

The Blackwell empire has its most public manifestation in the ubiquitous university bookshops that dot Britain. But the scientific publishing arm is also finding itself at the centre of attention as the spotlight falls on open access and institutional repositories. **Jane Dudman** talked to Blackwell Publishing CEO René Olivieri on what the future holds

FAMILY VALUES

Developments this summer with open access are still sinking in across the scientific, technical and medical (STM) publishing market, and nowhere more so than at Blackwell Publishing.

Blackwell Publishing prides itself on viewing its place in the publishing market a little differently from some of its rivals. After all, it's described by the Wellcome Trust as an 'honorary not-for-profit publisher'.

But this family-owned business, which has suffered from several high-profile disagreements among its shareholders who own it, has to survive in an increasingly consolidated and competitive market, and has to fight off various threats, from potential takeover to the insistent urges of open access.

The way Blackwell Publishing is organised into four separate divisions, is typical of the company's individual approach. "To some extent, the divisions are the consequence of the evolution of the two companies that make up Blackwell Publishing," explains René Olivieri, the company's chief executive. "We decided that we wanted a very strong market focus and we wanted to reflect the way our authors and societies see themselves within their international community as far as possible."

In consequence, it is less easy to compare Blackwell Publishing with other STM publishers. "We are rather different from other publishers, in part because we are one of the fortunate companies left with a very stable and forward-thinking shareholder base," says Olivieri.

"We are very relationship-focused and we attract more societies every year. We are not as profitable in bottom line terms as larger plcs and we are proud of that. We see ourselves as providing a service to academia. We make lots of decision in the interests of our clients and customers that will not maximise our short-term profitability."

The question is how vulnerable this makes Blackwell Publishing. The STM market is consolidating and changing, and Blackwell increasingly looks like a target for a takeover. In fact, its most public internal battle to date was over this very issue, when some Blackwell shareholders wanted to accept a takeover by Taylor & Francis in 2002.

Since then, things have moved on, dramatically. Taylor & Francis has itself been merged into Informa, and Blackwell Publishing has attempted to make its internal divisions a little less public.

"At the time of the proposed merger, one shareholder was open about the situation, but since that time, rather than talk in the press, we have agreed to talk about our plans internally," comments Olivieri. "We are now into our fourth year [as Blackwell Publishing] and we are meeting all our strategic and financial goals – and that shareholder is very supportive."

Jon Conibear, a former director of Blackwell Science and now group journals managing director at Taylor & Francis, points out that the publishing ethos of Blackwell Publishing is based on a low-risk approach engendered by the ownership.

"Most publishers have their own ideas and their own copyright, but because of the way the family likes to invest, Blackwell takes a very low risk approach," he comments. "As far as one can see, that remains the company's model. They are still doing very well and I don't see any reason why that model shouldn't be sustainable for as long as the journals model stands up."

The real difference, adds Conibear, lies in Blackwell Publishing's relationship to the overall STM market. "The difference is in the attitude to capital," he says. "In a publicly-owned company, the shareholders think managers should be doing better than the bank with capital, so they tend to have pretty major borrowings, but Blackwells has a policy of no borrowing at all – indeed, where possible, not even an overdraft. That has meant it has been unable to participate in the overall consolidation of this business and, relatively speaking, it is now a small player."

Conibear thinks this means Blackwell Publishing, if it were for sale, would not attract the same premiums as firms like Kluwer and Springer. "But it doesn't mean that it wouldn't be of interest as a takeover target," he adds.

One of the challenges facing all STM publishers is the question of open access. This is a subject that has aroused fierce debate across the market, particularly in the light of the House of Commons select inquiry into scientific publications. But some experts feel that the nature of the debate is now changing and the movement towards a model in which authors, or their funding institutions, pay for publication of scientific papers, has, if not subsided, certainly lessened.

"If the societies move to open access and say they are no longer interested in being profitable, that would certainly be a threat to the business model, particularly for Blackwell Publishing," acknowledges Conibear. "But I don't see that happening. I think we are still waiting to see what model the industry will come up with that brings the benefits of open access based on a sustainable business model."

Emerging models pose challenges

David Worlock, chairman of research firm EPS, and special advisor to the House of Commons select committee, says the business model is not yet proven for an open access approach and that online business models are still emerging.

Blackwell has already set up an online journals service, Blackwell Synergy, which holds content for most of Blackwell's journals. "Probably the big brands in print journal terms will be the big brands in an online environment," comments Worlock, "and Blackwells has made a good start with its Synergy service."

Worlock also points out that although the STM market is highly profitable, there is still a great deal of journal publishing with small, or non-existent, profit margins.

Olivieri remains confident of his company's strategy. "We are in a good strategic position," he comments. "We do acquire lists, but we grow primarily by partnering with the most prestigious associations." He also points to a solid presence in the US, the biggest academic publishing market.

In this context, insists Olivieri, size is not everything. "We have a relatively small market share compared to Elsevier," he acknowledges, "but in terms of our citation levels, usage of our articles online is going up exponentially, and a lot of this is again not about maximising profit, but about

maximising readership. We do not see ourselves as just having articles in a big database, but as a federation of brands we represent in each of these disciplines."

The biggest challenge for Blackwell Publishing, therefore, is to get the best content. "That is competitive," acknowledges Olivieri. Open access is having an impact on Blackwell, but like others in the STM market, Olivieri believes a new model will emerge for a digital, online environment. "We believe we should be aiming to increase access all the time and it makes good commercial sense when we can increase that access at little or no extra cost. We are very sympathetic to the basic aims of open access."

Olivieri himself has a background as an economist and during his 25 years at Blackwell has considered the economic implications of many different approaches, including site licences and the 'big deal' approach. The need to come up with strategies that will work in an online environment has been underlined by the recent hiring of Steven Hall, who is joining Blackwell from online specialist ProQuest.

"We have realised in our divisions that it is the job of the individual marketing and sales people to manage subscriptions," explains Olivieri. "We want to license content and deliver documents on demand. We are selling subject bundles and whole list deals and we need to unify all that into how we manage online sales. Steven is an experienced aggregator and will manage all this. He will also definitely influence our editorial content, because he is an online publisher as well."

One of the reasons some of the Blackwell shareholders wanted the board to accept the Taylor & Francis takeover in 2002 was because they felt it was becoming increasingly difficult for Blackwell to hold its own in an overcrowded market. Olivieri, not surprisingly, sees things differently. "There is no question, looking forward, that revenue in this sector will not grow at a dramatic rate, so there is a definite battle for market share, but we should not overstate that," he comments.

Like ESP's Worlock, Olivieri points out that most STM publishers are small firms. Very small firms, publishing no more than a few articles and making either no profit or very little profit. In such a market, says Olivieri, there is room for a firm such as Blackwell Publishing. "We can hold on," he comments. "Maybe we are not as profitable as Elsevier, but we are unique and we are healthy." ●

