

Hindawi Publishing Corporation: Growing an Open-Access Contributor-Pays Business Model

Case Study Update 2011

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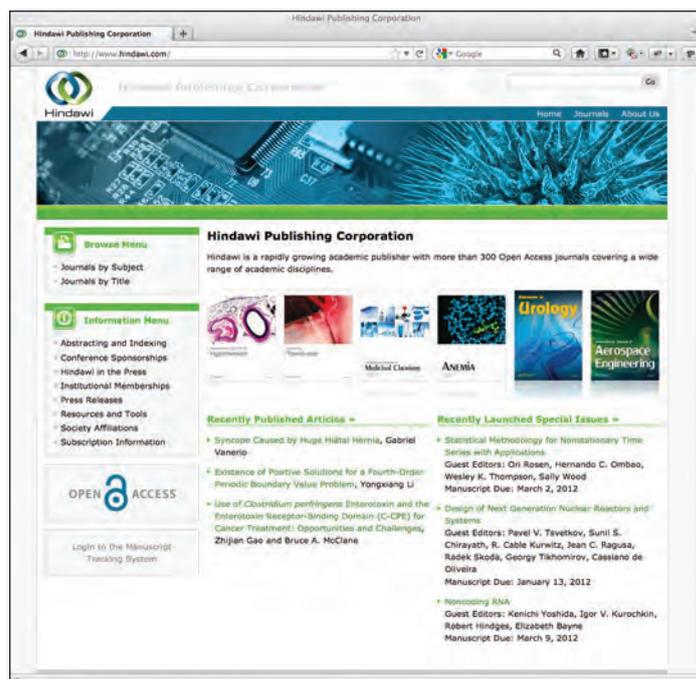
Ithaka Case Studies in Sustainability

The original case study in 2009 explored Hindawi's transition from a subscription-based journal operation to an all open-access publisher, with the bulk of revenues derived from fees from authors rather than subscription charges. Because the company's growth depends on the number of articles published each year, the company changed its focus from marketing to end users to developing new products, entering into partnerships with societies and other publishers, and creating a publishing experience for authors and editors that would encourage them to contribute their articles to Hindawi's journals. Over the past two years, the company's leadership has continued to develop programmes to launch new journals, while trying to maintain a high level of quality and to shorten the time between article submission and publication.

Hindawi Publishing Corporation is a for-profit publisher of peer-reviewed journals in science, technology, medicine and social science, founded in 1997 as a subscription-based business.¹ After experimenting with a hybrid subscription-open-access model, Hindawi evolved into an all open-access publisher, with revenues generated by article processing charges. Hindawi originally specialised in mathematics and engineering, but moved quickly into biomedicine, perceiving it as a growth area in journals publishing.

Original sustainability model (2009)

As an open-access publisher, Hindawi uses the 'contributor-pays' revenue model, by which authors pay for the costs associated with the publication of their articles, usually with the help of research grants or support from their academic institutions. Hindawi made the transition to this model over the course of several years, charging article processing fees ranging from \$0 to \$1,500, depending on the popularity and


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costs of the journals.² To achieve its financial goals, Hindawi has had to shift its emphasis from building a subscriber base to increasing the volume of articles published and setting fees that cover costs.

On a smaller scale, Hindawi also offers an institutional membership programme: institutions pay a flat yearly subscription fee, and in return, scholars at that institution are able to contribute articles without having to pay the author submission charge. Only 25 institutions participate in this programme, and these memberships provide only 1–2% of Hindawi's total revenue.

In 2010 Hindawi had revenues of over \$4 million, growing from just over \$2 million in 2008. The growth was fuelled both by new journals and by the performance of previously

¹ Nancy Maron, 'Hindawi Publishing Corporation: The Open Access Contributor Pays Model' (New York: Ithaka S+R, 2009), www.ithaka.org/ithaka-s-r/research/ithaka-case-studies-in-sustainability/case-studies/SCA_BMS_CaseStudy_Hindawi.pdf

² For a discussion of this transition, see Paul Peters, 'Case Study: Going All the Way: How Hindawi Became an Open Access Publisher', *Learned Publishing* 20:3 (July 2007), 191–95.

In 2009, Ithaka S+R published twelve detailed case studies of online digital resources, exploring the strategies project leaders were using to sustain those projects for the long term. All of the case studies have been updated in 2011, to revisit the original sustainability models and see how they have fared over the past two years. To read the original case studies, please visit: www.ithaka.org/ithaka-s-r/research/ithaka-case-studies-in-sustainability

launched journals, according to Paul Peters, Head of Business Development at Hindawi. The company's journals received over 23,000 submissions in 2010, and they estimate, based on data from the first eight months of 2011, that they will receive approximately 40,000 submissions in 2011, of which 13,000–14,000 will be accepted. This represents a significant increase in submissions from 2008, when Hindawi received about 7,600 submissions, but Peters says that the average acceptance rate for Hindawi journals has remained between 30% and 35%, and they expect this to continue moving forward.

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Perhaps the most significant single factor in Hindawi's sustainability model is its location in Cairo, Egypt, which allows the company to draw on a large pool of well-educated workers, at salary levels well below those found in Europe and the United States. As a result, Hindawi is able to maintain a staff of over 450 people, with considerable human resources devoted to business development, editorial functions, and technology development.

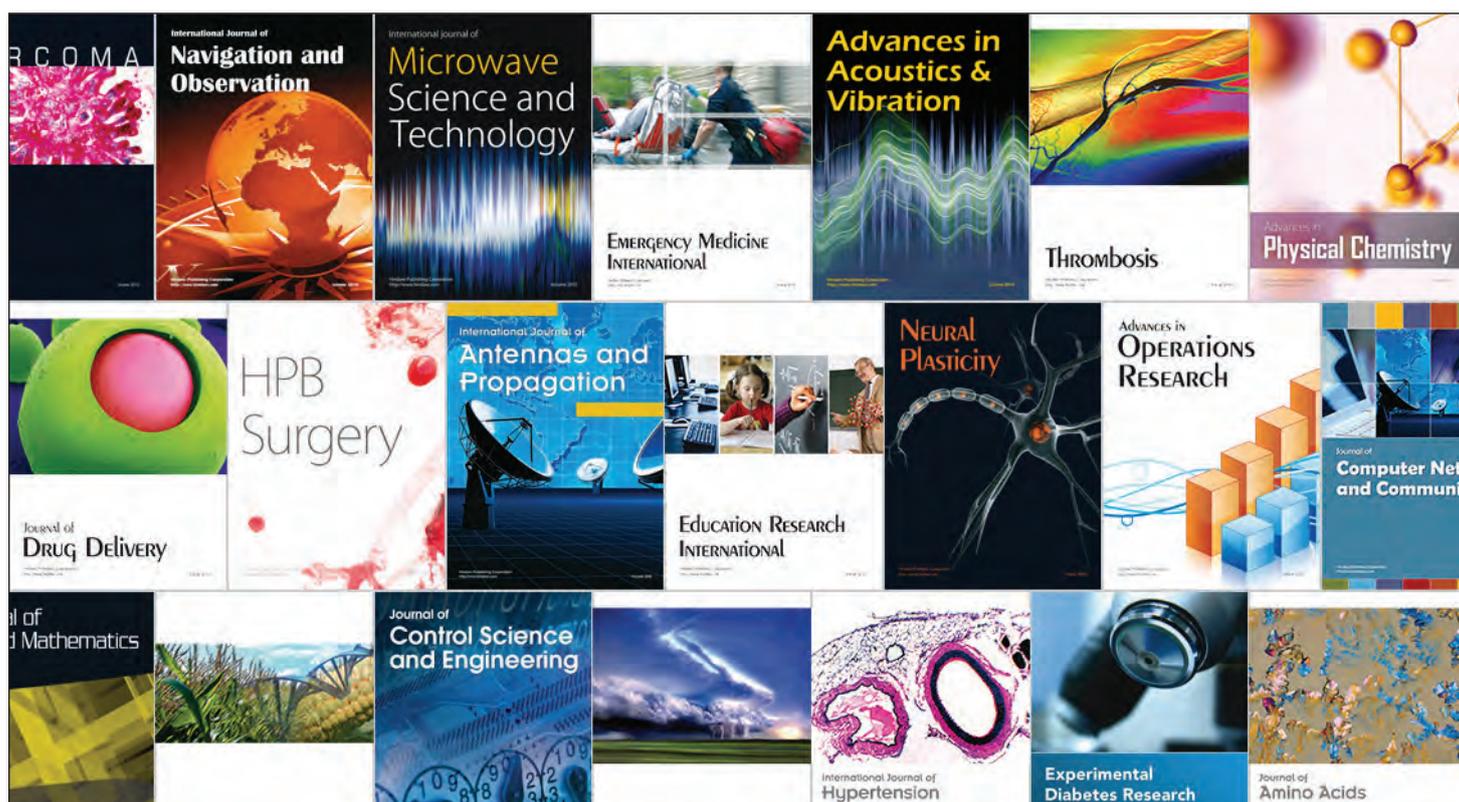
How the model has fared

When we first began updating this case study, we did not expect that Hindawi would have faced challenges to the same extent as the other projects we studied: as an open-access publisher, Hindawi was insulated to some extent from the economic downturn of the past several years, in a way that subscription-based journal publishers may not have been. Because Hindawi depends on author submission charges rather than institutional subscriptions, decreases in libraries' materials budgets should have had a limited impact on Hindawi's revenue model. Indeed, Hindawi's revenues increased by 80% between 2008 and 2010.

In early 2010, protests in Egypt led to the resignation of the country's president, amid a wave of general unrest in the Middle East. Nearly all of Hindawi's staff are based in Cairo. If political instability in Egypt becomes a longer-term problem, companies in Egypt, including Hindawi, could be faced with a more challenging environment for day-to-day operations.

Changes in direction and new initiatives

According to Peters, Hindawi's strategy for growth depends on new journal development as well as on building the prestige of its existing journals. Over the past two years, the company has expanded and launched initiatives that help Hindawi to accomplish both of those goals.



A selection of journals from www.hindawi.com

Sustainability dashboard

	2009 Case Study*	2011 Update**	What's Changed?
Content	<ul style="list-style-type: none"> ■ 160 journals ■ 2,500 published articles 	<ul style="list-style-type: none"> ■ 300 journals ■ 13,000 published articles 	420% increase in number of journal articles published per year
Functionality	<ul style="list-style-type: none"> ■ Custom-built platform with a manuscript tracking system 	<ul style="list-style-type: none"> ■ Journals covered by abstracting and indexing services 	Added functionality
Sustainability Model	<ul style="list-style-type: none"> ■ Author fees ■ Print editions of Hindawi's e-journals ■ Institutional memberships 	<ul style="list-style-type: none"> ■ Author fees ■ Print editions of Hindawi's e-journals ■ Institutional memberships 	Same model. Author fees provide the bulk of Hindawi's revenue
Costs	\$2.0 million	\$3.4 million	+ 70%
Revenues	\$2.2 million	\$6.0 million	+173%
Impact	<ul style="list-style-type: none"> ■ 7,600 articles submitted 	<ul style="list-style-type: none"> ■ Est. 40,000 articles will be submitted 	<ul style="list-style-type: none"> ■ Est. +426% growth in submissions
Sustainability Bottom Line	Relatively low labour costs help the project to sustain operations entirely through author-pays charges; a model based on contributor fees may motivate the company to launch new journals quickly.		Hindawi continues to grow and launch new journals quickly, but this strategy may not sustain the company over the long term if potential contributors sense a low level of quality.

* These costs and revenues reflect Hindawi's 2008 fiscal year.

** The costs, revenues, and numbers of published and submitted articles are estimates for calendar year 2011, based on the first eight months of the year.

New journal development. Because Hindawi's revenue model depends on the number of articles published, the company experiments constantly with ideas for new journals, with a focus on launching those journals rapidly. The company plans to launch approximately 100 new journals in 2011, which are expected to receive approximately 5,000 total submissions by the end of the year. All of these journals will fall under two relatively new editorial models for Hindawi: one is the Community Journals programme, for which large volunteer editorial boards of 30 to 100 scholars oversee the peer-review process for submitted manuscripts, and the other is the International Scholarly Research Network, discussed below.

Shortening the time from submission to publication. According to Peters, one of the major reasons that scholars value Hindawi is that its editorial models shorten the time between the submission of an article and a decision on whether or not to publish that article. To accelerate this process (and to encourage more scholars to submit their work), Hindawi introduced another editorial model in 2010, the International Scholarly Research Network (ISRN). ISRN is a series of peer-reviewed, open-access journals designed to provide a speedier peer-review process for submitted articles. Peters said that the goal for this model is an average review time of 28 days (compared to a three-month review cycle for other Hindawi journals). Each journal in this model draws on an editorial board of between 100 and 300 scholars, who commit to reviewing manuscripts within two weeks of submission. Five editorial board members review each submission; if

there is disagreement among the editors, the manuscript enters a second phase of review in which the editors read all of the editorial reports and have the opportunity to alter their initial decisions. To date, more than 3,000 articles have been submitted to Hindawi's ISRN journals. (It bears noting that 17 of the 48 journals launched under this model currently accept articles free of charge, which is likely to increase overall submissions.) Peters posits that volunteer editors will continue to participate because of 'the prestige of being associated with a well-regarded journal, particularly one that embraces an open-access mode'.

Indexing in PubMed Central and Web of Science. Building a credible reputation for a journal is a slow process, since it can take three to five years for science journals to begin to appear in citation and impact factor services. In 2009, nearly all of Hindawi's journals were too new in their respective fields to be included in these indices, but as of 2011, 170 of Hindawi's journals are included in Scopus, and 25 are included in Web of Science. Both of these services provide article-level indexing and citation analysis. An additional 90 Hindawi journals are now included in PubMed, an indexing service for biomedical scholars, and the final published versions of all articles in these journals are made freely available on PubMed Central, an open-access repository for biomedical articles funded by the National Institutes of Health. Peters feels that inclusion of these articles in PubMed Central will significantly increase the visibility of Hindawi's content.

Sustainability outlook

Today, Hindawi's sustainability model is closely tied to quantity: the more articles they publish, the higher their revenue base. In that sense, given the rapid growth in article submissions since we last studied Hindawi (a 426% increase), their model is in a strong position. Peters notes that Hindawi is 'experimenting all the time', and the community journals and ISRN journals are examples of the company's work to test new ways to bring in content. With that said, Hindawi's willingness to rapidly launch new journals carries a risk: that the company will fail to strike a balance between volume of content and quality of content. In a business model that generates more revenue by publishing more articles, the company must be vigilant about the quality of the work it publishes, or it risks damaging the prestige of its journals.

Looking ahead, Hindawi may need to pay special attention to its authors and volunteer editors in order to continue growing. All of Hindawi's journal models depend on a large number of volunteer editors – in the case of the company's ISRN journals, between 100 and 300 scholars participate on each editorial board. Although each scholar may be called upon to review an article submission only infrequently, convincing scholars to participate in the first place carries time costs for Hindawi's staff. It remains to be seen whether an approach that requires so many volunteer editors will scale in the future. Similarly, the company must continue to attract a high volume of authors, and so those authors must be assured that the journals attract a large readership.

Lessons learnt over the past two years

- The ability to experiment with new revenue models is important for any project
- If a business model depends on volunteers, project leaders must effectively communicate the value of participation to the volunteers and have a contingency plan if participation tapers off
- Particularly in an author-pays model, project leaders need to strike a balance between quality and quantity; having robust measures in place to control for quality (in regard to which an impact factor might play a part) will be crucial for maintaining the ultimate value proposition of the service for scholars

Interviewee

Paul Peters, Head of Business Development,
17 February 2011; emails of 15 February 2011 and
17 July 2011

This case study update was researched and written by Matthew Loy as part of the Ithaka Case Studies in Sustainability project.

Summary of revenues and costs

	2008	2011 Projections	Comments
Total revenue	\$2,200,000	\$6,000,000	+173%
Article processing charges	91%	94%	
Sales of books and print journals and other service fees	9%	6%	
Total costs	\$2,000,000	\$3,400,000	+70%
Personnel costs	50%	47%	
Non-personnel costs	50%	53%	
Number of staff	265 FTE	450 FTE	+32%
In-kind/volunteer contributions	Journal editors, members of editorial boards, and peer reviewers volunteer their time		

Explanatory note

The information presented in this table is intended as a broad picture of revenues and budgeted costs associated with the project, not as a detailed financial report. It does not include in-kind contributions or other unbudgeted items, though these are described where they are known. The financial data, which are presented in the currency in which the project reported the information, were compiled as part of the interview process with project leaders and staff, and in some cases were supplemented with publicly available documents, such as annual reports. Many of the figures are rounded or best estimates. Some leaders preferred not to offer figures at all, but suggested percentages instead. Because of the variability in the way each institution estimated the various categories of revenues and costs, the information presented in the table is of limited value for detailed cross-project comparisons.