals have sold ad space in the back pages of their publications, albeit at fairly modest rates. Today, some content holders have been willing to experiment with Google AdSense, though most examples of substantial support we have observed have come from sponsorship arrangements, not basic advertising.

This is a good fit for

Advertising is most likely to be suitable for digital resources with the following strengths:

- » **High volume of traffic;** this may be measured by unique visits and/or page views, usually per month
- » **Loyal users who return to the site often and spend time there.** Advertisers will sometimes pay a premium for 'sticky' sites, where users spend a more than usual amount of time. Scholarly resources tend to appeal to a core audience that returns often and spends significant time reading the site's materials. If users spend time reading rather than surfing around a website—thus generating fewer views, or 'impressions'—the most likely advertisers will be businesses interested in promoting their brand, rather than in driving immediate sales
- » **Users who represent demographics valued by advertisers.** Advertisers pay a premium for the ability to target a specific group and to know who it is they are reaching. The target audience may be defined by geography (eg, national vs. regional), by such characteristics as gender or age, or by interests (eg, military history scholars)

³⁰ Sherrill Mane, David Silverman, and Linda Gridley, IAB/PwC Digital Advertising Revenue Report: 2012 Full Year and Q4 2012, April 2013 presentation, pp. 12–13, iab.net/media/file/PWC%20IAB%202012%20Full%20Year%20Digital%20Ad%20Revenue%20SHERRILL%20PRESENTATION%20Apr%2016%202013.pdf

- » **Users engaged in specific activities relevant to the sponsor.** Hotels and travel agents wish to reach people in the process of planning trips; camera manufacturers wish to target people who are researching digital cameras. Scholarly resources associated with an activity that has some connection to an advertiser's product or service will have the most potential here. For example, an airline company might be interested in a site catering to students and scholars in travel abroad programmes

How it works

For academic projects to exploit the current growth in online advertising, it is important for their leaders to understand how advertisers calculate the value of advertising on a particular site, and which type of ad might be the best fit. In the online advertising arena, in addition to the publishers (companies or institutions that host the websites) and advertisers (companies looking to place ads), often there are also network service providers involved, companies that facilitate the matching of advertisers and publishers.³¹ The value of a site to an advertiser depends on how well that site is presumed to deliver the audience the advertiser desires to reach. Often advertisers want to target a specific type of audience and will pay more for placements that reach these segments (especially audience segments that are hard to reach and have disposable income). The goal of the network service provider is to maximise the value of each ad by helping the advertiser reach an adequate audience. (Note that if a publisher uses a network provider such as Google AdSense to help secure suitable advertisers, a portion of the advertising revenue will go to the provider.)

Advertisement revenue is based on the following methods for calculating what advertisers pay:

- » **Cost per impression**, usually measured as a cost per thousand (CPM), is a model in which advertisers pay a fixed amount for every one thousand views or impressions of their ad. The CPM rate will vary depending on the type of users the project enjoys; for example, websites or online platforms with broad audiences will have a low CPM of \$1 (60p) or less, while sites that attract a targeted demographic (art historians, for example) or a loyal user base may command a CPM in the mid-teens range.³² This model is a safer bet for site owners than some of the others, since here ad revenue is not based on whether or not a viewer takes action (a measure of the performance or effectiveness of the ad), but merely on how many times the ad is viewed.
- » **Cost per click (CPC)**, also referred to as Pay per click (PPC), is a model in which advertisers pay every time a viewer clicks on the actual ad. CPC is very popular for search advertisement formats, where advertisers pay online publishers to link their ads to specific search words or phrases, so that their ads are targeted to viewers more likely to be interested in the advertisers' products; advertisers then pay up every time users click on their ads. According to a study of fifty advertisers on the Google AdWords ad network, the average CPC observed in 2012 was \$0.84 (50p).³³
- » **Cost per action, lead or inquiry (CPA)** requires advertisers to pay for a specific performance, such as a sale, purchase, new registration, or inquiry, completed as a result of the initial click. A sophisticated tracking system, usually run by the network provider, allows the publisher and the advertisers to track users and their

³¹ Mike Mason, 'A Guide to Startup Advertising,' StartupPlays Blog, 25 November 2011, *StartupPlays*, startupplays.com/blog/a-guide-to-startup-advertising/.

³² Bert Markgraf, 'What Is an Average Banner CPM?' *eHow*, ehow.com/info_12200588_average-banner-cpm.html.

³³ Jonathan Hochman, 'The Cost of Pay-Per-Click (PPC) Advertising—Trends and Analysis,' Hochman Consultants, hochmanconsultants.com/articles/jc-hochman-benchmark.shtml accessed 3 May 2013.

actions after they leave the site. Advertisers pay only when their ads on a publisher’s site have had a specific, measurable impact, and this also means that CPA rates are traditionally higher than CPM or CPC rates.³⁴

- » **Flat rate fees** are charged to the advertiser for exposure to the audience for a fixed amount of time. The fee factors in the size of the ad, its position and in some cases particular hours of the day when it will appear. Fixed rates are popular for particular online ad formats: display (or banner) ads, classifieds and sponsorship ads.

According to the Interactive Advertising Bureau (IAB)’s 2012 *Advertising Revenue Report*, there are nine online advertising formats available today: search, display/banner, classifieds, digital video, lead generation, rich media, sponsorship, email, and mobile. The following chart draws on the definitions of these formats provided in the IAB report,³⁵ ranking them in order of percentage of total online advertising revenue generated in 2012, from highest to lowest.³⁶

Advertising Formats

Format	Description	Revenue method
Search	Advertisers pay a publisher or advertising network to list and/or link their company’s information, products, services, and/or domain to a specific search word or phrase.	CPC, CPA, CPM
Display	Advertisers pay a publisher or advertising network for space on a website for static banners, interstitials and logos.	CPM, CPC, CPA and flat rates
Mobile	Advertisement tailored to and delivered through wireless mobile services such as smart phones (iPhone, Blackberry, Android, etc) in the form of display ads, rich media, text messages, video, or search.	CPM, CPC and CPA
Classified	Advertisers pay a publisher to list specific items or services for sale.	Mainly flat rates
Digital Video	Video advertisement that appears before, during, or after video content within a video player, such as ads on YouTube, or online TV commercials that appear while streaming content or in downloadable video. Stand-alone video display ads that are not in a player are considered rich media.	CPM and CPC (mainly)
Lead generation	Advertisers pay online companies that refer qualified customers or provide customer information gathered from applications (eg, for credit cards), surveys, contests, or registrations.	N/A
Rich Media	Display-related advertisement that often includes Flash or Java, which allows audience to view and interact with the product or service.	CPM, CPC, CPA and flat rates
Sponsorship	Custom content or experience for which advertisers pay publishers, and which may include advertising elements such as banner/display ads, video, and rich media.	Mainly though flat rates

³⁴ Ben Kneen, 'CPM, CPC, and CPA Pricing for Online Media,' 24 February 2010, *Ad Ops Insider*, adopsinsider.com/ad-ops-basics/cpm-cpc-and-cpa-pricing-for-online-media/.

³⁵ PricewaterhouseCoopers, 'Definitions of Advertising Formats,' in *IAB Internet Advertising Revenue Report: 2012 Full Year Results*, April 2013, pp. 22–23, iab.net/media/file/IAB_Internet_Advertising_Revenue_Report_FY_2012_rev.pdf.

³⁶ PricewaterhouseCoopers, *IAB Internet Advertising Revenue Report*, p. 12.

Format	Description	Revenue method
Email	Banners, video, links, or any sponsorship advertising embedded within an email.	CPM, CPC, CPA and flat rates

Trends

Native advertising

In 2013, native advertising has become quite popular in the commercial sector. Examples such as Twitter's Promoted Tweets and Trends, Facebook's Sponsored Stories, and Tumblr's Promoted Posts are intended to be seamlessly integrated into the platform, which proponents of this form of advertising see as a way to encourage viewers to engage with them. It is important to note, however, that there have been mixed reactions to this 'camouflage effect'; some are troubled by the way that it blurs the line between editorial content and content created for commercial aims.³⁷ For this reason, it is difficult to imagine scholarly projects accepting this sort of advertising, as it would likely present a real conflict.

Nonetheless, well-respected publications have used the tactic with success. *The Atlantic* has partnered with brands to create ads that "that have the look and feel of *The Atlantic's* content." According to a September 2012 article, *The Atlantic's* three-year-old native advertising strategy has been so successful that as of 2012, it accounted for half of the publication's digital ad revenue, which increased by over 50% percent from 2011 to 2012.³⁸ Another example is Facebook's Sponsored Stories, which in 2012 were on the way to generating over \$350 million (£214 million) per year in revenue.³⁹ While traditional banner ads generally have click-through rates of less than 1%, Twitter's Promoted Tweets, on the other hand, yield engagement rates of 3-10%, a very high rate.⁴⁰ By their very nature, native advertisements do not scale; to be effective, they must be carefully crafted at an individual level.⁴¹ We wonder if this suggests possible additional uses for content from academic or cultural sites, to license their content to advertisers.

Advertising on mobile devices

Mobile advertisement has been growing and while it is quickly ballooning, advertisers are desperately searching for ways to better monetise this activity, and no one has yet fully exploited its potential. The effect that it will have on the industry is still unclear, but some important individuals, including Facebook's chief operating officer, believe that the mobile platform will soon be more important than television, and Facebook is ready to focus its efforts in this direction.⁴² A variety of issues, including screen size, power demands, and privacy concerns, have

37 Frederic Filloux, 'Native Advertising: What's the Fuss?' Technology Blog, 20 April 2013, [The Guardian](http://guardian.co.uk/media/blog/2013/apr/22/native-advertising), guardian.co.uk/media/blog/2013/apr/22/native-advertising (accessed 7 May 2013).

38 Josh Sternberg, 'The Atlantic Tries Native Ads,' *Digiday*, 25 September 2012, digiday.com/publishers/the-atlantic-tries-native-ads/

39 Lauren Indvik, 'Facebook: Sponsored Stories Make \$1 Million a Day,' *Mashable*, 26 July 2012, <http://mashable.com/2012/07/26/facebook-q2-2012-earnings-call/>

40 Lauren Indvik, "Twitter to Top \$1 Billion in Ad Revenue in 2014 [REPORT]," *Mashable*, 1 June 2012, <http://mashable.com/2012/06/01/twitter-ad-revenue/>

41 Erin Griffith, 'Native Advertising Will Save Us All, Maybe,' *Pando Daily*, 3 October 2012, <http://pandodaily.com/2012/10/03/native-advertising-will-save-us-all-maybe/>

42 Selena Larson, 'Facebook Making Ads More Useful to Mobile Users, Says COO Sandberg,' *VentureBeat*, 15 April 2013, <http://venturebeat.com/2013/04/15/facebook-mobile-ads-sandberg/> (accessed 7 May 2013).

presented technical and monetisation difficulties for mobile advertising in the past.⁴³ Such limitations are quickly dissolving, however, and advertisers have begun to recognise the potential of the medium. When academic and cultural projects begin to feel more comfortable with mobile applications in general, exploring advertisement through this medium will be a more viable and accepted revenue alternative.

Case study

A Vision of Britain through Time

A Vision of Britain through Time visionofbritain.org.uk is a United Kingdom-based website that brings together geographical surveys, census data, historical maps, travel writing and other archival sources to permit easy searching by specific geographic place throughout Britain. First launched in 2004 by geographer Humphrey Southall of the University of Portsmouth, the site was originally created with funding from the National Lottery Fund and hosted at the University of Edinburgh with financial support from the British Library. In 2009, a new version of the site was funded by Jisc, which among other things enabled it to host advertising via Google AdSense.

Southall remarks, "I did not have any personal reservations [in accepting advertising], as I knew of and was following the example of the British History Online site, run by the Institute of Historical Research." But he does recall early concern from university administrators, who ultimately agreed. Importantly, the project's national lottery funding imposed that the commercial income [derived from advertising activity] only be used to maintain and extend the resource, not for the university's general purposes. Usage has steadily grown since the launch of the revised site, from about 40,000 unique users per month in 2009 to a high of 200,000 in early 2013. Several factors seem to have contributed to this growth, including major changes made to the site architecture to organise A Vision of Britain around places, which, Southall points out, "arguably better fitted how people think." Now, users of the site are encouraged to start a search by simply typing in the name of a locality they would like to explore. Another factor he thinks likely to have played a role is the optimising of the site for search engines. With regard to optimisation, he makes the following recommendations:

- » **Follow accessibility guidelines.** "Making your site work well for the visually impaired really helps, because search engine bots . . . completely ignore graphics," he explains
- » **Maintain a logical hierarchical structure,** which is easier for bots to explore
- » **Include descriptive text about places,** systematically linked to that hierarchical structure, offering content for (search engines) to index

As a result of increased usage, advertising revenue has steadily grown since 2009, when the site generated £4,834 over six months. In 2010, its first full year with advertising, the site earned £8,193; in 2011, £8,943; and in 2012, £13,543. With revenue already at £10,597 for the first half of 2013, Southall estimates that the site is on track to reach £20,000 in ad revenue this calendar year.

In the past, this revenue was considered a nice addition to the significant revenue stream that A Vision of Britain had developed via data licensing for commercial use. For various reasons, that revenue stream is unlikely to

⁴³ LP Value Investments, 'Online Advertising and the Small Screen Problem,' *Seeking Alpha*, 12 July 2012, <http://seekingalpha.com/article/717551-online-advertising-and-the-small-screen-problem>

continue much longer, Southall says, and “from here on the advertising income is essential to keeping the site running.”

Benefits

- » For sites with heavy traffic and good data on visitors, advertising can open up an as-yet-untapped revenue source
- » Smaller sites can test their earning potential at very little risk through options like Google AdSense
- » The variety of ad formats, types, and pricing models allows a site to experiment with advertising to learn what type will fit it best
- » More and more advertiser money is flowing online each year, so if advertisers decide that advertising online with your project is rewarding to them, this revenue stream should continue to grow

Disadvantages

- » Academic projects with smaller audiences may find it difficult to generate significant advertising income
- » Securing and retaining advertisers requires skilled personnel and time
- » Some site users may dislike the feel of ads on the site
- » Setting ad prices can be tricky when measurement criteria are so fluid
- » Ad revenue is not guaranteed and takes time to build up; it is unlikely to replace other revenue streams right away
- » If a site becomes overly dependent on advertising, the editorial integrity of the project can be undermined

Costs attributable to the revenue model

- » If a project seeking advertisers works with an agency or network, this additional party will receive a percentage of advertising revenues as its commission (30% is common)
- » If a project works directly with advertisers, costs will include salary for skilled online advertising sales staff and for someone to handle invoicing/collections
- » If the project is accepting native advertisements, in addition to sales and invoicing staff it will need someone to be involved in the ad production cycle

Key questions to ask if you are considering this model

- » How much traffic does our site generate (unique visitors per month)?
- » How many ad impressions could our site generate (page views per month)?
- » How much do I know about the visitors to our site (demographic data)?

- » How can I measure users' engagement with our site (time spent, articles viewed, etc.)?
- » How might visitors to our site be valuable to advertisers? Do they have special interests that correspond to a certain type of business?
- » What costs will we need to assume to host ads on our site and collect payments?
- » Will the community for this project accept that we are hosting ads?
- » How might an advertiser fit in content on our resource?

Further reading

AdJuggler, Inc. *Guide to Online Advertising* ad juggler.com/docs/AdJuggler_guidetoonlineadv.pdf (accessed 3 May 2013).

Google AdSense. 'Get More Value from Your Online Content.' google.com/adsense/start/

Indvik, Lauren. 'Facebook: Sponsored Stories Make \$1 Million a Day.' *Mashable*, 26 July 2012. <http://mashable.com/2012/07/26/facebook-q2-2012-earnings-call/>

Library Analytics and Metrics Project. 'About LAMP' <http://jisclamp.mimas.ac.uk/about-lamp/>

PricewaterhouseCoopers LLP. *IAB Internet Advertising Revenue Report: 2012 Full Year Results*. iab.net/media/file/IAB_Internet_Advertising_Revenue_Report_FY_2012_rev.pdf. See especially 'Definitions of Advertising Formats,' pp. 22–23.

Sternberg, Josh. 'The Atlantic Tries Native Ads.' *Digiday*, 25 September 2012. digiday.com/publishers/the-atlantic-tries-native-ads/

Author (or Contributor) Pays

Introduction

Many content providers are seeking ways to offer their content freely to users, whether in response to public demand, a mission-driven mindset, or funder requirements. While many of the revenue models outlined in this report could support open content, publishers of scholarly journals and academic monographs have been most focused on the system that neatly shifts their source of income from subscribers, who pay for access to content, to their contributors, who are asked to cover the costs of publication, often with funds directed from their grants or home institutions.

In scholarly publishing's subscription or sales model, the publishing company assumes the up-front costs and inherent risk of publication, investing in selection, peer review, editing, production and distribution of the content it wants to publish, and then, the company hopes, benefitting from sales to those who want to read the work. The author-pays model comes from a very different premise: that the publisher will recover its costs by charging a fee to the creators of the content, and that these fees will cover the costs of peer review, editing, production and distribution of the content.

There are precedents for having authors pay up-front fees to support the publication of their work. Some subscription print journals required authors to pay special fees for the use of colour illustrations and other special elements; that is, they imposed page charges that would provide supplementary revenue to cover the additional costs associated with specialised work. At the other extreme, individuals whose work was not accepted by the publisher also had the option of paying someone to publish—that is, print and bind—copies of their work.

Recently, this model has proven quite successful in the sciences, where grant funding is more frequently available to researchers. For publishers of humanities and social science disciplines, this model has been slower to catch on, as fewer researchers are grant supported, but many publishers are exploring this model as well, as are publishers of monographs.⁴⁴

This is a good fit for

- » Journal publishers in disciplines where there are sufficient sources of funding for publication fees charged to authors (typically the STEM disciplines: science, technology, engineering and mathematics)
- » Publishers who are able to accurately project costs and revenues, and can thus calculate what they need to recoup through up-front author fees

⁴⁴ A survey of 690 humanities and social science scholars in the UK and Europe in 2012 found that only 22.7% of authors were supported by a research council grant; whereas nearly 55% had relied on institutional support and self-funding." See OAPEN-UK HSS Researcher Survey Results. slideshare.net/OAPENUK/oapenuk-hss-researcher-survey-results

How it works

In the author-pays or contributor-pays model, the publisher seeks the revenue it needs to cover its costs by charging fees up front. Journals often assign these article processing charges or APCs to authors or other content contributors in the form of publication or hosting fees. Unlike the subscription model, which assumes that the desire to read or otherwise consume content will lead people to pay for it, the contributor-pays model sees the primary beneficiary of publication as the author who wishes to make his or her content available on the web. In this model, it is the author who is responsible for paying the publisher, which in exchange provides the technological, editorial, and other organisational infrastructure and services to publish the contributor's content.

A 2012 study found that APCs averaged just over \$900 (£550), but that the range of charges runs from \$8 (£5) to \$3,900 (£2,385), with higher fees common in STEM disciplines and among commercial publishers and lower fees typical among university presses and societies.⁴⁵ There are some cases, as well, where fees are charged even for the review process, for example by the *Journal of Neuroscience*, which charges \$125 (£76) for submitting an article.⁴⁶

Trends

Today, the author-pays model is in the midst of a real resurgence as a means to offer scholarly content free of charge. This approach has become especially popular in the wake of governmental and institutional policy changes to either require or at least strongly encourage researchers to ensure that their scholarship is open access.⁴⁷ In 2012, a UK government-commissioned working group issued a recommendation later accepted by the government to make all publicly funded scientific research available for free,⁴⁸ and beginning on 1 April 2013, all research funded by Research Councils UK (RCUK) must be made freely available via either Green or Gold Open Access (OA).⁴⁹ In the United States, similar policies are being explored. The Fair Access to Science and Technology Research Act (FASTR) bill introduced to House and Senate in February 2013 would provide funding to all federal agencies so that they can develop "public access policies relating to research conducted by employees of that agency or from funds administered by that agency," and later that month, the White House's Office of Science and Technology Policy issued an executive memorandum that ultimately aims to expand the

45 David J. Solomon and Bo-Christer Björk, 'A Study of Open Access Journals Using Article Processing Charges,' *Journal of the American Society for Information Science and Technology* 63.8 (August 2012): 1485–95; for preprint, see: openaccesspublishing.org/apc2/preprint.pdf. See also *Eigenfactor*, which plots journals' APCs against their impact factors: eigenfactor.org/openaccess/.

46 Society for Neuroscience, 'Submission Fee and Payment Policy,' *The Journal of Neuroscience*, jneurosci.org/site/misc/ifa_fee.xhtml. For a study of submission fees, see Mark Ware Consulting, Ltd, 'Submission Fees – A tool in the transition to open access? Summary of report to Knowledge Exchange' (2010). knowledge-exchange.info/Default.aspx?ID=413

47 For a list of such initiatives on the part of funders and institutions, see *ROARMAP: Registry of Open Access Repositories Mandatory Archiving Policies*, <http://roarmap.eprints.org/>

48 The Working Group on Expanding Access to Published Research Findings was commissioned by the UK Minister for Universities and Science and chaired by Dame Janet Finch. Its report, *Accessibility, Sustainability, Excellence: How to Expand Access to Research Publications*, known as the Finch Report, is available at researchinonet.org/wp-content/uploads/2012/06/Finch-Group-report-FINAL-VERSION.pdf. For the government's response to and acceptance of the Finch Report, see bis.gov.uk/assets/biscore/science/docs/l/12-975-letter-government-response-to-finch-report-research-publications.pdf

49 'Green' OA content is commonly delivered via institutional repositories as a draft or peer-reviewed post print, while 'Gold' OA is published with immediate access through a designated OA Journal. On this topic OA scholar Peter Suber helpfully notes, "The green/gold distinction is about venues or delivery vehicles, not user rights or degrees of openness." <http://legacy.earlham.edu/~peters/fos/overview.htm>. For Research Councils UK policy, see rcuk.ac.uk/research/Pages/outputs.aspx. See also a decision tree summarising the policy, created by the Publishers Association and endorsed by RCUK: publishers.org.uk/index.php?option=com_docman&task=doc_download&gid=780&Itemid=

National Institutes of Health's green OA policy to all research funded by federal agencies with research and development expenditures greater than \$100 million (£61 million).⁵⁰

For publishers faced with open access mandates, the question is whether the author/contributor-pays model can fully cover the costs of the publishing services they hope to deliver. For scholars contributing their work to OA, author-pays publications, the question is how to cover their APCs or other charges: through grants? Through campus publication funds? Many scholarly contributors to such publications must rely on others to cover the costs of publishing their research.⁵¹

In the sciences, some of the funding for publishing comes from government agencies such as the National Institutes of Health in the United States and organisations such as the Wellcome Trust in the United Kingdom, which provide substantial funding to support research. They operate from a position of strength when it comes to influencing, even determining, how research results derived from work they support is disseminated. The Wellcome Trust's Open Access model, for example, provides grant funding to authors to cover OA fees publishers may require, and stipulates that articles be deposited into Europe PubMed Central (Europe PMC).⁵² Somewhat similarly, RCUK has also begun distributing block grants to universities in order to help those researchers who are publishing with Gold OA publishers to meet the agency's 2013 policy change. Similar mandates are being proposed and adopted by other foundations and government agencies.

In the United States, many institutions have set aside money to help their faculty cover APCs. Carnegie Mellon's library will contribute up to \$1,500 (£917) per article—up to \$3,000 (£1,837) annually per researcher; George Mason's library will contribute up to \$3,000 (£1,837) per article. The Compact for Open Access Scholarly Publishing Equity initiated by five major research institutions and now joined by another thirteen in the United States, Canada, and Europe is committed to "the timely establishment of durable mechanisms for underwriting reasonable publication charges for articles written by [their] faculty and published in fee-based open-access journals and for which other institutions would not be expected to provide funds."⁵³

The shift to an author-pays model has had some downsides, however. Some less scrupulous publishers have been called out for their willingness to accept articles without the same degree of careful peer review or editing most scholarly publishers would require. A list of suspected "predatory publishers" is updated regularly by librarian Jeffrey Beall of the University of Colorado, in an effort to name and shame those publishers whose practices seem to suggest that they may be exploiting the system in ways that do not serve scholars or the advancement of scholarship.⁵⁴ While some OA advocates are concerned that Beall's list unfairly singles out open access publishers for criticism that might apply to subscription based publishers as well, his supporters acknowledge that the author-pays business model offers a financial incentive to publish more, not better work, and that policing the most egregious cases of mis-representation can only strengthen the cause of legitimate publishers.

-
- 50 The text of the FASTR bill may be found at <http://doyle.house.gov/sites/doyle.house.gov/files/documents/2013%2002%2014%20DOYLE%20FASTR%20FINAL.pdf>. For the Office of Science and Technology Policy Memorandum on Expanding Public Access to Federally Funded Research, see whitehouse.gov/sites/default/files/microsites/ostp/ostp_public_access_memo_2013.pdf
- 51 A recent survey asked authors to share their sources of funding for author-pays OA journals and the factors that influence their choice of journals in which to publish. See David J. Solomon and Bo-Christer Björk, 'Publication Fees in Open Access Publishing: Sources of Funding and Factors Influencing Choice of Journal,' *Journal of the American Society for Information Science and Technology* 63, no. 1 (2012): 98–107.
- 52 The Wellcome Trust's OA policy is available on their website, at wellcome.ac.uk/About-us/Policy/Policy-and-position-statements/WTDoo2766.htm. Starting in October 2013, the OA policy was extended to apply to scholarly monographs and book chapters as well.
- 53 Compact for Open Access Scholarly Publishing Equity, oacompact.org/compact/.
- 54 Jeffrey Beall, 'Beall's List: Potential, Possible, or Probable Predatory Scholarly Open-Access Publishers,' *Scholarly Open Access*, <http://scholarlyoa.com/publishers/>

For those creating content collections and considering funding models, it is worth pointing out that while strong support exists from funders to support open access of scholarly outputs, demand for this model from scholar-authors in the humanities and social sciences from faculty has lagged. A recent survey of faculty by Ithaka S+R found that less than 40% of respondents indicated that, when deciding where to publish their own articles, it was very important to them that the “journal makes its articles freely available online,” perhaps because of the association with vanity publishing or perhaps for other reasons. “Very important” for far more people—over 60%—was the statement that the “journal permits scholars to publish for free.”⁵⁵

Case studies

There are numerous examples of publishers using the author-pays model. Some are independent; many are one imprint within a larger organisation that also includes subscription-based publications. In addition, even the more established presses have begun to experiment with the author-pays model, offering open access services, and in some cases hybrid journals, in which some articles may be subsidised by author fees, and others are not.

Hindawi Publishing Corporation

hindawi.com/

- » **Criteria for publication:** research articles in mathematics, engineering, and biomedicine
- » **Pricing:** APCs from \$300-\$1,750 (£183-£1,071) for accepted, peer-reviewed manuscripts; material that is not peer-reviewed (e.g., editorials) is published for free. Memberships for institutions, enabling authors affiliated with those institutions to publish in a Hindawi journal without paying APCs, are available.
- » **Business model:** Hindawi’s very low cost base stems from its use of local labour in Cairo, Egypt, and its drive to publish a high volume of articles via the author-pays model. A network of volunteer editors and a fully online editorial workflow also make it possible for the publisher to process articles quite quickly through its system

PLoS ONE

plosone.org/

- » **Criteria for publication:** unique, primary scientific research⁵⁶
- » **Pricing:** currently \$1,350 (£825), although there are exceptions depending on author’s ability to pay and home country
- » **Business model:** costs and revenues scale with the number of submissions. “Every article adds more work, but also adds revenue.”⁵⁷

⁵⁵ Ross Housewright et al., *Ithaka S+R US Faculty Survey 2012* (April 2013), *Ithaka*, sr.ithaka.org/research-publications/us-faculty-survey-2012, p. 59. See also Solomon and Björk, ‘Publication Fees in Open Access Publishing.’

⁵⁶ PLOS, PLOS ONE Publication Criteria, *PLOS ONE*, plosone.org/static/publication.action

⁵⁷ Caralee Adams, ‘SPARC Innovator: PLoS One,’ *SPARC*, sparc.arl.org/innovator/plos-one.shtml

PeerJ

<https://peerj.com/>

- » **Criteria for publication:** research articles in biological, medial, and health sciences, judged by “scientific and methodological soundness.”⁵⁸
- » **Pricing:** The author purchases a lifetime membership that ranges in price from \$99 to \$349 (£61-£213), depending on whether the author joins before or after a submitted article is accepted and the number of articles he or she anticipates publishing annually in *PeerJ*⁵⁹
- » **Business model:** In addition to membership fees, PeerJ relies on membership duties—those who wish to publish on the site must review at least one article a year for the site⁶⁰

Wiley Open Access

wileyopenaccess.com/details/content/12f25d1df44/About.html

- » **Criteria for publication:** Peer reviewed articles in a range of scientific disciplines
- » **Pricing:** Cost to author is set by each journal, with discounting for articles previously considered by other non-open Wiley journals and for society members. For those who submit to journals that are not fully OA, Wiley offers the OnlineOpen programme, which for \$3000 (£1,834) will take articles that have been peer-reviewed and accepted and make them openly available via the Wiley Online Library and deposit into PubMed Central
- » **Business model:** Wiley Open Access journals accepts direct submissions, as well as manuscript transfers from its other journals; OnlineOpen is the hybrid model

Benefits

- » Variable costs of production are meant to be covered as they are incurred, reducing downside risk
- » Emphasises the value of publishing to authors, by attaching a cost to the activity of publishing allowing authors to make informed choices
- » Permits content to be made openly available at publication. This has mission benefits, certainly. It also, in theory, eliminates the need to invest in a sales or distribution operation. By collecting fees up front, at the point of acquisition, the publisher is sure of having its costs covered—making this model much less risky than the traditional model, which requires a certain amount of forecasting and luck
- » Author services will improve as journals compete for them

⁵⁸ PeerJ, ‘Editorial Criteria,’ <https://peerj.com/about/editorial-criteria/>; and ‘Aims and Scope,’ <https://peerj.com/about/aims-and-scope/>

⁵⁹ PeerJ, ‘Pay Once, Publish for Life,’ <https://peerj.com/pricing/>

⁶⁰ PeerJ, ‘Two Publications,’ <https://peerj.com/about/publications/>. See also Phil Davis, ‘Is PeerJ Membership Publishing Sustainable?’ *The Scholarly Kitchen*, 14 June 2012, <http://scholarlykitchen.sspnet.org/2012/06/14/is-peerj-membership-publishing-sustainable/>

Disadvantages

- » It may be difficult for a publisher using an author-pays model to build a reputation for academic excellence if the business model privileges volume over selectivity
- » Costs are manageable for STEM disciplines, but difficult to cover in the humanities, where authors' work is not typically funded through grants. Some open access publishers have found that \$99-\$400 (£61-£245) is the price range for authors in humanities and social science disciplines.
- » Shifting the revenue focus to authors may create an incentive for publishers to accept more content and take less interest in audience feedback and audience satisfaction, as their "audience" is now the authors themselves
- » The economic upside to the model may be weakened, if the publication charges fees only for those works it chooses to publish
- » As a publication grows more prestigious, more articles will be submitted, driving up the costs of processing articles that are declined, and thus driving up publication charges for those that do get published; and as readership grows the associated access costs will increase without a commensurate increase in revenue. This can be countered by imposing submission fees.
- » The author-pays model provides no recurring revenue to maintain an author's work. Long-term preservation must be paid for by charging authors higher fees at the moment of contribution, or by charging current authors more to cover migration and other investments made in older content.

Costs attributable to the revenue model

- » Requires successful marketing to individual scholars and researchers, as they are currently the main "customers" in this model

Key questions to ask if you are considering this model

- » What is the demand for this service among scholars who would be contributors to our publication?
- » Do authors in the discipline we publish in have access to resources to pay contribution fees?
- » What makes our site attractive as a place to publish content? Does it offer prestige through a selection process or credentialing? Does it have a strong brand? Does it have a large audience? Is it indexed by the major search engines? Will the content be connected with related content? What marketing services does the site provide to ensure that the content gets exposure? Finally, does the site make it easy for authors to submit their work and get speedy feedback and other services they may need?
- » How can costs be managed to allow for growth in the future? Cost is a key success driver for hosting services, which are likely to grow commoditised (unless combined with some other form of value creation). How will we ensure that our costs are competitive? Do we have access to low-cost labour? Are there economies of scale that we can utilise?
- » Will anything be left over to pay for preservation, and what is it likely to cost?

Further reading

Crow, Raym, 'Article Processing Fees' in *Income Models for Open Access: An Overview of Current Practice* (SPARC, 2009), p 10.

King, Donald W., and Carol Tenopir, An Evidence-Based Assessment of the 'Author-Pays' Model."Nature Web Focus: Access to the Literature; The Debate Continues. *Nature*, 25 June 2004.

nature.com/nature/focus/accessdebate/26.html.

Loy, Matthew. "Hindawi Publishing Corporation 2011: Growing an Open-Access Contributor-Pays Business Model." *Ithaka S+R*. sr.ithaka.org/research-publications/hindawi-update-2011.

OAPEN-UK, HSS Researcher Survey Results, 2012 slideshare.net/OAPENUK/oapenuk-hss-researcher-survey-results

Solomon , David J., and Bo-Christer Björk, 'Publication Fees in Open Access Publishing: Sources of Funding and Factors Influencing Choice of Journal' *Journal of the American Society for Information Science and Technology* 63, no. 1 (2012): 98–107.

Solomon , David J., and Bo-Christer Björk, 'A Study of Open Access Journals Using Article Processing Charges.' *Journal of the American Society for Information Science and Technology* 63, no. 8 (August 2012): 1485–95.

Consulting and Other Services

Introduction

Many project teams who develop digital resources, whether online content or platforms or other tools, gain the benefit of mastering new skills in the process. In addition to acquiring expertise, the team may acquire sophisticated equipment or develop new processes or workflows for accomplishing their work. These, too, are valuable assets that may in some cases provide a way to earn revenue through the offering of consulting or related services.

Transferring expertise and knowledge for a fee is a revenue model that allows the project to support its current operations in a way that is mission-compatible and potentially enriching to the project itself. Apart from financial benefits, advisory services can bring peer recognition and respect and provide the consultant with a broad view of the marketplace he or she serves.

This is a good fit for

Projects that have:

- » Teams and leaders with specific industry know-how and a leadership position
- » Specific theoretical or practical knowledge from research and experience
- » Expertise in a specific method or approach and connections to others in the field
- » Specialised equipment (high resolution scanners, for example) that requires skilled individuals to operate
- » Surplus staff time to devote to a new area

How it works

Offering consulting or other services to third parties by leveraging the skills used in current operations allows projects and programmes to generate revenue. Pure consulting services rely on individual or team expertise in a specific field, method or approach, where the transferable value is simply knowledge and know-how. Other services can be based on leasing specialised equipment and offering the services of the individual or team needed to run the equipment, where the transferable value is in both the equipment and the knowledge.

Consulting fees can be structured as a flat rate, based on a set of agreed-upon deliverables, or can be based on time spent; pricing of services will depend on the type of service offered. In any case, before undertaking any new service, project leaders should become familiar with current fees and pricing schedules among other providers of this service.

Providing services outside the scope of daily activities can generate revenue, but it is likely to involve additional costs as well. In some cases, a project may make a foray into consulting by devoting excess staff capacity to outside activities—as, for example, when a staffer simply takes on a first consulting client within the context of

his current position. They may then scale up if there are signs of demand and success. Customer-facing services, however, come with the implicit requirement of serving the consumer, and this may well require additional time and staffing. While financially supporting a project is important, it cannot come at the expense of interrupting its daily activities. Leadership, structure and planning are required.

In the case of the BOPCRIS Digitisation Centre at the University of Southampton, highly specialised digitisation equipment had been acquired along with the skilled personnel to operate such equipment, and the Centre had developed the ability to offer digitisation services to outside institutions for a fee.⁶¹ After the Centre had trouble maintaining a solid stream of outside business, however, it decided to reprioritise its operations. It has scaled back by selling some of the equipment and hardware, and now, renamed the University of Southampton Digitisation Unit, focuses on digitising locally held items.

Case studies

Lincoln Center for the Performing Arts

<http://lc.lincolncenter.org/press/480>

Lincoln Center for the Performing Arts (LCPA) is a not-for-profit organisation based in New York City that is dedicated to delivering artistic performances through 11 different organisations presenting 3,000 programmes annually. LCPA's operations have traditionally been supported by ticket purchases, membership schemes, corporate sponsorships, institutional donations, and matching gifts and grants. However, the success of a recent pilot project has led LCPA to develop consultancy services intended to generate additional revenue for the institution while reaffirming its mission.

In 2010, LCPA tested the idea of offering a formal consulting service when it accepted a three-year paid agreement to serve as an adviser to the developers of a new performing arts complex in Tianjin, China's fifth-largest city.⁶² LCPA agreed to provide staff training and give curatorial advice on the artistic programme, suggest a viable economic model, and help in the design and construction process of the facilities. The success of this initiative led LCPA in 2013 to launch a formal consulting practice and assemble a team to head the new business line, whose aim will be to "facilitate artistic exchange and advise cultural bodies, leaders and philanthropists worldwide in strategic planning, design and construction of performing arts facilities, operations, programming, branding, staff development, fundraising and audience building."⁶³

Humanities Research Institute, University of Sheffield

<http://hridigital.shef.ac.uk/what-we-do>

⁶¹ K. Kirby Smith, 'BOPCRIS Digitisation Centre 2009: Experimentation with Sustainability and Partnerships for Library Digitisation Projects,' *Ithaka*, sr.ithaka.org/research-publications/bopcris-digitisation-centre-2009. BOPCRIS stands for British Official Publications Collaborative Reader Information Services. For the 2011 update, see Matthew Loy, 'University of Southampton Library Digitisation Unit 2011: Reimagining the Value Proposition,' *Ithaka* sr.ithaka.org/research-publications/southampton-update-2011.

⁶² Robin Pogrebin, 'Lincoln Center to Venture into China as Adviser for a Performing Arts Project,' *New York Times*, 29 April 2011, nytimes.com/2011/04/29/arts/lincoln-center-to-advise-china-on-cultural-project.html?_r=0 (accessed 8 May 2013).

⁶³ Lincoln Center for the Performing Arts, 'Kara Medoff Barnett Named Managing Director, Lincoln Center Global,' pressrelease, 3 December 2012, <http://lc.lincolncenter.org/press/480> (accessed 08 May 2013).

The Humanities Research Institute (HRI) is an interdisciplinary arts and humanities research centre with a special focus on the uses of digital technologies in humanities research. The institute supports researchers at the University of Sheffield as well as at other institutions, providing them with an array of services and facilities. HRI Digital is the technology team within HRI. For the past twenty years the team has been supporting the innovative use of technology in arts and humanities research projects, working with clients to provide assistance, planning, training, development, and deliverables in all of the technological and digital aspects of research projects.⁶⁴ HRI also has a publishing branch, called HRI Online, which provides online publishing services via an open access platform and offers a peer-review system.⁶⁵

HRI's funding model depends on its participation in University of Sheffield grant-funded projects and on revenue coming from outside institutions that need HRI Digital and HRI Online services to conduct and disseminate their research.⁶⁶ HRI's external clients make up about half of their work, and the revenue from these clients is considered critical to HRI's ongoing sustainability. As of today, HRI Digital has 19 ongoing projects, and over the years it has completed over 50.⁶⁷

Department of Digital Humanities (DDH), King's College London

kcl.ac.uk/artshums/depts/ddh/index.aspx

The Department of Digital Humanities (DDH) at King's College London sees itself as an "international leader in the application of technology in the arts and humanities, and in the social sciences." The department works with dozens of projects at a time, and over the past seven years has partnered with faculty at Kings and elsewhere to develop innovative scholarly digital projects. In addition to its degree-awarding programmes, the department has a lab that focuses on visual representation for archaeology, historic buildings, cultural heritage organisations and academic research.⁶⁸

DDH has made it an aim to "never rely on one source of income," according to Simon Tanner, director of the King's Digital Consultancy Services (KDCS) and co-director of the MA in Digital Asset Management at King's. As of 2013, the DDH sustainability model is based on governmental and institutional funding for research, tuition, grant revenues, and fees generated by "knowledge-transferring activities" offered through the King's Digital Consultancy Service (KDCS).⁶⁹ Since 2007, KDCS has engaged in consulting and professional training in an array of different areas of expertise concerning strategies for building and sustaining digital resources. Clients have included not-for-profit institutions from the cultural, heritage, and media sectors as well as from the commercial sector.⁷⁰ Expanding in this way was beneficial for DDH (originally known as the Centre for Computing in the Humanities, or CCH), as it diversified its revenue sources and provided an ongoing stream of new projects, though as Tanner has pointed out, this part of the business can be vulnerable to a difficult economic environment. While the work has been steady, a poor economy can mean having a shorter-than-desirable horizon for projects in the pipeline at any given time.

⁶⁴ HRI Digital, 'What We Do,' <http://hridigital.shef.ac.uk/what-we-do> (accessed 14 May 2013).

⁶⁵ HRI Digital, 'About HRI Online,' <http://hridigital.shef.ac.uk/hrionline/online-publishing/about-hri-online> (accessed 14 May 2013).

⁶⁶ Nancy Maron, Sarah Pickle and Jason Yun, 'Sustaining Our Digital Future: Institutional Strategies for Digital Content', Jisc Strategic Content Alliance, 2013, <http://sca.jiscinvolve.org/wp/files/2013/01/Sustaining-our-digital-future-FINAL-31.pdf>.

⁶⁷ HRI Digital, 'Projects,' <http://hridigital.shef.ac.uk/projects> (accessed 14 May 2013).

⁶⁸ King's Visualisation Lab (KVL), home page, kvl.cch.kcl.ac.uk/index.html (accessed 8 May 2013).

⁶⁹ Nancy L. Maron, 'The Department of Digital Humanities (DDH) at King's College London: Cementing Its Status as an Academic Department; Case Study Update 2011,' *Ithaka*, sr.ithaka.org/research-publications/ddh-kings-college-london

⁷⁰ KDCS, 'What We Do,' kdc.kcl.ac.uk/what.html (accessed 8 May 2013).

Benefits

- » Offering consulting services allows projects to generate revenue by leveraging their areas of expertise
- » The project's mission can be complemented and even enhanced by offering such services
- » Offering consultancy services and advisory work garners a level of recognition and acknowledgment of the project's ongoing work
- » Greater expertise is generated when a project leader is able to gain a bird's-eye view of the landscape and can see and analyse how other institutions function

Disadvantages

- » In running a consulting business, significant time and effort are required to follow up leads and secure new work
- » The project pipeline and project flow can be unpredictable
- » Consulting practices are complicated to make profitable even when they are your main business focus; it can be difficult to run a consultancy as a secondary operation and could require additional resources, staff, and expertise
- » Additional staffing or operational structures may be required in order to grow new services. Simply grafting them on to an existing arrangement can distract from the core mission of the parent organisation

Costs attributable to the revenue model

- » Providing consulting services may require additional staff and resources
- » Consulting services require a lot of planning and time

Key questions to ask if you are considering this model

- » Have individuals from our programme been asked for advice in a project independent of ours?
- » Does my programme have an area of expertise that could potentially be leverage?
- » Does my team have specific theoretical or practical knowledge gained from research or experience?
- » Do we have sufficient staffing/ time to take on outside work?
- » Does my project have special hardware, software, or human skills that could be applied elsewhere?
- » Does my project have any excess capacity in terms of facilities or personnel?
- » What other ventures, both within and outside academia, could use my expertise?
- » Who would be leading the consultancy project?

- » How much would we be able to charge for a consultancy project? What are the potential costs, including opportunity costs?

Further reading

Loy, Matthew, 'University of Southampton Library Digitisation Unit 2011: Reimagining the Value Proposition,' *Ithaka* sr.ithaka.org/research-publications/southampton-update-2011

Maron, Nancy L, 'The Department of Digital Humanities (DDH) at King's College London 2011: Cementing Its Status as an Academic Department,' *Ithaka*, sr.ithaka.org/research-publications/ddh-kings-college-london

Maron, Nancy, Sarah Pickle, and Jason Yun, 'Sustaining Our Digital Future: Institutional Strategies for Digital Content,' JISC Strategic Content Alliance, 2013 <http://sca.jiscinvolve.org/wp/files/2013/01/Sustaining-our-digital-future-FINAL-31.pdf>

Smith, K. Kirby, 'BOPCRIS Digitisation Centre 2009: Experimentation with Sustainability and Partnerships for Library Digitisation Projects,' *Ithaka*, sr.ithaka.org/research-publications/bopcris-digitisation-centre-2009

Smith, K. Kirby 'Centre for Computing in the Humanities 2009: Leveraging Shared Infrastructure and Expertise to Develop Digital Projects in an Academic Department,' *Ithaka*, sr.ithaka.org/research-publications/centre-computing-humanities-2009

Corporate Sponsorship

Introduction

In a corporate sponsorship model, a commercial enterprise donates money or in-kind resources to a non-profit enterprise in exchange for the benefit of being associated with the non-profit and having some degree of access to its core audience. This model can take many forms, ranging from a corporate donation acknowledged via a simple display ad, to complex arrangements involving ads, customer relationships, and the sharing of other resources. Corporate sponsorship differs from straight advertising in that it suggests a stronger affiliation between sponsor and site and may involve a suite of activities, only some of which would be considered advertising.

Over the past few decades, corporations have substantially reduced their small, ad hoc donations in favour of more strategic approaches to philanthropy.⁷¹ The practice of simply awarding grants to a variety of charities has been replaced with more professionalised corporate social responsibility⁷² or “social investment operations. Some of these activities, such as sponsorships or grants in the company’s name, are intended to have a commercial benefit. Others are intended to improve the business environment, for example by educating the future workforce or enriching the local community.⁷² In either case, corporate sponsorships may offer some academic and cultural digital projects a means of generating financial or in-kind support in a way that is compatible with their missions.

This is a good fit for

- » Projects that are able to measure and translate their value into terms that are meaningful for potential sponsors
- » Resources with significant user support

How it works

In its simplest form, corporate sponsorship can consist of a donation and its acknowledgment through a branding advertisement that appears on an organisation’s website. But other types of in-kind exchanges can creatively exploit the value of both parties in many ways, including creating joint campaigns on mission-related themes, providing discounted goods or services, and more.

⁷¹ Based on a survey of 183 large corporations, the median number of grants per full time employee has declined by 27% since 2007, while the median grant size has increased by 12%. See CECP, *Giving in Numbers: 2011 Edition*, p. 37, http://cecp.co/pdfs/giving_in_numbers/GivinginNumbers2011.pdf

⁷² To give a sense of the aggregate numbers, philanthropic contributions from 213 corporations participating in the 2012 Corporate Giving Standard (CGS) survey totalled \$19.9 billion (£12.2 billion) in cash and in-kind donations in 2011. The average giving across these companies was \$21 million (£12.8 million), and for Fortune 500 companies it was \$57 million (\$34.9 million). Health and human services received 28% of contributions, followed by the education sector with 26% (including giving to K-12 at 15% and giving to higher education at 11%). This amounts to over \$5 billion (£3.1 million) in financial contributions to education; while a significant chunk of that probably went to fund Research and Development in universities, this is still a sizable pool of funds. See CECP, *Giving in Numbers: 2012 Edition*.

Sponsorships, by the strong affiliation they imply between the non-profit organisation and its commercial sponsor, can be seen as an implicit endorsement of the company and/or its products and services by the non-profit. Thus, non-profit initiatives seeking corporate sponsors must carefully consider not just the potential to obtain support, but how well their mission and ethos fits with those of a potential sponsor. Once potential partners have been identified, making the case for support requires a deep understanding of the needs and goals of the company and an argument for how affiliation will create value for them.

Three forms of support are most common: in-kind donations, employee volunteer time, and grants to specific programmes. The 2012 Corporate Giving Standard (CGS) survey found that an average of 81% of contributions were in form of cash, and of that, 12% of the total cash contributed by companies was done through employee matching activities. Many companies have set up foundations to oversee these enterprises. Some, such as IBM, stress the value they create through nonmonetary contributions, arguing that they can achieve greater social impact by drawing on their products, services, and employee talents than through funding alone.

Corporate partnerships can extend far beyond simple sponsorships, as noted earlier, and should be considered as one of a range of possible arrangements that can create value on both sides.

Case studies

eBird

<http://ebird.org/content/ebird/>

This citizen-science database of bird watching observations attracts a large audience that has been seen as valuable for corporate sponsors. In 2008, optics maker Zeiss (which creates optics for binoculars, among other things) sponsored the site at the rate of \$50,000 (£30,575) per year, in exchange for placement of a small banner ad on the home page of the eBird website, which in that year received 227,000 unique visitors.⁷³ Today, in 2013, the eBird audience includes 100,000 participants who log over three million observations each month. In 2012 Swarovski OPTIK, the optics-making branch of the Austrian crystal maker, became the new sponsor, still acknowledged in the form of a small banner ad. According to Steve Kelling, Director of Information Science at the Cornell Lab of Ornithology the primary sponsorship has again shifted back to Zeiss, an arrangement that delivers revenue, as well as in-kind contributions of optics that the lab uses and on occasion offers as incentives for fundraising. The shift in sponsors is due to the quickly growing user base, putting the eBird team in a position of effectively having potential sponsors bid competitively for this prime placement.

MIT OpenCourseWare

<http://ocw.mit.edu/index.htm>

MIT OpenCourseWare (OCW) is a Massachusetts Institute of Technology project that places educational materials from MIT's undergraduate and graduate courses online and allows anyone to access them for free. Today, the website contains 2,000 total courses, 18,000 sets of lecture notes, 10,000 assignments, 1,000 exams and 2,000 hours of video. One of the several ways MIT OCW supports the ongoing costs of running its operations is through corporate sponsorships. Steve Carson, director of communications and external relations, commented

⁷³ Matthew Loy, 'eBird: Driving Impact through Crowdsourcing; Case Study Update 2011,' *Ithaka*, sr.ithaka.org/research-publications/ebird-2011

that it took time for the project to recognise that it could offer greater value than just simple ads to potential sponsors, and that such value would translate to larger donations.⁷⁴

Today, MIT OWC has two levels of corporate sponsors, the original underwriters and the recently launched Next Decade Alliance, meant to bring corporate sponsorship to another level by offering sponsors additional benefits in exchange for higher levels of donation or contribution. The original underwriters receive benefits such as brand advertisement on newsletters and websites; branded tailored course lists on the company's website highlighting materials relevant to the company's workforce and customers; on-site recruitment and access to potential graduates of top universities, and special recognition on MIT events globally. The Next Decade Alliance receives an enhanced version of these benefits plus participation in the Next Decade Alliance Advisory Council, which meets twice a year with MIT leaders to help steer the future of OWC.⁷⁵ Some of the corporate sponsors that have signed up for the Next Decade Alliance are Accenture, Dow, Lockheed Martin, and Mathworks.⁷⁶

Science Buddies

sciencebuddies.org/

Science Buddies is a website that helps K-12 students (in the United Kingdom, students in Year 1 through Year 13), their teachers, and their parents find science project ideas. The resource describes over 1,000 projects, which users can search for by keywords or browse by topic and grade level. It also offers expert assistance from scientists and engineers, teacher resources such as hand-outs and grading rubrics, and information about science careers. Elmer's Products, Inc., a company known for consumer adhesives, is one of the main sponsors behind Science Buddies, and it uses sponsorship advertisement in the form of banners and logos not only to publicise that association, but also to encourage the site's audience to use its products. Without being too intrusive, the Elmer's logo is strategically located in the bottom of the Project Guide window to encourage the site's users to buy Elmer's products whenever their scientific work calls for an adhesive.

The Food Bank for New York City

This is the largest anti-hunger charity in the United States, and has many corporate sponsors, who help to finance its work, feeding 1.5 million people each year. In 2011, the Japanese car manufacturer Toyota suggested a different sort of sponsorship, and offered to have its engineers help evaluate and improve the food distribution process of the Food Bank. Using the practice of 'kaizen' or 'continuous improvement' the Toyota engineers observed the processes in place and helped to make changes that resulted in shortening the waiting time for those being served dinner from as long as 90 minutes to as little as 18 minutes. The corporate donation has "revolutionised the way we serve our community," according to chief executive and president of the Food Bank, Margarette Purvis, in a recent article in the *New York Times*.⁷⁷

⁷⁴ Interview with Steve Carson, MIT OpenCourseWare, 5 January 2013.

⁷⁵ 'Support MIT OpenCourseWare,' MIT OpenCourseWare, <http://ocw.mit.edu/support/>

⁷⁶ 'Our Supporters,' MIT OpenCourseWare, <http://ocw.mit.edu/donate/our-supporters/>

⁷⁷ Mona El-Naggar, 'In Lieu of Money, Toyota Donates Efficiency to New York Charity.' 26 July 2013. nytimes.com/2013/07/27/nyregion/in-lieu-of-money-toyota-donates-efficiency-to-new-york-charity.html?pagewanted=all&_r=0

Benefits

- » This model offers non-profit projects an opportunity to monetise an intangible source of value, whether audience or their reputation
- » Corporate sponsors sometimes agree to in-kind exchanges of value, such as expertise or deeply discounted hardware or software
- » Corporate sponsorship can serve as a sort of controlled experiment for other types of advertising, a way to test the waters with regard to accepting advertising on the website

Disadvantages

- » Corporate sponsorships can arouse suspicions or negative perceptions within the academic community if the corporate identity is not a good fit with the project's mission
- » Sponsorship could lead to mission drift, if the corporate sponsor asks to have a say in the ongoing operations of the project in exchange for its contributions
- » Corporate priorities can change; sponsorship by a particular company is not necessarily a long-term solution
- » Recruiting, setting up, and implementing sponsorships can be complicated, involving business development time and legal issues

Costs attributable to the revenue model

- » Time investment to identify and research suitable targets and to define a clear pitch
- » Business development costs and legal costs of negotiating agreements

Key questions to ask if you are considering this model

- » Do the goals of my project and the goals of the corporation complement each other?
- » Is my work likely to be particularly attractive to certain companies or industries?
- » Does the company we are considering approaching engage in any activities that are at odds with the mission or ethos of our organisation?
- » Will the company place undue restrictions on our activities or otherwise interfere with our operations?
- » Is there a good fit between the customers served by the company and the audiences for our initiative?
- » Does the company have a positive brand image in the community served by my project?
- » Does the company have a strong commitment to helping the community served by my project?

Further reading

Andreasen, Alan R. 'Profits for Nonprofits: Find a Corporate Partner.' *Harvard Business Review* 74, no. 6 (November–December 1996): 47–59. <http://hbr.org/1996/11/profits-for-nonprofits-find-a-corporate-partner/ar/1>. See especially pp.56–57.

Andreasen, Alan R., and Philip R. Kotler. *Strategic Marketing for Nonprofit Organizations*. 6th ed. Upper Saddle River, N.J.: Pearson/Prentice-Hall, 2002. See especially chapter 7, Generating Funds.

Committee Encouraging Corporate Philanthropy (CECP). *Giving in Numbers: 2012 Edition*. http://cecp.co/pdfs/giving_in_numbers/GIN2012_finalweb.pdf

Giving USA 2012: The Annual Report on Philanthropy for the Year 2011. Chicago: Giving USA Foundation, 2012. givingusareports.org/

Loy, Matthew. 'eBird: Driving Impact through Crowdsourcing; Case Study Update 2011.' ithaka.sr.ithaka.org/research-publications/ebird-2011.

Loy, Matthew. 'eBird: A Two-sided Market for Academic Researchers and Enthusiasts.' *Ithaka*. sr.ithaka.org/research-publications/ebird-2009

Freemium Models

Introduction

Freemium models generate revenue by combining openly available content or services with a mechanism that permits people to pay for some additional or enhanced features or functionality. While this approach has been the source of a great deal of experimentation in the commercial sector, the results have been mixed; creating a freemium model that works can be extremely complex.⁷⁸ But if a not-for-profit organisation can identify the right benefit for their target audience, this model can offer a mission-friendly revenue option.

The neologism *freemium* was first coined by Jarid Lukin, an executive at business data aggregator Alcara, in a comment in reply to Fred Wilson's blog post entitled "My Favourite Business Model", which describes a model in which you "[G]ive your service away for free, possibly ad supported but maybe not, acquire a lot of customers very efficiently through word of mouth, referral networks, organic search marketing, etc, then offer premium priced value added services or an enhanced version of your service to your customer base."⁷⁹

Wilson's interest, as a founder of the venture capital firm Union Square Partners, is to find ways for digital services to grow and become profitable. However, the core lessons here hold true for digital projects in the academic and cultural sectors seeking a way to create revenue streams to support the long-term financial sustainability of their freely available content. Those who support the logic of freemium models hope that the free content or service will entice people to use the site, thereby increasing the impact of the work; and ideally, a portion of those people will then choose to pay for some enhancement beyond the free content or service.

This is a good fit for

- » Projects whose content and services have the scope, flexibility, and functionality to make it possible to create 'tiers'
- » Projects where there is a deep understanding of users' needs, and the ability to segment users into different groups based on differing needs

How it works

There are many types of freemium model. All of them permit users to access some of a site's content or make use of some of its services without charge, while offering additional content, features, or functionality that people must pay to obtain. Just as a project leader considering a subscription model will need to test the market to see if there are customers willing to pay, leaders considering freemium models will need to be confident that their intended audience actually cares enough about the added value to pay for it. In addition, freemium models

⁷⁸ Gene Marks, 'Drilling Down: Does the 'Freemium' Model Really Work? You're the Boss,' *New York Times*, 11 June 2012, <http://boss.blogs.nytimes.com/2012/06/11/drilling-down-does-the-freemium-model-really-work/>.

⁷⁹ Fred Wilson, 'My Favorite Business Model,' *AVC: Musing of a VC in NYC*, 23 March 2006, avc.com/a_vc/2006/03/my_favorite_bus.html. Wilson endorsed Jarid Lukin's name for the model in his next post, avc.com/a_vc/2006/03/the_freemium_bu.html

introduce the complexity of placing free versions in close proximity to pay versions. If the free version offers too little, the site may attract few users; if it offers too much, there is the risk that too many users will find the open version 'good enough' and decline to pay for enhancements. Knowing where the line between too much and too little is depends on having a solid understanding of the resource's users, their patterns of usage, and what they value most.

As with any fee-based service, the revenue-generating part of the business will have paying customers who are likely to have expectations about features, functionality, and customer service. Serving them can generate additional costs; project leaders may need to increase staff and incur new expenses to accommodate them.

Freemium models are an evolving area, and there is much variety in the way freemium offers are structured. Below are some common types to consider.

Charging for a higher-quality version

While a basic version of a piece of content may be free, some services offer a different version, perhaps images at a higher resolution, or video of broadcast quality. The French national audio-visual archive, L'Institut national de l'audiovisuel, or INA, offers for free on their website 30,000 hours of digitised television and radio broadcast, but it also has a commercial licensing division, called InaMédiaPro that offers broadcast-quality video for the commercial market.⁸⁰

Charging for additional formats

In some cases, basic web access to content or services is offered for free, and users have the option of paying for access in other formats. One option is to allow users to download content, making it available offline, for a fee; another is charging for making the content accessible through a mobile device. Other formats may prioritise visual appeal or other physical qualities. The Stanford Encyclopedia of Philosophy (SEP) offers content free online, but as a perk of paid membership allows members to download articles in PDF format, which many find to provide a more pleasant reading experience. In France, INA has developed a video-on-demand service that allows users to download content to their cable boxes for a monthly subscription. In addition, in 2009 INA created a way for people to choose video content online and have it packaged and sent to them on a DVD.⁸¹

Charging for additional features

In the case of Evernote, an online tool for clipping and saving data online, basic access and storage is free. A premium version of the service, which costs \$5.00 (£3) per month, gives users more storage space and various other small perks, including the ability to upload more data every month, top priority with regard to support, offline access to stored data, PDF and document search, a greater maximum size for individual files, extra security for Android and iOS users, and faster image recognition.⁸² According to TechCrunch, Evernote had 34

⁸⁰ INA, 'Our Collections: Ina.fr,' institut-national-audiovisuel.fr/en/about-us/our-collections/ina-fr.html Inamediapro, home page, inamediapro.com (for an overview of Inamediapro, click 'First Visit').

⁸¹ Nancy L. Maron 'L'Institut national de l'audiovisuel: Balancing Mission-Based Goals and Revenue Generation; Case Study Update 2011,' sr.ithaka.org/research-publications/ina-update-2011. For a description of the DVD program, see Nancy L. Maron, 'L'Institut national de l'audiovisuel 2009: Free Content and Rights Licensing as Complementary Strategies,' *Ithaka*, sr.ithaka.org/research-publications/ina

⁸² See Evernote Corporation, 'Go Premium,' <http://evernote.com/premium/>

million users in May 2012, of which 1.4 million were premium users.⁸³ And the number of users has now reached over 60 million, given Evernote's fast international expansion.⁸⁴

Offering more storage for a fee

Some services may choose to offer content or services for free and only charge when the user's needs scale beyond a quantitative threshold. For example, Dropbox, a file hosting service, offers 2GB of cloud storage and file synchronisation for free, and users can earn extra free storage, up to 18GB total, by referring to the service others who become registered users.⁸⁵ Users who require more storage than this can upgrade to Pro accounts, which offer 100, 200, or 500 gigabytes of storage per month. Dropbox has even tailored plans for businesses, starting with a plan that offers 1TB of storage to five users and includes other features such as a centralised billing and administrative tool. As of November 2012, the company reported about 100 million users, with more than one billion files uploaded per day—and though 96 percent of its users had free accounts, it was estimated that Dropbox would generate \$500 million (£306 million) in revenue that year.⁸⁶

Charging for an advertising-free environment

In some cases, users have been willing to pay to have a better user experience, for example by having advertising removed from the content they are viewing. This freemium model has proven most successful and applicable to online platforms that offer music or video content. For example, Spotify, an online streaming music service, offers an impressive library of music online for free, with advertisements. Users can listen to any track through Spotify's desktop software, but will encounter two to three minutes of advertising per hour of listening.⁸⁷ Users can pay \$5.00-\$10.00 (£3-6) per month to upgrade to Spotify Premium, which eliminates advertisements, provides better sound quality, allows skipping of songs, and offers additional options for listening abroad, offline, and on mobile devices. As of July 2012, Spotify reported about four million paying customers, compared to about 15 million free users, accounting for projected sales of \$880 million (£538 million) in 2012.⁸⁸

Charging for different end uses (establishing different customer categories)

A project can offer its content for free for educational and other not-for-profit uses but charge for commercial use:

- » The Victoria and Albert Museum offers images from its collection for free on their online platform, but charges for commercial uses of its images via their commercial arm, V&A Enterprises.⁸⁹

⁸³ Ingrid Lunden, 'Evernote by the Numbers: 34M Users, 1.4M Paying, and the Relative Merits of Different Platforms,' *TechCrunch*, 19 June 2012, <http://techcrunch.com/2012/06/19/evernote-by-the-numbers-34m-users-1-4m-paying-and-how-different-platforms-pay/>

⁸⁴ Ingrid Lunden, 'Evernote, Now with 4M Users in China, Aims for Enterprises with YinxiangBiji Business,' *TechCrunch*, 7 May 2013, <http://techcrunch.com/2013/05/07/evernote-launches-yinxiang-biji-business-taking-its-premium-business-service-to-china/>

⁸⁵ Dropbox, Inc., 'Free, Pro, Business: Pricing Terms and Conditions' <https://www.dropbox.com/pricing>.

⁸⁶ Om Malik, 'How Big Is Dropbox? Hint: Very Big,' *GigaOM*, 13 November 2012, <http://gigaom.com/2012/11/13/how-big-is-dropbox-hint-very-big/> (accessed 17 June 2013).

⁸⁷ Andy Fixner, 'Spotify Mobile Web-Radio Service Will Challenge Pandora,' *Bloomberg*, 19 June 2012, bloomberg.com/news/2012-06-19/spotify-mobile-web-radio-service-will-challenge-pandora.html

⁸⁸ Tim Bradshaw, 'Spotify Doubles Number of Paying Users,' *Financial Times*, 31 July 2012, ft.com/intl/cms/s/0/cdf16422-db2d-11e1-be74-00144feab49a.html#axzz2Rl7TOTVy

⁸⁹ Nancy Maron, 'V&A Images: Scaling Back to Refocus on Revenue; Case Study Update 2011,' *Ithaka*, sr.ithaka.org/research-publications/va-update-2011

- » The online museum Maine Memory Network (MMN) offers its collection of images from historical societies around the state for free if they are intended for educational purposes, but charges for personal or commercial use of the images through Vintage Maine Images (more about MMN below, under Case Study).
- » Engrade is a set of tools offered free to teachers, who can use the tools to organise their coursework and teaching materials and to share information with students and their parents.⁹⁰ A premium, enterprise-level product exists as well: For a fee, schools, colleges, and universities can obtain EngradePlus, a set of tools and services that aggregates individual teacher accounts and allows the institution to track school wide performances and make data-driven decisions.⁹¹ The price for EngradePlus depends on the type of institution, its size, and its mission.

Trends

Popularity of mobile devices

The enhanced functionality and accessibility that are often what freemium-based enterprises offer for a fee have become very popular, especially in this day and age where people want access to content and services anytime and everywhere. Mobile phones are increasingly becoming one of the main vehicles through which users ingest content and information. In the commercial sector, freemium models have become particularly popular within the mobile sphere, where, according to an October 2012 report, freemium applications, in the form of games and tools among others, generated 69% of worldwide iOS app revenues and 75% of global Android app revenues.⁹² Moreover, according to a study by analyst firm Canalsys, “of the top 300 grossing iPhone apps, 58% on average were freemium apps, while a further 13% were paid-for apps offering additional in-app purchases.”⁹³

Sobering tales for tech start-ups

Despite various success stories and hype, and the idea that freemium models would be the business solution to the open-access expectations of internet users, experts have critiqued the viability of the model for many resources. While Spotify has seen remarkable uptake of its paid option (over 20% of users), a free-to-paid ratio of about 95% to 5% appears to be much more common. In 2012 Dropbox reported that 96% of its users use the services for free.⁹⁴ Similarly, Evernote indicated an upgrade rate of only 4% from its user base.⁹⁵ And these may actually be unusually *high* rates—David Cohen, founder of TechStars, a start-up accelerator, suggested that typical freemium businesses see only 1 or 2% of users upgrading to paid products.⁹⁶ These sobering revenue numbers seem to have led to a recent backlash against the freemium model. Freemium models are very

⁹⁰ Engrade, 'Is Engrade Really Free?' <https://wikis.engage.com/help/free> (accessed 14 May 2013).

⁹¹ Engrade, 'Engrade Plus,' <https://www.engage.com/plus/> (accessed 14 May 2013).

⁹² Ryan Kim, 'Freemium App Revenue Growth Leaves Premium in the Dust,' *GigaOM*, 26 October 2012, <http://gigaom.com/mobile/freemium-app-revenue-growth-leaves-premium-in-the-dust/>

⁹³ Paul Resnikoff, 'A Majority of the Top-Grossing Apps Are Now 'Freemium' . . .', *Digital Music News*, 13 April 2013, digitalmusicnews.com/permalink/2013/20130415freemium

⁹⁴ Malik, 'How Big Is Dropbox?' <http://gigaom.com/2012/11/13/how-big-is-dropbox-hint-very-big/>.

⁹⁵ Lunden, 'Evernote by the Numbers,' <http://techcrunch.com/2012/06/19/evernote-by-the-numbers-34m-users-1-4m-paying-and-how-different-platforms-pay/>

⁹⁶ Sarah E. Needleman and Angus Loten, 'When Freemium Fails,' *Wall Street Journal*, 22 August 2012

<http://online.wsj.com/article/SB10000872396390443713704577603782317318996.html>.

complicated and require a deep understanding of the user base, and they are not applicable to every digital project. Increasing demand for product and service upgrades from paying users paired with the cost of maintaining and servicing non-paying users can cause tension. An executive at the start-up SaneBox suggested that many companies are “underestimating how difficult it is to make money when you offer your product for free. Treating your free users as a marketing cost, as Fred Wilson argued back in 2006, does work for some companies. . . . These kinds of businesses are rare exceptions in a sea of start-ups.”⁹⁷

Case studies

Maine Memory Network (MMN)

mainememory.net

The Maine Memory Network (MMN) is a digital museum with the mission of promoting Maine’s culture and history by collecting, preserving, documenting, and exhibiting historical items online for free. The site draws upon the assets of 260 state institutions with a total collection of 20,000 items.⁹⁸ MMN, as an educational resource, provides teachers and students with access to primary resources and also offers online tools, textbooks, and lesson plans.⁹⁹ MMN recognises two distinct types of users, those who use its site for educational purposes, and those who wish to make other uses of the many historical images the site offers. For those who would like high-quality prints or digital files of images for personal or commercial use, Vintage Maine Images (VMI) offers a chargeable service.

VMI, which makes available over 11,000 historical images selected from MMN, charges for archival print reproductions (suitable for framing) and for high-resolution digital files for personal use, and it licenses images for both not-for-profit and commercial distribution.¹⁰⁰ Prices for obtaining an image for personal use depend on the desired print size and paper quality, plus shipping, or on the resolution of the digital file; and licensing fees take into account whether the licensee is a not-for-profit or commercial enterprise, and the scope of planned distribution. By making distinctions between its users and their various needs, MMN, through VMI, is able to tailor to specific usages what it has to offer, such that the general public, schools, and teachers are able to freely enjoy MMN’s assets as part of a greater educational platform, while for a fee users are also able to obtain the image files or prints they want, in an array of formats, mediums, and sizes. Additionally, by monetising only its transactions with specific types of users, MMN is able to adhere to its mission and support the long-term financial sustainability of the initiative.

Stanford Encyclopedia of Philosophy

<http://plato.stanford.edu>

⁹⁷ Quoted in Marks, ‘Drilling Down,’ <http://boss.blogs.nytimes.com/2012/06/11/drilling-down-does-the-freemium-model-really-work/>

⁹⁸ The MMN collection in its entirety includes letters, journals, notes, manuscripts, and other hand-written materials; photographs, albumen prints, glass-plate negatives, paintings, sketches, woodcuts, broadsides, business cards, and other graphic items; architectural and mechanical drawings, maps, and other oversized documents; clothing, tools, household goods, archaeological artifacts, and other museum objects; and audio and video files.

⁹⁹ Maine Memory Network, home page, mainememory.net/ (accessed 12 May 2013).

¹⁰⁰ Vintage Maine Images, ‘About Vintage Maine Images,’ vintagemaineimages.com/pages/about/about-vmi/ (accessed 14 May 2012).

The Stanford Encyclopedia of Philosophy (SEP) is a dynamic open-access reference source founded in 1995. Today the website contains more than 1,500 entries that are constantly being updated and reviewed. Entries are written by philosophy scholars and then reviewed by an editorial board before they are made public.¹⁰¹ For revenue SEP depends on investment returns from an endowment created by donors and academic institutions, and on individual memberships. The membership organisation called Friends of the SEP Society¹⁰² operates according to a freemium model in which individuals pay for increased functionality and features with regard to the content available for free on SEP's website. Paying members can download PDF versions of the entries, which they can then print and export to other reading devices, including mobile. The price of membership varies depending on the status of the individual; SEP has identified three different types of users and their specific needs. Student members pay \$5.00 (£3) per year, while nonstudent members pay \$10.00 (£6) per year, which allows them to download up to five different PDFs per day. Professional members pay \$25.00 (£15) per year, and they can download an unlimited number of entries. Additionally, all members receive email notifications when an article that they have downloaded as a PDF has been updated.¹⁰³ The Friends of the SEP Society has allowed SEP to creatively monetise from content already free to the public and to better navigate the inconsistencies of the return on its endowment. In its first year, the initiative attracted 1,700 members, generating \$20,000 (£12,200) in revenue.¹⁰⁴ By segmenting its user base and charging for increased functionality, SEP has been able to develop a revenue stream while remaining true to its mission of offering a free open-access online resource.

Benefits

- » Freemium models allow open-access resources to generate revenue from their free content or services
- » Offering additional or enhanced features does not impede open access
- » When done well, a freemium model can encourage support from a site's power users—those who derive the most value from it

Disadvantages

- » Freemium models can be very complex and require a deep understanding of users' needs
- » For a site to earn much revenue through a freemium model a large pool of users may be required, given the traditionally low rate of conversion of non-paying users into paying users

Costs attributable to the revenue model

- » Market research, to determine willingness of audience to participate in this model
- » Additional staff required to run the commercial aspect of the work

¹⁰¹ Stanford Encyclopedia of Philosophy (SEP), 'About the Stanford Encyclopedia of Philosophy,' <http://plato.stanford.edu/about.html> (accessed 12 May 2013).

¹⁰² For more detail on the Friends of the SEP Society, see SEP, 'The Society,' <https://leibniz.stanford.edu/friends/>

¹⁰³ SEP, 'Become a Friend of the SEP and Access PDFs,' <http://plato.stanford.edu/support/friends.html> (accessed 12 May 2013).

¹⁰⁴ Matthew Loy, 'Stanford Encyclopedia of Philosophy: Launching a 'Freemium Model'; Case Study 2011,' *Ithaka*, sr.ithaka.org/research-publications/sep-update-2011

- » Billing costs associated with charging certain users
- » Legal and accounting costs associated with the commercialisation of content or other features

Key questions to ask if you are considering this model

- » Who are my end users and what are their needs?
- » What sorts of features or functionality would they be willing to pay for?

Further reading

Anderson, Chris. 'Free! Why \$0.00 Is the Future of Business.' *Wired Magazine*, 25 February 2008.

wired.com/techbiz/it/magazine/16-03/ff_free?currentPage=all.

Dupree, Steve. "Three Flavors of Freemium." *Richmond Global*, 28 March 2013. rglobal.com/flavors-freemium/.

Loy, Matthew. 'Stanford Encyclopedia of Philosophy: Building an Endowment with Community Support; Case Study 2009.' sr.ithaka.org/research-publications/stanford-encyclopedia-philosophy-2009

Loy, Matthew. "Stanford Encyclopedia of Philosophy: Launching a 'Freemium' Model; Case Study Update 2011." *Ithaka*. sr.ithaka.org/research-publications/sep-update-2011

Maron, Nancy. 'L'Institut national de l'audiovisuel: Balancing Mission-based Goals and Revenue Generation; Case Study Update 2011.' *Ithaka*. sr.ithaka.org/research-publications/ina-update-2011

Maron, Nancy. 'L'Institut national de l'audiovisuel 2009: Free Content and Rights Licensing as Complementary Strategies.' *Ithaka*. sr.ithaka.org/research-publications/ina

Maron, Nancy. 'V&A Images 2011: Scaling Back to Refocus on Revenue; Case Study Update 2011.' *Ithaka*. sr.ithaka.org/research-publications/va-update-2011

Smith, Kirby. 'V&A Images 2009: Image Licensing at a Cultural Heritage Institution; Case Study Update 2011' *Ithaka*. sr.ithaka.org/research-publications/va-images-2009

Wilson, Fred. 'My Favorite Business Model.' *AVC: Musing of a VC in NYC*, 23 March 2006.

avc.com/a_vc/2006/03/my_favorite_bus.html

Examples

Evernote, <http://evernote.com/>

Dropbox, <https://www.dropbox.com/>

Spotify, <https://www.spotify.com/us/for-music/>

Engrade, <https://www.engage.com/>

Host Institution Support

Introduction

Securing funding to build and launch a new digital initiative is difficult; turning that into an ongoing service or organisation is more so. And in the non-profit sector, becoming entirely self-sustaining is a bar very few tend to reach.

More common is the model of a project that lives within a larger establishment (a library, a museum) and continues to benefit from the parent or host organisation. If the project is defined at the outset as part of the core mission of the institution—an example would be the digitisation of a museum's collections to support preservation and increase public access—chances are good that the institution itself will find ways to support it. Those activities with weaker ties to the parent organisation can find it challenging to tap into host support when they need it later on. Either way, gaining and securing ongoing support from a parent institution requires thought and planning, just like any other revenue strategy. In cases where we have seen host support effectively secured, the project leaders have succeeded because they have developed very clear, well-executed plans for delivering value to the institution, and have employed a range of tactics to make sure their internal stakeholders are well aware of the value the project provides.

How it works

Universities, colleges, libraries, and museums allocate resources based on their organisational goals and missions—building a new programme area, attracting better faculty and students, enhancing alumni relations, raising awareness of their collections, and so forth. Projects that look to educational organisations for support must be consistent with those organisations' missions and then make the case that they create value for their host organisations.

Host support can take many forms, from staff time to office and server space, to direct payments to cover operating expenses. Many, if not most, of the academic ventures we have studied benefit from some form of host support, though very often the arrangements are informal, arrived at through individual appeals and maintained through tradition, rather than being spelled out and guaranteed. In most cases, host support is one of several forms of support that a given project will use; it often supplements other efforts, including soliciting outside donations or generating revenue through sales or licensing or other means.

This is a good fit for

- » Any digital resource project that is part of a larger organisation and can determine to what extent the institution is willing to cover some or all of its operating costs
- » Projects that are integral to the reputation or mission of their institutions and provide value to them in terms of prestige or other important factors
- » Projects whose leaders can successfully (and repeatedly) make their case to administrators, using compelling quantitative and qualitative data to support it that case

Trends

Recent studies have shown just how heavily digital projects in the academic and cultural sectors are relying on the support their institutions provide, whether on a regular basis or when the need arises.

Ithaka Case Studies in Sustainability (2009) offered examples of several initiatives that benefited from this arrangement, including the Electronic Enlightenment, supported in part by Oxford University's Bodleian library, and the Stanford Encyclopedia of Philosophy (SEP), to which Stanford University donates financial management for SEP's growing endowment as well as some staff time. In the case of Inamediapro, the image licensing component of the French national audio-visual archive, INA, its financial viability stemmed in part from the fact that it was not burdened with the considerable costs of running a rights clearance department, a cost borne elsewhere in its parent organisation.

While support from a host institution is a real benefit to the team that receives it, it comes with a risk that should the support be withdrawn, the project would suddenly have a significant gap in its funding.

When that support has been formalised in some way—sometimes called 'embedding' or 'nesting' a project—it suggests that there is less risk that host support will disappear should administrators change jobs, or institutional priorities shift over time.

Case study

Stanford Encyclopedia of Philosophy

<http://plato.stanford.edu/>

The Stanford Encyclopedia of Philosophy was included in the 2009 Ithaka Case Studies in Sustainability as an example in which the building of an endowment was used to support an ongoing digital resource. While the endowment campaign continues to be an important part of SEP's support, the SEP team was also fortunate in receiving some support from its institutional home, Stanford University.¹⁰⁵ In 2013, SEP reports that they have arrived at a strong arrangement with the university; Stanford has agreed to "permanently earmark additional funds (roughly \$150,000 or £92,000 for financial year 2012) from the General Fund for the SEP. This money is marked for salary expenses and allows the SEP project to move [project leaders] Zalta and Nodelman up to 100% time (previously, they had been working at 75% time) and it allowed the SEP project to hire additional part-time employees."¹⁰⁶

Below is a short summary—provided by Zalta—outlining how he and his colleague Uri Nodelman built and presented the case for support:

¹⁰⁵ The ongoing role of the university in supporting the SEP's efforts at sustainability are detailed in two case studies: see p. 2, Nancy Maron and Matthew Loy, 'Stanford Encyclopedia of Philosophy 2009: Building an Endowment with Community Support,' 2009, <http://sr.ithaka.org/research-publications/stanford-encyclopedia-philosophy-2009> and p. 2-3, Nancy Maron and Matthew Loy, 'Stanford Encyclopedia of Philosophy 2011: Launching Freemium Model,' 2011, <http://sr.ithaka.org/research-publications/sep-update-2011>

¹⁰⁶ Correspondence with Edward N. Zalta, 18 April 2013.

Basically, we suggested (A) that the SEP had already brought a great deal of credit to the University but that (B) on account of its success and increased scale, a mismatch had developed between the work that needed to be done and the amount of staff time available to do the work, so as to continue accomplishing its goals. Finally, we noted (C) that other universities have pledged direct financial support of open access projects that they host.

Value of the SEP (A)

The Stanford Encyclopedia of Philosophy (SEP) has become one of the most widely accessed and trusted academic reference works in the world. It has had a wide impact in a broad range of disciplines in addition to philosophy and has brought Stanford an enormous amount of prestige and good publicity. The SEP has become known for (1) its high-quality academic content, (2) its unique publishing model, and (3) its efforts to remain open access through innovative funding plans.

The SEP furthers the University's mission as an international academic project fostering collaboration among 1,500 researchers to maintain start-of-the-art analyses of concepts important to the human condition. It shows Stanford is devoting resources for the benefit of the public and academia. Both Zalta and Nodelman have been widely recognised outside Stanford for their abilities; both have dedicated themselves to:

- (a) developing the SEP to universal acclaim,
- (b) raising over \$4,000,000 for the SEP, and
- (c) maintaining an internationally respected research record that redounds to the University's credit

The SEP's budget is relatively small for this record of achievement.

Summary of remarks for (B):

The SEP has been so successful within its profession that it has had to scale up beyond its original expectations. There are more entries than originally projected and entry length has grown from an average of 7,000 words to 12,000 words. The demands of administering the sizeable volunteer workforce (noted above) and the ongoing daily demands of our new and revised entry production schedule has outstripped the abilities of its current staffing level. Thus, increased staff time is needed for the ongoing activities of the SEP and the Friends of the SEP Society, such as:

- » increased email load and communication time with authors and editors
- » increased time spent reading referee reports
- » increased time spent converting Word and LaTeX documents to professional HTML
- » code improvement and maintenance
- » refinement of the entry production process
- » improvement and maintenance of documentation

Summary of remarks for (C):

We noted that other universities have been making large contributions to open access and similar projects. (1) MIT underwrote the portion of the \$30,000,000 (£18,000,000) OCW budget not paid by the \$11,000,000 (£6,700,000) in grants from the Mellon and Hewlett Foundations and has a long-term commitment to OCW. (2) Since 2005, Cornell has underwritten the arXiv.org budget (\$400,000/year [£240,000/year]) and will continue to make significant contributions for the long term. (3) The University of California/Irvine contributes \$108,000 (£66,000) per year to the budget of the Thesaurus Linguae Graecae project.

Documentation

- » From 2005–2010, the SEP was cited 345 times in law review articles available through a Lexis-Nexis search, and entered quoted search terms "Stanford Encyclopedia," selected "Legal" in the Search Within field, and "Previous 5 years" for the Specify Date field
- » The SEP has been cited in a legal opinion filed by an Advocate General with the European Court of Justice. See the Opinion of the Advocate General Sharpston, delivered on 22 May 2008, Case C— 427/06 ('Birgit Bartsch v Bosch und Siemens Hausgeräte (BSH) Altersfürsorge GmbH'). Advocates General are official advisors to the Court. The opinion

is retrievable from: <http://curia.europa.eu/jurisp/cgi-bin/form.pl?lang=en>

- » We pointed to letters from the presidents of philosophy associations from around the world, which are available online. These were submitted in support of a 2004 grant application to the NEH
- » A search in Google in 2010 on the (unquoted) titles of the first 100 entries published in the SEP reveals that 64 come up 1st in the list of results, and 93 come up either 1st, 2nd, or 3rd in the list of results
- » In 2010, analysis of our web access logs showed that many different departments within each university were accessing the SEP. At one well-known university, we found accesses from: Architecture, Art, Biology, Computer Science, Chemistry, Divinity, Drama, English, Forestry, Law, Medicine, Music, Philosophy, Physics, Political Science, Psychology, and Sociology
- » A recent academic study of the SEP was published by Prof. John Willinsky, 'Socrates Back on the Street: Wikipedia's Citing of the Stanford Encyclopedia of Philosophy,' in *International Journal of Communication*, volume 2 (2008): 1269–88
- » Without our curating or maintaining the page in any way, over 4,600 fans (as of 2010—it is now over 11,000 fans) spontaneously joined the SEP's Facebook group fan page at [facebook.com/stanfordencyclopedia](https://www.facebook.com/stanfordencyclopedia)

Benefits

- » Institution-based projects can piggyback on institutional resources (space, staff expertise, labour of grad students, infrastructure such as servers, financial resources)
- » The brand of the institution can lend prestige to the work
- » There is also potential for the successes of a strong project to lend prestige to the host, or even suggest a new area the host may choose to invest in further

Disadvantages

- » Priorities of institutions can change, leaving the project without a home or support
- » Making the case for continuing support can be difficult when projects are competing against other institutional priorities (such as teaching and research at a university)
- » Those projects that think they can get by on nothing more than some basic contributed costs are likely to be underestimating the resources needed to keep them growing and valuable

Costs attributable to the revenue model

- » Regular maintenance of the relationship between project and host institution, translating value for users to value for host
- » Possible need to devote time to developing new ways to track, analyse, and communicate value in ways that are most meaningful to the host institution

Key questions to ask if you are considering this model

- » How does my project serve my institution's mission?

- » How does my project enhance my institution's reputation?
- » If my host institution is a college or university, does my initiative help the institution attract new students and faculty?
- » If my host institution is a college or university, does my work provide a valuable service to alumni?
- » Does my project create skills, expertise, or opportunities that are valuable elsewhere in the organisation?
- » Does my project leverage institutional assets such as faculty interests or library and museum special collections?

Further reading

Chatterton, Peter. *Sustaining and Embedding Innovations: Good Practice Guide*. 2010. JISC InfoNet.

<https://sustainembed.pbworks.com/w/page/31632855/Welcome>

Maron, Nancy L., and Matthew Loy. *Funding for Sustainability: How Funders' Practices Influence the Future of Digital Resources*. 2011. Ithaka. sr.ithaka.org/research-publications/funding-sustainability-how-funders%E2%80%99-practices-influence-future-digital

Maron, Nancy L., K. Kirby Smith, and Matthew Loy. *Sustaining Digital Resources: An On-the-Ground View of Projects Today*. 2011. Includes *Ithaka Case Studies in Sustainability 2009*

Ithaka. sr.ithaka.org/research-publications/funding-sustainability-how-funders%E2%80%99-practices-influence-future-digital

Examples

Thesaurus Linguae Graecae, tlg.uci.edu/

Membership Models

Introduction

Membership models provide a way for a project to receive support for its mission by enlisting contributions from individuals or institutions that will subsidise ongoing operations and/or costs, in exchange for access to a range of services and benefits. Some of the benefits frequently offered by membership schemes that support online academic resources include priority access, public recognition, and some type of advisory and leadership role. While the financial advantage of establishing a membership model can make a project less dependent on its host institution, membership schemes can require significant up-front planning and can become very complex to administer, depending on the type of perks offered to members. There is quite a range of membership models, too, some asking little more of participants than an annual fee, and others expecting people to roll up their sleeves and take an active part in the ongoing activities and governance of the organisation.

This is a good fit for

- » Projects whose users are affiliated with a variety of like-minded institutions and are in a position to contribute time and/or financial resources
- » Projects whose value and reputation are recognised by other institutions within the academic community
- » Projects whose leaders can successfully (and repeatedly) make the case to the members to support their cause

How it works

In its basic form, a membership model involves having an institution or an individual give money or make an in-kind contribution (time, tools, materials, etc) to a programme, initiative, or cause in return for direct affiliation, access, privileges, or an in-kind consideration for a specific period of time. Usually membership initiatives run annually or monthly and require membership renewal at the end of each period.

Organisations wishing to establish a membership venture develop a list of benefits that this will confer. If the project supports open access, members will expect to receive benefits beyond simply gaining access to content. Advantages of membership can come in many flavours, some of which include:

- » **Public recognition:** Acknowledgment of a level of contribution
- » **Premium services or content:** Privileges such as access to early releases of research or special resources. For example, the Online Computer Library Center (OCLC) membership programme, apart from providing its members with access to many resources such as the WorldCat Knowledge Base, also offers market research reports about trends at libraries and other institutions.¹⁰⁷ The Museum of Modern Art (MoMA) offers its

¹⁰⁷ Online Computer Library Center, Inc., 'Benefits of Membership,' oclc.org/membership/benefits.en.html.

corporate members selected exhibition catalogues, lectures, courses, store discounts, special exhibitions previews, private receptions, and private group tours for collections.¹⁰⁸

- » **Governance:** The right to participate in the governance of the organisation, through voting or other forms of participation and decision-making

Fees can vary by membership types and also in relationship to the member's capacity to pay. If a scheme offers multiple types of membership, it is essential to establish a balance between fees and benefits, so that the different types do not cannibalise each other. It is most important that the benefits be crafted with a good sense of what will appeal to potential members, and that the cost of benefits is reasonable and won't divert the project from its mission.

Membership programmes require a lot of time and planning and can grow into a very complex set of relationships and networks. Establishing a membership means commencing important associations with other institutions or individuals that will now hold a stake in the project. Such relationships must be managed properly and additional staff could be required in order to meet members' expectations and the programme's commitments. Annual or monthly reports to communicate progress to the members are considered good practice, along with the planning of events and summits or other means of keeping membership involved in the organisation.¹⁰⁹ The extent to which this is necessary depends upon the type of membership model in place.

Membership or partnership?

There can be some confusion about just what 'membership' means, and how it differs from partnership, participation in consortia, or other models implying shared responsibility and support.

Membership model. Membership schemes are intended to offer financial support to a project most often through a monetary fee, in exchange for certain defined benefits. At one end of the spectrum, a membership is quite similar to a structured donation plan that offers some premium in exchange: members of a local museum, for example, may receive a card that permits them free or reduced entry to the institution. Listeners who become members of a not-for-profit radio station may receive a 'free' recording in exchange for a certain level of donation. In those cases, the project leader or organisation maintains full control of the activity and membership benefits are fairly modest, based more on the eagerness of a devoted audience to support a cause than an expectation of deep or engaged participation. This is in many ways a donation model, where being called a 'member' is one of the benefits of giving.

There are other models, however, that offer governance benefits in return, such as attendance at board meetings and some type of voting rights.

Partnership model. Partners may also be called upon to contribute to the financial well-being of an organisation, but a partnership model is not just a revenue strategy, but an operational structure that suggests a shared responsibility for the ongoing health of the business. Typically, if a membership scheme resembles a partnership, members participate in the management of the project and have seats and voting rights at board meetings, to the extent that members can be given enough say to even influence the direction and the mission. Partners may also contribute other resources such as employees, facilities, hardware, and expertise, which in turn also increase

¹⁰⁸ Museum of Modern Art, 'Corporate Membership: Levels and Benefits,' [moma.org/support/support_the_museum/corporate_membership/corporate_levels#sponsor_level](https://www.moma.org/support/support_the_museum/corporate_membership/corporate_levels#sponsor_level)

¹⁰⁹ Wild Apricot, Inc., 'Membership Knowledge Hub: Getting Started with Membership or Non-Profit Publicity,' wildapricot.com/membership-articles/non-profit-publicity/

their stakes in the project. Furthermore, in such models, the relationship between the partner institutions becomes more organic, and this is because usually the institutions involved have aligned missions and similar operations. Programmes may also position partners to provide key infrastructural services, lightening their organisation load. (See the HathiTrust Case Study below.)

Project leaders contemplating a membership model should begin by reaching out to their users and to the members of their academic community to try to gauge the potential levels of involvement, and by assessing the sort of participation and contribution they seek. Truly understanding the institutions and individuals who will benefit the most will help determine which sort of membership model is likely to be the best fit. If a project leader wants to continue to lead the work and to be responsible for its ongoing operations, a basic membership model that offers well-defined benefits in exchange for financial support is a much simpler proposition than a partnership. Some examples of benefits that would be recommended are invitations to talks and other community-building events, special online tools to enhance the online resource, or early access to new content.

On the other hand, project leaders who recognise the value of having other like-minded institutions embrace the project as if it were their own should consider models that resemble a partnership. Member institutions would participate not only in financial terms, but could also contribute non-monetary resources such as facilities and people, and would ultimately help to steer and manage the project.

Case studies

arXiv

<http://arxiv.org/>

arXiv is an open-access digital archive operated and administered by Cornell University Library that contains more than 770,000 e-prints from the fields of physics, mathematics, computer science, quantitative biology, quantitative finance and statistics. In 2012, the repository enjoyed approximately 63.8 million downloads.¹¹⁰ Membership is reserved for libraries, research institutions, laboratories, and foundations that contribute to the financial support of the service.

Currently, arXiv is financially supported by Cornell University Library, the Simons Foundation, and the member pledges, which consist of a five-year membership fee commitment. Membership fees are based on an institution's usage of arXiv (i.e., how many articles downloaded) and vary from \$1,500 to \$3,000 (£918-£1,833) per year. Some of the benefits arXiv provides to its members are participation in a Scientific Advisory Board and a Member Advisory Board, which serve as advisors to Cornell University Library, and public recognition of the members' financial support.¹¹¹

HathiTrust Digital Library

hathitrust.org/

¹¹⁰ arXiv.org, '2012 Institutional arXiv Usage Data,' http://arxiv.org/help/support/2012_usage

¹¹¹ arXiv, 'arXiv Membership Program FAQ,' <http://arxiv.org/help/support/faq>

The HathiTrust Digital Library was started by a group of academic libraries that participated in the original Google Books scanning project. As part of the Google initiative, participating universities received a copy of the scanned files created from their book collections by Google, and libraries from the University of California system and the Committee on Institutional Cooperation wished to establish a repository in which to archive their copies of the files. Today, HathiTrust is a full collaboration and partnership among major international research institutions and libraries working together to preserve cultural records by collecting, organising, preserving, communicating, and sharing them digitally. HathiTrust's ongoing operations are now supported by 60 plus members. Any research or academic institution that shares the programme's mission and has a large collection of either digital or printed resources is eligible to become a member. HathiTrust's membership fees vary by partner. The fees are based on two components: the first, fixed component is an even share of the cost of supporting the public domain content in the collection spread among all members, and the second, variable component is calculated based on the extent of the partner's in-copyright print holdings.¹¹²

Some of the benefits that membership in HathiTrust confers are the preservation of the partner's content, full access to and PDF download of works in the public domain and bibliographic and search tools for the deposited content. The governance-related benefits allow partners the right to nominate and vote for six of the 12 members of the Board of Governors.¹¹³

IMS Global Learning Consortium (IMS GLC)

imglobal.org/

IMS GLC is a not-for-profit organisation focused on the development of learning technology in the education and corporate sectors. Funded by a membership scheme, IMS GLC is currently supported by 190 members composed of institutions involved with education and learning technology as well as governmental entities worldwide.

IMS GLC offers three types of membership, depending on the preferred level of involvement and financial commitment. Corporations, not-for-profits, government entities, and educational institutions that are developers or end users of learning technology are all eligible to become members. Membership fees, which range from \$250 to \$55,000 (£153 – £33,580) a year, are relative to the member's size and annual revenue, and to the type of membership.¹¹⁴ The higher fees correspond to the highest level of membership, which offers members greater benefits that include a governance role, voting rights, and public acknowledgment of support, while the lowest level of membership, available for lower fees, simply provides access to information and a community.

Benefits

- » Income stream not dependent on one host institution
- » Access to a pool of like-minded institutions or individuals who support the project

¹¹² Hathi Trust Digital Library, 'Cost,' hathitrust.org/cost. The fixed component of the fee is determined by the shared cost of maintaining and making available the content of public-domain volumes from member libraries distributed evenly among the members, and the variable component of the fee is based on the shared cost of maintaining in-copyright content in the HathiTrust that overlaps with volumes currently or previously held by the partner institution.

¹¹³ HathiTrust, 'Partnership Features and Benefits,' hathitrust.org/features_benefits

¹¹⁴ IMS Global Learning Consortium, Inc., 'About IMS Global Learning Consortium,' imglobal.org/aboutims.html

- » Potential of a renewable income stream

Disadvantages

- » Establishing and building a membership can be time consuming and could potentially distract programme directors from other important daily activities
- » Membership schemes require investment to remain in touch with members, keep them apprised of developments, and encourage them to continue their memberships

Costs attributable to the revenue model

- » Staff to create the incentives and structure, and to seek members and renewals
- » Cost of annual maintenance of the scheme, including organising events, summits and conferences
- » Cost of producing annual reports or disclosures of operations to members

Key questions to ask if you are considering this model

- » Who will be managing the membership scheme?
- » What is the membership plan and strategy? What are some metrics we can use to track the progress and impact of the project?
- » How much revenue do we need to raise through members?
- » What member types do we want: individuals? Institutions? Government?
- » If we seek members who will be active in the organisation, how will we define their role?
- » What is the correct balance between the fees the programme would like to charge and the benefit it can offer?

Further reading

Abel, Robert. 'Seven Reasons Why a Membership Model is the Best Way to Get to Open Standards in Education.' Learning Impact Blog, 2 April 2013. *IMS Global Learning Consortium*. imglobal.org/blog/?p=254 (accessed 2 April 2013).

Hudson, Patricia A., MPsSc, and James R. Hudson, PhD. 'If You Build It . . . Will They Come? The Future of Member Involvement in the Electronic Age.' Melos Institute Article Series. Melos Institute. melosinstitute.org/resources/Documents/BOK%20Art%20If%20You%20Build%20It%20Will%20They%20Come%20The%20Future%20of%20Member%20Involvement%20in%20the%20Electronic%20Age.pdf

Rabinowitz, Phil. 'Establishing and Maintaining a Membership Programme.' Edited by Bill Berkowitz. Work Group for Community Health and Development at the University of Kansas. The Community Tool Box. http://ctb.ku.edu/en/tablecontents/sub_section_main_1347.aspx (accessed 2 May 2013).

Rieger, Oya Y. 'Assessing the Value of Open Access Information Systems: Making a Case for Community-Based Sustainability Models.' *Journal of Library Administration* 51, no. 5–6 (July–September 2011). Preprint, Cornell University Library.

<https://confluence.cornell.edu/download/attachments/127116484/RiegerSchCommPrepring.pdf?version=1&modificationDate=1317226746000>.

Rieger, Oya Y., and Simeon Warner. 'Sustainability Case Study: Exploring Community-Based Business Models for arXiv.' International Conference on Preservation of Digital Objects, Vienna, Austria, September 2010. Online at 'Archive Sustainability Initiative,' *Confluence at Cornell*,

<https://confluence.cornell.edu/download/attachments/127116484/iPres2010RiegerWarner.pdf?version=1&modificationDate=1287506138000>

Robinson, Ellis M. *The Nonprofit Membership Toolkit*. San Francisco: Jossey-Bass, 2003.

Wild Apricot, Inc. 'Getting Started with Membership or Non-Profit Publicity.' Membership Knowledge Hub. *Wild Apricot*. wildapricot.com/membership-articles/non-profit-publicity

Wild Apricot, Inc. Membership Knowledge Hub. *Wild Apricot*. wildapricot.com/membership-knowledge-hub

Examples

Online Computer Library Center (OCLC), oclc.org

Museum of Modern Art (MoMA), moma.org/

Licensing of Content and Software

Introduction

The intellectual property that many online academic resources own is an important and unique source of value, and it can be valuable to other bodies and companies who might have additional ways of using it. A licensing or syndication model involves granting other organisations permission to distribute the outputs of a project, whether content or software. Licensing can generate a predictable stream of revenue for a period of time, as well as significantly expand the project's audience. However, identifying suitable partners and developing suitable terms can be very complex and may require expertise not possessed by regular staff.

This is a good fit for

- » Owners of unique content, technical infrastructure, or software applications
- » Projects that cannot afford to build the infrastructure to reach core markets
- » Projects that have large secondary markets they cannot afford to reach
- » Projects with content that would benefit from being part of a larger aggregation

How it works

This model is employed in its simplest form when a project leader chooses to grant a license to another organisation or company that permits it to use for a new or different purpose the content or software the work has created.

These arrangements can take many different shapes. Content owners, for example, can license their content or copyright to a third party in exchange for royalties. MayoClinic.com and International Movie Database (IMDB) are two examples of open-access databases that license extended versions of their databases to third parties within their specific industries. The Mayo Clinic offers direct access to its content and tools via syndication for any business or individual who would like to use its content on their own website. Information is integrated and updated with an FTP server, and delivered in XML format for easy integration.¹¹⁵ IMDB mainly licenses its content to institutions within the film industry, such as film studios, cable companies, and video retailers. It is also able to tailor and package different levels of content depending on the needs of the third party.¹¹⁶

Software-related licensing refers to the licensing of a software program or method to a third party in exchange for royalties. Bloomberg L.P., for example, licenses not only its financial database (its content) to third parties, but also licenses to businesses and financial institutions worldwide its tools, software, and customisable applications.¹¹⁷

¹¹⁵ Mayo Clinic Staff, 'Content Licensing,' *Mayo Clinic*, mayoclinic.com/health/advertising-information/AM00040

¹¹⁶ IMDb.com, Inc., 'Content Licensing,' imdb.com/licensing/

¹¹⁷ Bloomberg Financial L.P., 'Bloomberg Professional Service: Delivering the World's Information,' bloomberg.com/professional/company/#professional-service

Licensing options include:

- » **Exclusive licensing.** A single party is granted the exclusive right to distribute a project's content or software. This type of licensing can be necessary to encourage substantial investment in further developing and distributing the project, but it also means that the undertaking is more dependent on its partner's strategy and execution. There will always be a balance between how much each side is willing to invest in the form of effort and capital, and how much control over the venture each can reasonably expect. Even more important, the exclusive license model can sometimes come into conflict with the overall mission of the project, which in many cases may be to provide free access to its users.
- » **Nonexclusive licensing.** The same content or software is licensed to multiple outlets. As with exclusive licensing, the licensor or project originator receives a fee or royalty payment for use of the content or software; however, fees for nonexclusive licenses tend to be lower than fees for exclusive licenses.
- » **Reciprocal or 'free' licensing.** A content creator (eg. Time, Inc., Guardian News and Media Ltd.) syndicates content to a portal or aggregator (eg. Yahoo!, MSN). Here no money changes hands, but the content creator benefits from increased exposure on additional platforms, and may also benefit from increased traffic when users click over from the portal or aggregator.

Case studies

L'Institut national de l'audiovisuel (INA)

L'Institut national de l'audiovisuel (INA), the French national audiovisual institute, houses 31,000 hours of television news, programming, and other footage. In addition to offering open content on their main website, they have built a commercial licensing business called InaMédiaProthat provides clients access to INA's encyclopedic audiovisual catalogue. In 2011 this division generated 91% of INA's earned revenue, earning €14.3 million (£11.88 million) in 2011 against direct costs of €7.5 million (£6.23 million). Importantly, this licensing solution fits within the (governmental) remit of the INA to share and promote its vast library of France's audiovisual history—all while helping to subsidise INA's other operations.¹¹⁸

Vanderbilt Television News Archive

Vanderbilt Television News Archive, a national broadcast news archive, licenses access to its content for annual fees ranging from \$1,000 to \$3,500 (£610 – £2,140). Working in partnership with the Motion Picture, Broadcasting, and Recorded Sound Division of the Library of Congress and operating as a part of the Vanderbilt University Library, the Television News Archive has been able to monetise its extensive collection (which begins with programmes recorded in 1968) by 'loaning' (ie, licensing) materials to its subscribers for the above-mentioned fees.

¹¹⁸ Nancy L. Maron, 'L'Institut national de l'audiovisuel: Balancing Mission-Based Goals and Revenue Generation; Case Study Update 2011,' *Ithaka*, sr.ithaka.org/research-publications/ina-update-2011

Atavist

Atavist, Inc. is a digital publishing start-up based in Brooklyn, New York, that began publishing digital-first multimedia books on its custom-built platform, and has recently expanded to license the platform, called Creatavist, to other content publishers. Creatavist is a digital self-publishing platform with an array of different tools that allows users to publish their works using text, video, and audio. Users may also publish one story for free. Those who require more than 150MB of storage, or who want unlimited publishing, can pay \$10 (£6) per month. Institutions can work with Atavist to create their own customised apps and enable e-commerce as well. Among Creatavist's enterprise partners are TED Conferences LLC, Pearson PLC, the *Paris Review*, the Berkeley Graduate School of Journalism and Dartmouth College.¹¹⁹

eBird

eBird is an interactive database that gathers information on bird species from enthusiasts and researchers; it is supported by Cornell University's Lab of Ornithology. For a licensing fee, eBird offers its database to regional and international wildlife organisations through a customised interface. eBird has two types of customised portals for its clients, one for \$1,000 (£612) annually and one for \$10,000 (£6,120) annually. In 2011, the revenue that eBird received from licensing was close to \$50,000 (£30,587), representing 17% of its total revenue of \$300,000 (£183,520).¹²⁰

The National Archives

The National Archives (TNA) of the United Kingdom developed an ambitious plan to digitise 100 million documents through partnerships with private companies. The Licensed Internet Associates (LIA) endeavour was created to provide a way for partners—most often commercial genealogy websites—to assume the costs of digitising important series of archives in exchange for a period of exclusive access to the digitised data. In 2009–10, royalty income from licensing contracts was £2.1 million, compared to £1.5 million in 2008. The LIA venture has been an efficient way to digitise these archives—with estimated savings of over £53 million in digitisation costs over the first four years of the scheme—while generating some revenue to close a widening gap in TNA's funding.¹²¹ A similar model has been used by the American Antiquarian Society in the United States, as well.

The British Library's Newspapers Digitisation Project

The British Library is working with Jisc, Brightsolid, and Gale Cengage on the Newspapers Digitisation Project, which aims to digitise over 40 million newspaper pages from the British Library's collection over ten years. The British Library, with the help of Jisc, has licensed its collection of newspapers to Brightsolid, a growing IT and digital publishing firm located in Dundee, Scotland.¹²² The British Library receives royalties from Brightsolid, and has been able to secure the digitisation of a massive cache of newspapers that it would not have been economically feasible for the Library to digitise on its own. The British Newspaper Archive is freely searchable, but users who wish to view more than three pages must choose a fee-based package. Choices range from a two-

¹¹⁹ Atavist, Inc., FAQ, <https://www.atavist.com/faq/>.

¹²⁰ Matthew Loy, 'eBird: Driving Impact through Crowdsourcing; Case Study Update 2011,' *Ithaka*, sr.ithaka.org/research-publications/ebird-2011

¹²¹ Nancy L. Maron, 'The National Archives (TNA): Enhancing the Value of Content through Selection and Curation; Case Study Update 2011,' *Ithaka*, sr.ithaka.org/research-publications/tna-update-2011

¹²² BBC News, 'Online Company Brightsolid Sees Profits Grow,' 24 January 2012, BBC, bbc.co.uk/news/uk-scotland-scotland-business-16689966

day pass, which costs £6.95 and allows the user to view up to one hundred pages, to a twelve-month pass, which costs £79.95 and offers unlimited pages.¹²³ As of 2012, the British Library reported that there had been 50,000 unique subscribers to the service, and that 100 million pages had been viewed.¹²⁴

The John Johnson Collection: An Archive of Printed Ephemera

The Electronic Ephemera Project is a public-private partnership between Oxford's Bodleian Library, Jisc, and ProQuest. It aims to provide access to 65,000 items from the Bodleian's John Johnson Collection of Printed Ephemera via 170,000 images and descriptive metadata. Here, Jisc provides the funds and project framework, while the Bodleian manages the content and ProQuest delivers the resource and associated services on the web.¹²⁵ ProQuest will also cover the ongoing costs of maintenance and the cost of creating the project's interface—providing free access within the United Kingdom, but retaining the right to sell access internationally. This licensing agreement enables the project to provide access and accomplish digitisation with help from a government body to move things along. The licensing of content to the third party—ProQuest—covers costs for implementation, but leaves the resource free to U.K. residents.

Benefits

- » Significant expansion of a project's audience, when the licensor intends to promote the content to a wider or different audience segment
- » Offers the possibility of moving projects into environments requiring sophisticated technology (such as customising content for handheld devices) beyond the scope of existing staff expertise
- » Allows not-for-profits to maintain their day-to-day focus on mission and core competencies
- » Can create opportunities for resource creation and enhancement that benefit the project owner, including digitisation and customisation
- » Can subsidise other areas of a project to enable provision of wider access

Disadvantages

- » Inevitably involves a loss of control of some content; the third party licensing the project's content and other outputs may well have different goals
- » Removes originators of the content from direct contact with some portion of audience
- » Need for sophisticated business modelling to understand advantages and disadvantages of a licensing model, such as comparing potential income from royalties with potential costs and revenues associated with reaching markets directly

¹²³ The British Newspaper Archive, 'Getting Started—The Basics,' britishnewspaperarchive.co.uk/help-faq/getting-started---the-basics#5, and 'How Much Does It Cost to Use This Site?' britishnewspaperarchive.co.uk/help-faq/how-much-does-it-cost-to-use-this-site#13

¹²⁴ Patrick Flemming, 'Content, Collaboration, and Aggregated Connectivity,' presentation at 2012 IFLA World Library and Information Congress, Helsinki, ifla2012mikkeli.com/getfile.php?file=142

¹²⁵ David Tomkins and Peter White, 'Financing the 'Electronic Ephemera' Project through a Public-Private Partnership,' Jisc, jisc.ac.uk/media/documents/events/2009/06/tomkins_white_1a.pdf

Costs attributable to the revenue model

- » Contractual agreements can be very complex and thus require investment of time and expertise
- » Business development capacity is needed to research and contact potential licensors
- » Editorial or curatorial expertise is needed to select, bundle, or otherwise package and present content in a way that is appealing to potential partners

Key questions to ask if you are considering this model

- » How does the third party plan to monetise my content? Will this method align with my project's mission?
- » What are the implications of a licensing agreement for my long-term goals and sustainability?
- » Which type of license would be appropriate, exclusive or nonexclusive?
- » Under a licensing agreement, who would control the product? Would the licensee be permitted to make modifications to the project, and to what extent?
- » How long will a license agreement last?
- » What sort of guaranteed or minimum royalties should be paid? What is a reasonable royalty rate?

Further reading

Association of Research Libraries. 'Marketplace and Licensing.' Toolkit for guidance concerning content licensing. arl.org/focus-areas/scholarly-communication/marketplace-licensing.

Loy, Matthew. 'eBird: Driving Impact through Crowdsourcing; Case Study Update 2011.' *Ithaka*. sr.ithaka.org/research-publications/ebird-2011.

Loy, Matthew. 'eBird: A Two-sided Market for Academic Researchers and Enthusiasts.' *Ithaka*. sr.ithaka.org/research-publications/ebird-2009

Maron, Nancy L. 'L'Institut national de l'audiovisuel: Balancing Mission-Based Goals and Revenue Generation; Case Study Update 2011.' *Ithaka*. sr.ithaka.org/research-publications/ina-update-2011

Maron, Nancy L. 'L'Institut national de l'audiovisuel 2009: Free Content and Rights Licensing as Complementary Strategies.' *Ithaka*. sr.ithaka.org/research-publications/ina

Maron, Nancy L. 'V&A Images: Image Licensing at a Cultural Heritage Institution.' *Ithaka*. sr.ithaka.org/research-publications/va-images-2009

Maron, Nancy L. 'V&A Images: Scaling Back to Refocus on Revenue; Case Study Update 2011.' *Ithaka*. sr.ithaka.org/research-publications/va-update-2011

Stratigos, Anthea. '10 Tips for Licensing and Partnering.' *Outsell's Blog*, 16 November 2011. *Outsell*. outsellinc.com/blogs/outsell/2011/11/16/10-tips-for-licensing-and-partnering/#respond

Purchase or pay-per-use

Introduction

For those project leaders who are considering charging for access to the content they hold, there are several ways to permit users to purchase that content without their having to enter into longer-term agreements, as implied by a subscription model.

Pay-per-use models permit the user to either purchase specific pieces of content (eg. a collection, an article or some other unit) or gain access for a limited amount of time (eg. by the hour, day or week) rather than buying access to a bundle of content for a sustained period of time, as in a traditional subscription model. Many scholarly publishers have introduced these more limited models to appeal to audiences beyond the traditional members of scholarly societies or patrons of libraries, who may enjoy access via subscription-based site licenses.

There are two directions project leaders may come from in considering this model. Publishers who are accustomed to selling or licensing access to large collections of content may see pay-per-use as a method for content owners to reach potential customers who do not require unlimited access to a digital resource, or who may prefer not to have the ongoing relationship with the site publisher that a subscription requires.

On the other hand, for those content holders who typically offer content to users for free, a pay-per-use model need not be out of the question. Many varieties of the freemium model permit publishers to maintain open content while carefully developing premium versions of that content, often for niche audiences or specialised uses. This model is common among museums and historical societies, where images may be freely available to view online, but a fee is charged to those who wish to download high-resolution images or obtain print copies of them.

This is a good fit for

- » Projects whose content is highly valued by users for quality, immediacy, authenticity, or other characteristics they are willing to pay for
- » A resource that already charges users, but may want to expand its market by permitting smaller or periodic purchases for those uninterested in a subscription

How it works

There are many, many varieties of this model, offering users a chance to purchase pieces of content, as opposed to collections, or to pay for access for short periods of time, as opposed to annual subscriptions. For those projects considering offering both subscription to a large collection and pay-per-use options, clearly differentiating the offers is critical; prices are usually set so that frequent users of the resource will recognise the financial incentive to subscribe. Project leaders and publishers of all types are actively experimenting with ways to offer their content to users in the units that are most appealing to them. Below are descriptions of some of the most common forms this can take.

Paying by the unit: collections, books, journals, articles

Projects can charge users access to individual units of content within larger collections, such as a single article or a book chapter. The publication branch of the American Chemical Society (ACS) offers a collection of 40 journals plus weekly magazines, archives, and books, and members are granted free access to a portion of this content of their choosing, plus significant discounts on additional content. For non-members, ACS offers the option of purchasing individual journal articles and book chapters both in digital and hard-copy formats through their Articles on Command feature.¹²⁶

JSTOR, an online database that aggregates content from publishers of scholarly journals, books, and primary sources, traditionally offered access to entire collections to libraries and other organisations for a subscription fee. Recognising that there were individuals unaffiliated with libraries or other subscribing institutions who were interested in the journals but did not want to pay for an entire collection, JSTOR established a new programme, Register and Read, specifically tailored to the needs of these individuals. After the user has registered on the JSTOR website and created an account, he or she can access some collections for free and also purchase single articles. Currently, there are approximately 859 journals that offer single articles for sale.¹²⁷

Projects can offer nonregistered users or unaffiliated individuals and institutions smaller sections of a unified piece of work such as chapters of a book, or articles. ScienceDirect is a scientific database offering over 11 million individual articles and book chapters from more than 2,500 journals and 11,000 books.¹²⁸ Guest users of ScienceDirect are able to access and purchase such pieces of content through ScienceDirect's pay-per-view model. Prices average from \$20 to \$40 (£12.40-£24.50) depending on the subject, and the content is available for 24 hours.¹²⁹

Similarly, in the commercial sector, iTunes was revolutionary in allowing users to purchase individual songs—to which they will have access in perpetuity—as opposed to entire albums. In 2012, more than three quarters of the sales of recorded music were purchases of single digital songs, and 63% of these were purchased on iTunes.¹³⁰

Paying for limited-time access

Content holders can offer access in aggregate or sections, for a specific time frame. AnthroSource, supported by the American Anthropological Association, is a digital database containing more than 250,000 anthropological articles. While members of AAA receive access as a benefit of annual membership, AAA also offers non-members 24 hour access to individual articles for \$12.00 (£7.30) each.¹³¹ *History Today* a monthly magazine that has been published in the United Kingdom since 1951, offers readers one week's access to their archive of 11,000 articles dating back to 1980 for a fee of £7.95. Monthly (£15) and annual (£70) passes are also available.¹³² The Vermont newspaper *Addison County Independent* offers what it calls a one-week 'pass'. While one year of access

¹²⁶ American Chemical Society, 'ACS Publications: About Us,' <http://pubs.acs.org/page/about-us.html>; 'Publications Benefits,' <http://pubs.acs.org/content/acs/en/membership-and-networks/acs/benefits/professional/publications-benefits.html>; and 'Subscription Information,' <http://pubs.acs.org/page/subscribe.html>

¹²⁷ JSTOR, 'Register and Read,' <http://about.jstor.org/rr>

¹²⁸ SciVerse, 'About ScienceDirect,' info.sciverse.com/sciencedirect/about

¹²⁹ SciVerse, 'Pay-per-view,' info.sciverse.com/sciencedirect/buying/individual_article_purchase_options/ppv

¹³⁰ Adrien Covert, 'A Decade of iTunes Singles Killed the Music Industry,' CNNMoney, 25 April 2013, <http://money.cnn.com/2013/04/25/technology/itunes-music-decline/index.html>

¹³¹ American Anthropological Association, 'AnthroSource FAQs,' aaanet.org/Help/as.cfm

¹³² History Today, 'One Week Access,' historytoday.com/shop/one-week-access

to the online version is \$35.00 (£21.40) and home delivery of the print edition is \$40.00 (£24.50), delivery service, a one-week pass for the online edition is just \$2.00 (£1.20).¹³³

Paying for a number of units for a limited time

Safari Books Online, created by O'Reilly Media, Inc. and Pearson Education, contains more than 28,000 books and videos from over one hundred publishers of technology-related content. The bulk of Safari's subscription business is based on institutional customers—libraries, corporations, and government offices make up the majority Safari's subscribers—but the company has also developed offerings for individuals. Safari Library allows users to explore the entire library and have unlimited access to all books and videos in the collection for \$42.99 (£26.30) per month. For those individuals who may not need unlimited access, for \$19.99 (£12.20) per month (which increases to \$27.99 [£17.10] per month after the first six months) users can create an online bookshelf, choosing up to ten books and videos from the collection that will be available for 30 days from the time they are initially 'checked out'.¹³⁴ While this is a modified subscription model, we include it here given its focus on allowing the user to choose the particular slice of content for which he or she will pay.

Demand model ('patron-driven acquisition')

An additional type of pay-per-use is offering content in a bundle or collection, but charging users only when they actually open or use the content or a section of the content. This demand-based model allows users to explore entire collections, yet only charges participants for the specific pieces of content they actually use. For example, De Gruyter Online offers libraries and affiliated groups access to its entire content, composed of 50,000 journal and book documents and more than 15 million database entries, but charges a fee that reflects how many actual units are used, read, or downloaded.¹³⁵ The library is charged according to how much the patron uses the content, from a rental charge if the user merely browses parts of a book, to a full purchase price if the user reads and downloads an entire book.¹³⁶

Trends

PDA (or DDA)

The last model described above, 'patron-driven' or 'demand-driven' acquisition (PDA, or DDA), has emerged over the past five years, and promises to radically alter the way publishers are providing content to institutions. Rather than packaging a bundle of content for sale or license to a library, with the institution paying for it up front, publishers are offering 'patron-driven' or 'demand-driven' acquisition models. In this model, the library helps to select a group of titles that will become searchable by its patrons. Only once the patrons have chosen to use the titles (according to criteria the publisher has established to demonstrate significant 'use') is the library

¹³³ Addison Independent, addisonindependent.com/onlinesubscribe

¹³⁴ Safari Books Online, 'About Safari Books Online,' safaribooksonline.com/about-us (accessed 17 May 2013). Information about the offerings for individuals is available at <https://ssl.safaribooksonline.com/trial?iid=b2c-trialbutton-subscriptions-link>

¹³⁵ De Gruyter, 'Patron Driven Acquisition: A Model for Providing Complete Access to Electronic Content While Limiting Costs For Libraries,' white paper, 8 November 2012, degruyter.com/staticfiles/pdfs/wp_PDA_EN.pdf

¹³⁶ Joseph Esposito, 'PDA and Inter-library Loan,' *Scholarly Kitchen*, 13 March 2012, <http://scholarlykitchen.sspnet.org/2012/03/13/pda-and-inter-library-loan/>

obliged to pay. Libraries or other customers do not pay, then, for content that their patrons never use. While this poses some threat to publishers used to selling content 'just in case,' this model also carries the potential benefit of compensating the publisher for those books that are used more than others. While in the past, systems including Interlibrary Loan have permitted library systems to effectively share one copy of a book among many institutions, this metered approach requires each institution to pay based on usage. If usage is very low, no fee is assessed; if usage is higher than the threshold established (typically a certain number of accesses of a particular type), the library may be obliged to purchase additional 'copies.'¹³⁷

There are many systems in place to determine just exactly what constitutes the level of usage that triggers a purchase. Some triggers we have seen include:

- » Viewing ten pages of the body of a book in one single session
- » Viewing a book for more than five minutes
- » Copying or printing

Micropayments

The notion of *micropayments* has attracted attention over the past decade or so. This is based on the idea that people might be willing to pay for pieces of content even smaller than a book chapter or a journal article, say, a newspaper article or a comic strip, for a few pence per piece. Internet commentator Clay Shirky argued against micropayments back in 2000, on the grounds that 'users hate them' because, among other things, they don't end up saving users any time or anxiety in the transaction process, since people cannot help but try to evaluate the value of what they are buying, even if the cost is low.¹³⁸ Some early champions of the model, including cartoonist Scott McCloud, found that their experiments did not succeed. McCloud's web comic *The Right Number* was available via BitPass for 25 cents (15p) per issue, but by 2007, BitPass had gone out of business, and McCloud chose to make the comic available for free.¹³⁹

In 2009 the topic heated up again, as newspapers, eager for new models to support their content, considered micropayments anew. Optimism from the world of journalism was met with scepticism from pundits, the tenor of the response characterised by articles like 'They're Talking about Micropayments. Again,'¹⁴⁰ and Shirky stressing that micropayments tend to give users the feeling of being "nickel-and-dimed," ultimately encouraging them to go around the system.¹⁴¹ Indeed, over the past decade, there are far more examples of failed attempts to facilitate micropayments than there are of successes.¹⁴²

That said, some evidence points to a resurgence of optimism about this model, given perhaps the widespread adoption of mobile and other advancements in technology and software. Google introduced Google OnePass in

¹³⁷ Joseph J. Esposito, 'A Publisher's Strategy for Patron-Driven Acquisitions (PDA),' *Scholarly Kitchen*, 21 May 2012, <http://scholarlykitchen.sspnet.org/2012/05/21/a-publishers-strategy-for-patron-driven-acquisitions-pda/>

¹³⁸ Clay Shirky, 'The Case Against Micropayments,' 19 December 2000, *OpenP2P*, openp2p.com/pub/a/p2p/2000/12/19/micropayments.html

¹³⁹ Clay Shirky, 'Sorry, Wrong Number: McCloud Abandons Micropayments,' Many2Many blog, 25 April 2007, *Corante*, http://many.corante.com/archives/2007/04/25/sorry_wrong_number_mccloud_abandons_micropayments.php

¹⁴⁰ Les Jones, 'They're Talking about Micropayments. Again,' No Silence Here blog, 7 February 2009, *Knoxnews.com*, http://blogs.knoxnews.com/silence/archives/2009/02/theyre_talking.shtml

¹⁴¹ Clay Shirky, 'Why Small Payments Won't Save Publishers,' 9 February 2009, *Clay Shirky*, shirky.com/weblog/2009/02/why-small-payments-wont-save-publishers/

¹⁴² *Wikipedia*, 'Micropayment,' <http://en.wikipedia.org/wiki/Micropayment>.

2011, expanded to the Google Wallet in 2012,¹⁴³ and PayPal launched a micropayment system in 2010. Both are aimed at reducing the friction of transaction for even small sums.¹⁴⁴ Znak It, a new entrant in the field, is making a go of it, though its founder admits that he has had difficulty gaining clients for this service.¹⁴⁵

Content holders now experimenting with micropayments include Random House, with its experimental interactive fiction app called Black Crown.¹⁴⁶ Google Wallet has begun to work with content holders, including Oxford Reference, Dorling Kindersley, and Pearson's Peachpit, all of which are suppliers of education and reference content, but this seems to be still in early days.

Benefits

- » Pay-per-use can broaden the audience of a subscription-based model by appealing to users who are unable or unwilling to commit to a longer term or more expensive obligation
- » Pay-per-use can allow users to purchase the precise material they need even when it is part of a broader context
- » It provides a low-cost way to test the demand for a single unit of a resource

Disadvantages

- » This model may conflict with mission-based mandates to not charge for content. (For more on open models that can include revenue generation, see article on freemium models)
- » For those already running a subscription service, prices must be set carefully, to provide a service to a new category of users while not undermining the existing subscription base
- » Establishing a system to invoice or accept payments may require extra resources
- » Content aggregators looking to do this may have to negotiate new terms with rights holders

Costs attributable to the revenue model

- » Licensing an access and payment module, and perhaps paying fees for transactions on those platforms
- » Legal, accounting and customer service expenses
- » Online platform and search engine might need to be optimised

¹⁴³ Robert Andrews, "Google Rebooting Content Micropayments Initiative under Wallet," *paidContent*, 3 October 2012, <http://paidcontent.org/2012/10/03/google-relaunching-content-micropayments-initiative-under-wallet/>

¹⁴⁴ Dave Lee, "Micropayments: Would You Pay 20p to Read an Article?" 19 November 2012, *BBC News*, bbc.co.uk/news/business-20395407.

¹⁴⁵ Matthew Ingram, "Think Micropayments for Media Can't Work? Greg Golebiewski Says You Are Wrong," *paidContent*, 6 May 2013, <http://paidcontent.org/2013/05/06/think-micropayments-for-media-cant-work-greg-golebiewski-says-you-are-wrong/>.

¹⁴⁶ Philippa Warr, 'Black Crown Brings Micropayments to Interactive Fiction,' *Wired.co.uk*, 15 April 2013, wired.co.uk/news/archive/2013-04/15/black-crown-interactive-fiction

Key questions to ask if you are considering this model

- » Who are my end users, what are their needs, and would they be willing to pay for my content or sections of it?
- » Is there an intrinsic value in the individual sections that make up the total body of content? Will there be a demand from users to purchase them independently?
- » Is there really sufficient demand outside my targeted audience to justify the effort to establish this new pricing model?
- » Is my metadata optimised to attract users beyond core subscribers? What information is needed for users to be able to determine whether something is worth purchasing?

Further reading

De Gruyter. 'Patron Driven Acquisition: A Model for Providing Complete Access to Electronic Content While Limiting Costs For Libraries.' White paper. *DeGruyter*. degruyter.com/staticfiles/pdfs/wp_PDA_EN.pdf

Esposito, Joseph J., Kizer Walker, and Terry Ehling. 'PDA and the University Press.' *Scholarly Kitchen*, 26 September 2013. <http://scholarlykitchen.files.wordpress.com/2012/10/pda-and-the-university-press-5-2-final.pdf>.

Flacy, Mike. 'Google Launches Micropayments Service for Web Content.' *Digital Trends*, 2 October 2012. digitaltrends.com/web/google-launches-micropayments-for-web-content/.

Gasser, Urs, David R. O'Brien and John G. Palfrey Jr. 'Ebooks in Libraries: A Briefing Document Developed in Preparation for a Workshop on E-Lending in Libraries.' BerkmanCenter Research Publication No. 2012-15. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2111396 See especially p. 10.

Ingram, Matthew. 'Think Micropayments for Media Can't Work? Greg Golebiewski Says You Are Wrong.' *paidContent*, 6 May 2013. <http://paidcontent.org/2013/05/06/think-micropayments-for-media-cant-work-greg-golebiewski-says-you-are-wrong/>

Examples

Addison County Independent, addisonindependent.com/onlinesubscribe

AnthroSource, aaanet.org/Help/as.cfm#

DeGruyter, degruyter.com/page/428

GoogleWallet, google.com/wallet/buy-online/

History Today, historytoday.com/shop/one-week-access,

JSTOR, <http://about.jstor.org/individuals>

PayPal, https://www.paypalobjects.com/IntegrationCenter/ic_micropayments.html

Safari Library, safaribooksonline.com/

Sciencedirect, info.sciverse.com/sciencedirect/buying/individual_article_purchase_options

Znak It, znakit.com/files/pdf/Pilot_results_Znak_it_white_paper.pdf

Philanthropy

Introduction

While philanthropy and its embrace of 'private acts for the public good' explicitly separates the act of giving from any expectation of material return, leaders of digital activities by now have likely realised that the world of charitable giving can be just as competitive an environment as the commercial world. Demand for donated resources far exceeds supply.

In the academic and cultural sectors, public and private grant funding has been a pillar of efforts to develop digital resources since the mid-1990s, and remains so today. Other forms of major gift, including campaigns to build an endowment, have found some success in this sector. In addition, the internet, and the rise of social media in particular over the past few years, have given rise to new forms of online fundraising and greatly facilitated charitable giving. Even the smallest ventures have the potential to amass followers on Twitter and friends on Facebook and to build lists of potential donors via their own websites.

The sections below will discuss in turn the characteristics of grant funding, endowments, and online fundraising. Common to all of these models of philanthropy, however, is the need to make a strong case to whomever it is you are expecting to support your work.

1. Grant Funding

Grant funding is, of course, a critical source of funds for innovation in academic resources. Initial investment to create a digital resource often derives from grant funding, and many project leaders continue to seek grant support for subsequent stages of development. As most not-for-profit project leaders have considerable experience in pursuing and securing grant funding, and given the different perspectives of different funders, we will not address the issue at length. But we offer here some food for thought for those contemplating grant funding for start-up or continued resource development.

- » **Structure a project in stages.** Funders of digital ideas most often seek to invest in new creations or innovative approaches, not to sustain a project already built. How can the long-term structure of the activity be conceived in a way that new phases of growth are organic to the project and not just tacked on, in an effort to secure a new round of funding, when the current round is coming to a close?
- » **Consider the funder a type of customer.** Giving away money effectively and in ways that have positive impact on a community is very challenging. Well-framed plans will take the funder's mission and grant making objectives into account. Such projects will also provide clear arguments for how their proposed activities will help the grant maker achieve its objectives (not just how the foundation's money can help the grantee achieve its objectives!).
- » **Think beyond the grant, even before the grant.** In seeking grant funding, a sort of 'contest culture' tends to prevail, where winning a grant becomes the goal. This can have the effect of de-emphasising the long road ahead. Funders have begun to require that applicants submit data management plans and sustainability plans, as they want to see the impact of the work they support carried into the future and shared broadly.

- » **Keep in mind that funders may be subject to economic pressures.** While some areas, such as scientific research, have weathered difficult economic times, many funders in the humanities and social sciences experience the same financial pressures that are felt in the academic and cultural sectors. Grant seeking is a reasonable activity for projects that are continuing to demonstrate value and to grow. But diversifying the type of grant that is sought (approaching both public and private funders, for example) may be one way to protect against the possibility of a critical revenue stream drying up.

This is a good fit for

- » Projects that are continuing to grow and can identify discreet new phases of development
- » Project leaders who have been successful with previous ventures, and can demonstrate success and impact
- » Projects whose aims align with the grant making priorities of funders

2. Endowment

The endowment model is well established on college and university campuses in the United States as a way to sustain the institution as a whole as well as special projects, and faculty chairs. It is less common in countries whose academic and cultural institutions are more fully supported by government subsidy and where private philanthropy plays a lesser role.

This is a good fit for

Projects that

- » are able to make the case for the importance of their resources to indirect beneficiaries such as host institutions and other donors
- » have access to fundraising staff or other development support
- » have developed strong relationships with a group of core supporters or donors
- » are able to identify attributes of importance to potential funders (high-quality content, open access, cross-disciplinary appeal)

How does it work?

Building an endowment entails accumulating enough capital that an activity or operation can be supported by the income from investments and interest on that capital, without tapping into the funds themselves. Once an endowment is established, organisations typically spend approximately 4 to 5% of the endowment's total value per year. (In the United States, foundations with endowments are required to spend a minimum of 5% of their endowment value per year.) This means that in order to rely solely on this method of funding operations on an ongoing basis, projects need to raise an endowment that is approximately twenty times their annual operating budget.

This model is appealing for several reasons: once built, an endowment can, in theory, support the ongoing activities over time, as the endowment, wisely invested, continues to generate interest and returns on

investment that are used by the project for its ongoing costs. In practice, however, this model can be difficult to implement and carries certain risks, such as a dependence on the market's performance, which is completely out of anyone's hands.¹⁴⁷

The National Endowment for the Humanities (U.S.) has an office of Challenge Grants.¹⁴⁸ The grants are intended to be matched by fundraising the project team will do, and past and current grantees have sought the grants specifically to build endowments. During autumn 2012, NEH awarded 15 new Challenge Grants, of which ten were specifically to build endowments, and two were specifically aimed at digital humanities projects.¹⁴⁹

Case Studies

Stanford Encyclopedia of Philosophy

The Stanford Encyclopedia of Philosophy is a dynamic open-access reference source whose entries are written by philosophy scholars and then reviewed by an editorial board before they are made public. SEP has reported that it is making progress towards its endowment goal of \$4 million (£2.45 million):¹⁵⁰ over \$2.2 million (£1.35 million) has been raised by contributing library partners (that total includes a \$500,000 (£305,900) challenge grant from the NEH), and Stanford University has raised \$1.125 million (£688,200,000) through its own development efforts.

Encyclopedia Virginia

The Encyclopedia Virginia, developed by the Virginia Foundation for the Humanities, is an interactive online resource that explores the cultural, political, and economic history of Virginia. In 2008, project leaders raised \$1.5 million (£917,600,000) from corporate and individual donors to create an endowment that would help the Encyclopedia begin to have an additional revenue stream, apart from the support it gets from the Virginia Foundation for the Humanities.¹⁵¹

Benefits

- » An endowment offers an ongoing, steady revenue source
- » Raising an endowment encourages community support and buy-in for a well-established resource

Disadvantages

- » Projects funded through an endowment will always have to support free riders—those who never choose to contribute, but still benefit from using the resource, and the number of such users is likely to grow if reliance on endowments proliferates

¹⁴⁷ Kathryn W. Miree, 'From Theory to Practice: Three Successful Models to Build Endowment,' 2003, *Kathryn W. Miree and Associates, Inc.*, kathrynmireeandassociates.com/PDF/Three%20Successful%20Models%20to%20Build%20Endowment.pdf

¹⁴⁸ National Endowment for the Humanities, Office of Challenge Grants, neh.gov/divisions/challenge

¹⁴⁹ NEH Office of Challenge Grants, 'Challenge Grants Awards List November 2012,' neh.gov/files/divisions/challenge/challenge_grants_awards_list_november_2012.pdf

¹⁵⁰ Julie Bobay, 'Stanford Encyclopedia of Philosophy,' PowerPoint presentation at 2012 ALA Conference, http://ala12.scheduler.ala.org/files/ala12/Julie_Bobay_StanfordEncyclopediaOfPhilosophy.pdf

¹⁵¹ Interview with Matthew Gibson, Director of Digital Initiatives and Editor, *Encyclopedia Virginia*, 18 June 2013.

- » To be sustained by endowment income, a project must raise an endowment totalling 20 times its annual operating budget; this goal must be approached as any other major fundraising drive by a university or cultural institution, and it is not clear that many online projects have access to the necessary fundraising apparatus and relationships to do this
- » The endowment model has the risk of insulating a project from the needs of its market, since the funding is contributed up front
- » Since the endowment target is often calibrated to support a skeletal level of funding, there is little room to grow or evolve into something very different should its users' needs change. If a project makes the case that it needs to raise over £3 million to cover £150,000 in yearly operating expenses, will there be funds available to pursue capital projects?

Costs attributable to this revenue model

- » Staff required to develop and organise the donations to create an endowment
- » Costs of financial advisory and management services

Key questions to ask if you are considering this model

- » Will it be possible for us to appeal to libraries for up-front contributions that will permanently free both sides from the logistics of a subscription model, especially when annual subscription prices are rising and budgets are being cut?
- » How will we raise in endowment, when there are obviously limited funds available from our existing direct beneficiaries?

3. Online Fundraising

The democratisation of the internet has led to rapid growth in online fundraising, as new ventures of many kinds have embraced the power of the web to reach large numbers of potential donors quickly and cheaply. The online fundraising model relies on receiving contributions from either individuals or organisations; online fundraising campaigns may differ in the audiences they target, the resources they devote to outreach, and the revenue they aim to generate.

Blackbaud, a firm that specialises in fundraising software for use by non-profits, recently issued a report highlighting the key factors they cited for having helped them increase online donations:¹⁵²

- » Focusing on improving the organisation's website, or increasing the accessibility of its website
- » Making efforts to increase public awareness of online donation options through improved strategic communications, including emails and newsletters
- » A cultural change towards acceptance of online transactions in general, including online donations

¹⁵² Blackbaud, Inc., '2012 State of the Nonprofit Industry: Survey Summary Report,' October 2012, https://www.blackbaud.com/files/resources/soni_final_2012.pdf

- » Adoption of new software and technologies to make online donation options more available and easier to use

Development in philanthropy has also been driven by the use of third-party fundraising platforms, commonly known as crowd-funding sites. While the websites of many not-for-profit organisations feature links to allow people to make donations, the implementation of more dynamic means of giving has been very successful for them too. Crowd-funding and giving via social media sites have begun to offer interesting ways to encourage donation via the internet.

This is a good fit for

- » Projects that fulfil some philanthropic or other socially important mission
- » Initiatives that have developed large or very enthusiastic online audiences

How it works

Online fundraising is a viable option for many digital resources, although the campaigns that have generated substantial revenue have required careful planning and a large audience base. On the low end of the scale, a “Donate now!” button is an easy place to start, though such a device is unlikely to drive significant donations. Similarly, simply asking for money on Kickstarter or a similar site may not be enough to trigger potential donors to support your cause. Furthermore, while the development of donation and crowd-funding platforms makes it increasingly simple for even the smallest not-for-profit to participate, the concept and the pitch require real thought and understanding of the value of what is being offered, and a good understanding of the potential audience of supporters.

The Facebook application JustGiving is an example of an interesting development in online fundraising. As one blog noted, “The Just Giving app allows charities to invite people to donate without having to leave their Facebook comfort zone”¹⁵³ – an important development in online fundraising. In this way, the company has been able to collect millions for charities, acting as an intermediary for individual and small fundraisers. This application also enables Facebook users to start conversations that might help further publicise fundraising initiatives, bringing in more interest and, hopefully, revenue. This example is akin to Facebook commerce, which has proven to be a legitimate source of income for many small businesses and service providers, who sell their products (or enable those purchases) on Facebook.¹⁵⁴ As a driver for revenue the JustGiving app has taken in over \$53 million (£32,400,000) in donations, and it utilises the virility of social media to drive donations.¹⁵⁵ Additionally, much like native advertising, the app is able to blend into the social media site’s format, functioning under the same principals of integration. Other popular crowd-funding tools and platforms are Kickstarter (kickstarter.com), Indiegogo (indiegogo.com) and GoFundMe (gofundme.com).

¹⁵³ Steph Jennings ‘Just ‘Social’ Giving—Adding Your Just Giving App to Facebook,’ 24 November 2011 post, *PodNosh: Social Media for Social Good*, <http://podnosh.com/blog/2011/11/24/just-social-giving-adding-your-just-giving-app-to-facebook/>

¹⁵⁴ Eilene Zimmerman, ‘Small Retailers Open Up Storefronts on Facebook Pages,’ Small-Business Guide, *New York Times*, 25 July 2012, nytimes.com/2012/07/26/business/smallbusiness/small-businesses-win-customers-on-facebook.html?_r=

¹⁵⁵ Jonathan Waddingham, ‘JustGiving’s New Facebook Application,’ JustGiving Blog, 20 July 2011 post, *JustGiving*, <http://blog.justgiving.com/community/new-facebook-app/>

Trends

The 2012 *Charitable Giving Report* from Blackbaud suggests that even though from 2011 to 2012 online giving increased by 10.7%, online donations comprise less than 10% of the total funds raised.¹⁵⁶

Contributors to a Case Foundation blog have argued that “online giving is on the verge of going mainstream,” pointing to its advantages over traditional giving: convenience for users, lower cost for organisations, and access to a larger audience, among others.¹⁵⁷ Fundraising via crowd-funding sites may become more important as non-profits move towards this platform for revenue generation. Such details will help determine what kind of results projects might be able to see.

Case studies

Wikimedia

<http://wikimediafoundation.org/wiki/WMFJAo85/en>

In the 2011–12 financial year, the Wikimedia Foundation attracted about \$35 million (£21.4 million) in donations and contributions, \$20 million (£12.2 million) of which came from a successful fundraising campaign that enlisted around one million donors from all over the world.¹⁵⁸ Contrast this with the 470 million people that its flagship activity, Wikipedia, draws every month. In 2010, the foundation drew in about \$13.7 million (£8.3 million) in online donations over the last two months of the calendar year, with gifts coming from over 500,000 individuals from about 140 different countries.¹⁵⁹ This almost doubled the number of *all* donations the foundation had received up to that point; a November 2010 blog post announcing the 2010 campaign noted that Wikimedia “[had] received more than 500,000 donations in the lifetime of the foundation.”¹⁶⁰

Howler

kickstarter.com/projects/quraishi/howler-a-magazine-about-soccer-o?ref=live

A Kickstarter fundraising campaign was used to launch the commercial publishing venture *Howler: A Magazine about Soccer*, a new title for North American soccer fans. Raising \$69,001 (£42,211) during the course of its campaign,¹⁶¹ the publication was able to cover its start-up costs, and furthermore presents a good example of an excellently wrought campaign. It is important to stress the time and effort that an organisation must commit to running an effective crowd-funding campaign. *Howler* created a high-quality promotional video, in addition to providing appropriate and creative incentives for certain levels of support. This is important in terms of receiving the greatest number of donations from the widest range of donors. In offering many levels of support—in the category of \$15–\$35 (£9–21) gifts alone, *Howler* attracted 480 donors—the magazine was able to ensure that it captured the entire gamut of interested parties.

¹⁵⁶ Steve MacLaughlin, *Charitable Giving Report: How Nonprofit Fundraising Performed in 2012, 2013*, Blackbaud, <https://www.blackbaud.com/files/resources/downloads/2012.CharitableGivingReport.pdf>

¹⁵⁷ Scott Case and Katya Andresen, ‘Online Giving: Donors Are Younger, More Generous, and in a Hurry to Help,’ From Our Blog, n.d., *Case Foundation*, casefoundation.org/spotlight/holiday/online_giving

¹⁵⁸ Jolie O’Dell, ‘Wikipedia Fundraiser Ends with \$20M in the Bank,’ *Venture Beat*, 2 January 2012, <http://venturebeat.com/2012/01/02/wikipedia-20-million/>

¹⁵⁹ David Murphy, ‘Wikipedia Raises \$16M in Site’s Shortest Fundraiser Yet,’ *PC Magazine*, 2 January 2011, pcmag.com/article2/0,2817,2374963,00.asp

¹⁶⁰ Philippe Beaudette, ‘2010 Contribution Campaign Launched,’ Community Blog, 14 November 2010 post, *Wikimedia Foundation*, <http://blog.wikimedia.org/2010/11/14/2010-contribution/>

¹⁶¹ George Quraishi, ‘Howler: A Magazine about Soccer,’ campaign launched 29 May 2012, *Kickstarter*, kickstarter.com/projects/quraishi/howler-a-magazine-about-soccer-o?ref=live

charity: water

<https://www.charitywater.org/donate/>

charity: water, a nonprofit whose mission is to bring clean water to people in developing nations, has a particularly strong online donation system. A post on Frogloop, a nonprofit marketing blog, highlighted charity: water as a “super star of the nonprofit world for using social media to brand themselves and raise money online.”¹⁶² According to the post, charity: water raised over \$650,000 (£397,383) via social media, and a significant portion of that total through a single day Twestival that worked to bring together Twitter communities and organise offline fundraising events across the globe. The success of charity: water with online donations continues to this day; in its 2011 annual report, the organisation reported that 65% of donations it received for water were raised online. Furthermore, an overwhelming percentage of its public support came from individuals, rather than corporations, foundations, or other bodies: 78% of all contributions, or \$19.9 million (£12.2 million), came from individual donors in 2011.

Benefits

- » Crowd-funding platforms and social media greatly facilitate the technical execution of fundraising campaigns
- » It is very inexpensive to run a crowd-funding campaign, and quick as well; there is value in the simplicity of the tools

Disadvantages

- » Platforms like Kickstarter and others are campaign-based. A project cannot count on year-round support through this channel, but would need to devise specific campaigns in order to drive donations
- » Where online campaigns are focused on raising start-up costs, there is a risk that the same pool of funders will not be willing to support the ongoing costs
- » The revenue raised on an individual basis is likely to be relatively low; individual donations are often fairly small
- » The cost of preparing materials for online fundraising sites such as Kickstarter can be high; the projects that have been most successful at raising funds via Kickstarter are those with highly wrought promotional materials to help drive donations.

Costs attributable to the revenue model

- » Providing a platform for receiving and processing donations: due to the difficulty in developing this type of platform, this functionality will often need to be outsourced. The provider of this functionality will then have to be paid a fee, often a portion of each transaction
- » Credit card fees

¹⁶² Allyson Kapin ‘Best Campaigns of 2009,’ Frogloop: Care2’s Nonprofit Marketing Blog, 20 December 2009 post, frogloop.com/care2blog/2009/12/20/best-campaigns-of-2009.html

- » Outreach or development staff costs: due to the involved nature of running an effective campaign, organisations must ensure that they have proper resources for producing constituent materials; this could mean diverting staff time, or freelance contracting

Key questions to ask if you are considering this model

- » Is our target audience likely to be willing and able to contribute?
- » How will we describe our resource's or our organisation's needs?
- » How do we create value for our customers?
- » Many crowd-funded projects offer tangible 'gifts' to incentivise donations; how might we offer compensation to donors?

Further reading on philanthropy

General information

GrantCraft, grantcraft.org/.

Foundation Center, <http://foundationcenter.org/>.

Fundraising UK Ltd., *UK Fundraising*, fundraising.co.uk/.

Grants

Buteau, Elie, Phil Buchanan, Cassie Bolanos, et al. *More than Money: Making a Difference with Assistance Beyond the Grant*. Cambridge, Mass. and San Francisco: Center for Effective Philanthropy, December 2008.

effectivephilanthropy.org/assets/pdfs/CEP_MoreThanMoney.pdf.

Goodey, Liz, and Tessa Hall. 'Grantmaking by UK Trusts and Charities.' January 2007. Association of Charitable Foundations and Charities Aid Foundation.

acf.org.uk/uploadedFiles/Publications_and_resources/Publications/0416B_TrustAndFoundationBriefingPaper.pdf

Maron, Nancy, and Matthew Loy. 'Funding for Sustainability: How Funders' Practices Influence the Future of Digital Resources.' 2011. *Ithaka*. sr.ithaka.org/research-publications/funding-sustainability-how-funders%E2%80%99-practices-influence-future-digital

Unwin, Julia. *The Grantmaking Tango: Issues for Funders*. London: Baring Foundation, 2004.

baringfoundation.org.uk/GrantmakingTango.pdf

Wallace, Nicole. 'Nonprofits Strategize to Help Them Cope with a Perilous 2011.' *Chronicle of Philanthropy*, 9 January 2011. philanthropy.com/article/Nonprofits-Seek-Ways-to-Cope/125838/

Endowments

Loy, Matthew. 'Stanford Encyclopedia of Philosophy: Building an Endowment with Community Support; Case Study 2009.' *Ithaka*. sr.ithaka.org/research-publications/stanford-encyclopedia-philosophy-2009

Loy, Matthew. 'Stanford Encyclopedia of Philosophy: Launching a 'Freemium' Model; Case Study Update 2011.' *Ithaka*. sr.ithaka.org/research-publications/sep-update-2011

Online fundraising

Blackbaud, Inc. '2012 State of the Nonprofit Industry: Survey Summary Report.' October 2012.
https://www.blackbaud.com/files/resources/soni_final_2012.pdf

Greater Giving. "Online Fundraising." greatergiving.com/resource-library/downloadable-guides/online-fundraising.aspx

O'Dell, Jolie '.Wikipedia Fundraiser Ends with \$20M in the Bank.' *Venture Beat*, 2 January 2012.
<http://venturebeat.com/2012/01/02/wikipedia-20-million/>

Waddingham, Jonathan. 'JustGiving's New Facebook Application.' JustGiving Blog, 20 July 2011 post. *JustGiving*.
<http://blog.justgiving.com/community/new-facebook-app/>

Subscriptions

Introduction

The subscription model implies an ongoing agreement between a publisher or other content provider and a subscriber. It implies that a certain amount of content or access to content, , will be supplied for a certain price over a certain amount of time, paid for on a regular cycle. While the forms this takes can vary widely, these basic principles distinguish subscriptions from the individual transactions of paying for a discrete piece of content (a book, a journal issue, etc). It is the ongoing and regular commitment to paying for content over time that makes subscription models very appealing for those publishers who can find an audience to support it this way. This is a high bar to reach and involves some risk, but benefits include developing longer-term relationships with a committed group of end users, and securing a more regular, up-front source of revenue.

In a subscription model, the publisher typically assumes a certain financial risk up front, funding the time and effort it takes to select and prepare the content for publication, as well as the operating infrastructure (marketing, distribution, technology) needed to make that content available. The publisher then seeks to recoup its cost via subscription fees, paid by individuals or institutions. The risk is that the fees will not cover the costs; the potential upside is that they may far surpass it.

In the print-based world, there was little question that publishers would need to charge for journals, monographs, or other research outputs in order to recoup the costs of printing, paper and distribution, in addition to the less obvious costs of content preparation and general overheads. When content is offered online, however, incremental costs—the costs of providing content to additional users—are close to zero, though the costs of original publication remain the same, and certain costs associated with creating and promoting digital content and distributing it through multiple online channels may well be higher.

Subscriptions appear to be enjoying a renaissance lately in some sectors, particularly in media and journalism, as content-based businesses continue to seek ways to leverage the value of that content. Journalism, in particular, has been at the centre of this grand experiment over the past five years or so. Newspapers have tried to determine the sweet spot between offering free content to readers as a means to exponentially expand their readership and, they hope, their resulting ad revenue and charging for content to cover the costs of their online operations and to secure the reliable, recurring revenue that a subscription model can provide.

This is a good fit for

- » Owners of unique content, valued by an audience willing to pay for it
- » Content aggregators who use a unique process or source of expertise in selecting content that has scholarly significance, bringing together content that is interrelated in meaningful ways, amplifying the value in those relationships through internal linking, and/or offering other features that increase discoverability and provide a stamp of authenticity for that content
- » Content collections or online tools and services with significant market potential—that is, the audience is sizable, and willing and able to pay
- » Services or resources offering some ongoing or recurring value to the user

- » Projects offering content that by its nature demands constant update and review

How it works

The main distinguishing characteristics of a subscription-based resource are that payment is required in exchange for access to some or all of the content on offer, and the payment is not 'as you go'; the term 'subscription' implies some ongoing, periodic commitment to pay for and receive content, though the terms of that commitment can vary.

Some content providers that use a subscription model may charge for a series of discrete outputs, delivered on a regular cycle. Many academic journals, for example, offer print and/or online versions of journal issues and offer subscription plans to institutions and/or individuals. Further examples of resources using this type of subscription model include newsletters, newspapers and book clubs. Others may charge for ongoing access to an online content collection, for example, JSTOR, ProQuest, Alexander Street Press, and Netflix. YouTube also recently began offering access to popular channels via subscription.

Fees can be structured in a number of ways. Content providers can charge for access to a platform and the content and features it includes, or for delivery of content on a regular, periodic schedule. Pricing for large collections may be tiered or scaled to reflect the size of the subscribing institution or the projected intensity of usage.

Freemium models offer some basic content for free, but allow only subscribers to enjoy full access to all content. The *New York Times*, for instance, allows users to freely search, click, and access up to ten full articles per month. Other publications restrict in other ways the portion of content they offer for free; many journals, for instance, will provide abstracts of all articles to all readers, but will only supply the full text to paying customers or subscribers. One can imagine other ways of providing some free content to all readers and additional content to subscribers only; a resource might, for example, display to non-paying readers the full text of articles, but display images or citation data to subscribers only. While most of the functionality would remain, the full content would be available only to paying users.

Trends

A strong preference for open access in many parts of the academy has resulted in challenges to the subscription model in recent years. In the United Kingdom and the United States, federal mandates are being put in place that will require that the outputs of publicly funded research be made freely available. While the forms this will take are still to be determined, such policies will certainly present a challenge for potential publishers of peer-reviewed, grant-funded research who are considering selling subscriptions.¹⁶³

While scholarly research community has continued to advocate for open access models to support scholarship, it is worth noting that subscription models in adjacent industries, after a long, dry spell, are once again starting to

¹⁶³ In June 2012 a working group commissioned by the U.K. Minister for Universities and Science and chaired by Dame Janet Finch delivered its report, *Accessibility, Sustainability, Excellence: How to Expand Access to Research Publications* (known as the Finch Report), and in July the UK government responded: <https://www.gov.uk/government/news/government-to-open-up-publicly-funded-research>. In the US as well, recent initiatives from Congress and the White House have encouraged open access to the fruits of federally supported research. See, for example: whitehouse.gov/blog/2013/02/22/expanding-public-access-results-federally-funded-research

thrive. Although the 'big deal' has received backlash from the library community,¹⁶⁴ newspapers and other media have recently seen subscription rates and profits rise. *The New York Times* has made progress with the implementation of pay walls, the *Times* alone amassing 699,000 subscribers in nine quarters.¹⁶⁵ This represents considerable income for commercial publishers – almost 50% of digital revenue in the *Times*' case – as ad sales and overall circulation decline.

Case studies

Thesaurus Linguae Graecae

Thesaurus Linguae Graecae (TLG) is an online corpus of Greek literature, from Homer to the fifteenth century. Hosted by the University of California at Irvine, the TLG was created in 1972 and today includes more than 15,000 digitised works by more than 400 authors, and new content is added every three to four years. While its audience is fairly specialised, TLG has been able to fund about half of its operating costs through subscriptions. In total, TLG relies on three revenue streams: subscriptions, endowment and university support. In 2011, subscriptions were the most significant source of revenue, covering 55% of the annual budget.¹⁶⁶ Subscriptions are offered to individuals and to institutions. Individual subscriptions cost \$125 (£76.50) for one year or \$500 (£305.70) for five years, while the cost of institutional subscriptions is based either on the size of the institution, for an unlimited access site license, or on the number of workstations needed.¹⁶⁷ In the future, TLG would like to offer the public free access, but until the endowment reaches a high enough level to support all of its costs, subscriptions will continue to be the most significant revenue stream for the project.¹⁶⁸

The *New York Times*

Perhaps the best-known example of a subscription and freemium model in recent years is offered by the *New York Times*. Access to the entire online edition of the *Times* was initially free, but in March 2011 the newspaper instituted a paywall. The *Times* now grants free access to just ten full articles per month. In order to read more than that, users must purchase subscriptions, which are offered in a number of different forms, including print plus digital and digital only. Interestingly, article referrals – which readers may encounter in the form of links via social media or email – are *not* included in the free monthly article allowance, allowing subscribers to share and publicise the newspaper's content. While this strategy initially drew significant criticism from commentators online and in the media, nearly two years after instituting the paywall the *Times* appears to have developed a substantial base of subscribers to its online editions: according to a December 2012 Bloomberg article, online subscriptions accounted for about 12% of all subscription sales in 2012. Perhaps even more important, however,

¹⁶⁴ Andrew Odlyzko, 'Open Access, library and publisher competition, and the evolution of general commerce,' *arXiv*, 5 February 2013, <http://arxiv.org/pdf/1302.1105.pdf>

¹⁶⁵ Ryan Chittum, 'The NYT's \$150 million-a-year paywall,' *Columbia Journalism Review*, 1 August 2013, cjr.org/the_audit/the_nyts_150_million-a-year_pa.php

¹⁶⁶ Matthew Loy, 'Thesaurus Linguae Graecae®: Specialised Historical Content for a Niche Audience; Case Study 2009,' *Ithaka*, sr.ithaka.org/research-publications/tlg

¹⁶⁷ Thesaurus Linguae Graecae, 'TLG Subscriptions,' tlg.uci.edu/subscriptions The workstation option is designed to accommodate institutions with small classics departments and a limited number of users needing the resource. Fees for five years of access range from \$2,000 (£1,221), for up to three workstations, to \$3,000 (£1,832), for four to seven.

¹⁶⁸ Matthew Loy, 'Thesaurus Linguae Graecae®: How a Specialised Resource Begins to Address a Wider Audience; Case Study Update 2011,' *Ithaka*, sr.ithaka.org/research-publications/tlg-update-2011

is the fact that, according to a Bloomberg Tech Blog writer, “subscription sales are rising faster than ad dollars are falling.”¹⁶⁹

Benefits

- » The resource has a predictable source of revenue over the term of the subscription
- » The costs associated with retaining and maintaining existing subscribers are generally lower than attracting new ones
- » The resource gains the ability to generate data about subscribers and thus develop a clearer profile of customers (though this data must be carefully managed with an eye toward privacy issues) This enhanced market awareness can lead to the development of new or enhanced products and services within the enterprise, and it constitutes knowledge that may be of value to potential advertisers
- » Subscription offers can be customised for different customers based on perceived value and ability to pay. New forms of pricing are being developed, such as tiered approaches, price discrimination, and specialised packages. These techniques allow publishers to maximise revenues and also provide the potential to optimise access within the constraints of a subscription model
- » Financial support can be drawn, ideally, from those who benefit most from a service. The subscription model prevents a ‘free rider’ problem, where many who can afford to support something that is provided as a public good choose not to.

Disadvantages

- » The variability of subscription fee structures can be complex for customers to understand and difficult to compare
- » The wealth of competing sources of information available on the web can call into question the value of a particular resource. Online readers are often happy to seek information through portals and aggregators rather than directly on proprietary sites. This has forced content vendors to look very hard at just what unique value they provide. If a competitor provides information for free in a fashion deemed ‘good enough’ by its users, then a subscription service may find it difficult to maintain its subscriber base, even if it can claim to have superior content or features
- » Subscriptions by definition restrict usage of a resource to those who subscribe to it. This is a disadvantage for not-for-profit projects with a commitment to providing wide-as-possible access to their content or services. Access may be denied, for example, to users in developing countries, who may lack both the financial resources and means (eg. credit cards, bank accounts) to conduct transactions
- » Evolving federal open access mandates may make subscription impossible for some forms of scholarly content

¹⁶⁹ Edmund Lee, ‘The New York Times Paywall Is Working Better than Anyone Had Guessed,’ Tech Blog, 20 December 2012, *Bloomberg*, <http://go.bloomberg.com/tech-blog/2012-12-20-the-new-york-times-paywall-is-working-better-than-anyone-had-guessed/>

- » Subscription income can make it harder for a resource to build the case for generating other kinds of revenue, such as advertising or grants

Costs attributable to the revenue model

- » Access controls
- » Creating the content itself, or adding to publicly available content to make it more valuable
- » Technical support required to process orders
- » License agreements with subscribers
- » Sales force

Key questions to ask if you are considering this model

- » Is there a sizable enough targeted audience willing to pay for my content or service to cover direct costs and even generate a surplus for reinvestment?
- » It is possible to charge subscription fees that are compatible with my mission?
- » What audiences would I lose by restricting content to subscribers, and how important are they?
- » How will a decision to pursue a subscription model impact on my ability to attract funds from indirect beneficiaries, such as host institutions and foundations?

Further reading

Anderson, Kent. 'It's Not 1995 Again—Why the Threats from the New Big Players May Be Much More Significant This Time.' *Scholarly Kitchen*, 7 May 2013 <http://scholarlykitchen.sspnet.org/2013/05/07/its-not-1995-again-why-the-threats-from-the-new-big-players-may-be-much-more-significant-this-time/>

Anderson, Rick. 'The Big Deal, the Medium Deal, and the Tiny Deal.' *Scholarly Kitchen*, 30 May 2012. <http://scholarlykitchen.sspnet.org/2012/05/30/the-big-deal-the-medium-deal-and-the-tiny-deal/>

Davis, Phil. 'ArXiv Ditches 'Subscription-like' Model.' *Scholarly Kitchen*, 29 January 2010. <http://scholarlykitchen.sspnet.org/2010/01/29/arxiv-ditches-subscription-like-model/>

Esposito, Joseph. 'The Stubborn Persistence of the Subscription Model.' *Scholarly Kitchen*, 15 November 2011. <http://scholarlykitchen.sspnet.org/2011/11/15/the-stubborn-persistence-of-the-subscription-model/>

Howard, Jennifer. 'Libraries Abandon Expensive 'Big Deal' Subscription Packages to Multiple Journals.' *Chronicle of Higher Education*, 17 July 2011. <http://chronicle.com/article/Libraries-Abandon-Expensive/128220>.

Loy, Matthew. 'Thesaurus Linguae Graecae®: Specialised Historical Content for a Niche Audience; Case Study 2009.' *Ithaka*. sr.ithaka.org/research-publications/tlg.

Loy, Matthew. 'Thesaurus Linguae Graecae®: How a Specialised Resource Begins to Address a Wider Audience; Case Study Update 2011.' *Ithaka*. sr.ithaka.org/research-publications/tlg-update-2011

Odlyzko, Andrew. 'Open Access, Library and Publisher Competition, and the Evolution of General Commerce.' Preliminary version, 4 February 2013. dct.umn.edu/~odlyzko/doc/libpubcomp.pdf

Poynder, Richard. 'The Big Deal: Not Price but Cost.' *Information Today, Inc.*, September 2011. infotoday.com/it/sep11/The-Big-Deal-Not-Price-But-Cost.shtml.

Preston, Peter. 'Paywall or No Paywall, Print is Still What Pays.' *The Observer*, 19 March 2011. guardian.co.uk/media/2011/mar/20/new-york-times-paywall-comment?INTCMP=SRCH.

Share our vision to make the UK
the most digitally advanced education
and research nation in the world

[jisc.ac.uk](https://www.jisc.ac.uk)

Jisc
One Castlepark
Tower Hill
Bristol
BS2 0JA

0203 697 5800
info@jisc.ac.uk