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Change Is Very Exciting

INTERVIEW

with Bob Campbell

by RICHARD POYNDER

The name Blackwell has been synonymous with scholarly publishing since the 19th century, when Benjamin Blackwell opened his first Oxford bookshop. His son Basil subsequently founded Blackwell Publishers and Blackwell Science—which in 2000 were merged to become Blackwell Publishing. Still privately held, Blackwell Publishing last year rejected a \$479 million offer from Taylor & Francis. In a recent interview, Blackwell Publishing president Bob Campbell spoke about his company.

Q: Can you say something about the history of Blackwell Publishing?

A: The company was founded in October 2000 from the merger of Blackwell Publishers—the humanities and social science publisher—and

Blackwell Science. Blackwell Science also owned Munksgaard in Copenhagen, which was a major STM house in its own right.

Q: The Blackwell name goes back a long way, right?

A: Yes. B H Blackwell [the bookseller] was formed in 1879, although the family was involved in bookselling from the mid-19th century.

Q: Would it be accurate to characterize Blackwell Publishers as having been a book publisher and Blackwell Science as an STM journal publisher?

A: Not quite. Blackwell Publishers, which was founded in 1922, entered the journals market quite heavily from

the 1980s. Blackwell Science, founded in 1939, launched its first journal in 1955.

Q: Why were the companies merged?

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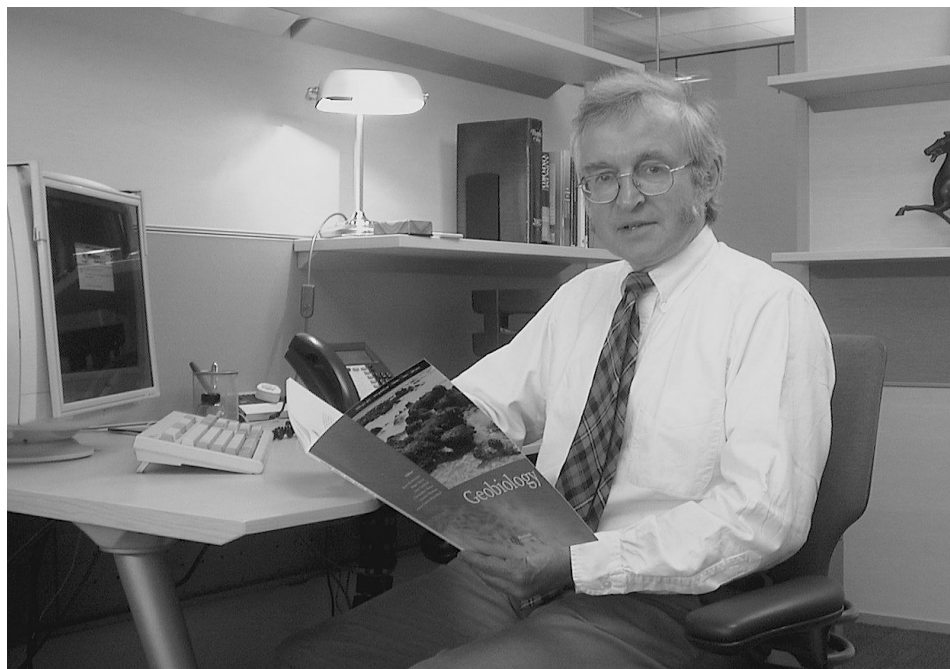


A: It was a market-driven decision. Librarians were telling us they were having trouble working out whether they were talking to Blackwell Science or Blackwell Publishers, or even to the bookshop. They wanted to speak to one sales team, not two.

They also wanted a common technical platform and just one license.

Q: How does the product portfolio of the combined group look today?

A: Following the merger, we have four publishing divisions: a medical division, which publishes Web sites, books, and journals; a professional division, which publishes a full product range, including nursing, veterinary medicine, agriculture, and construction law; a journal publishing division covering the humanities, the social sciences, and the sciences; and a division that publishes books in science, the social sciences, and the humanities.



Bob Campbell

Q: What is the split between journals and books in terms of sales?

A: Around 70 percent of our business today is journals and 30 percent [is] books. Currently, we look after 500 societies and publish 676 journals and over 650 books a year.

Q: Prior to the merger, you ran Blackwell Science and René Olivieri ran Blackwell Publishers. How have you divided up responsibilities in the new company?

A: René is the chief executive and does all the hard work running the company. He's very financially aware and very good at understanding the business and driving it forward. The general idea is that as president I look outward and René looks inward. However, that is an oversimplification as we tend to share responsibilities.

Q: There must have been some inevitable tensions during the merger.

A: Like all these things, it was more work than we had expected. But we shared a common vision that a merger was good, and René worked very hard to

maintain morale around a single vision. All in all, it has been fun. And the incredible thing is that in 2002 we hit the target we had set ourselves and made a profit of [\$32 million] on sales of [\$263 million].

Q: That was twice the figure achieved in 2001, right?

A: Yes. Profits were between [\$16] and [\$17.5] million in 2001.

Q: You say you look after 500 societies. I guess what distinguishes Blackwell from other scholarly publishers is that some 70 percent of the journals you publish belong to the societies rather than Blackwell. This makes you more of a contract publisher?

A: Ultimately, we have contracts with societies so, yes, you could describe it as contract publishing. However, the relationship in some cases is very longstanding and some of the journals are co-owned with societies. In fact, every year, two or three more societies will sell half their journal to us. On other occasions, we put out a business plan and invite one or two societies to invest in new journals.

Q: Many of your society journals are very small and might perhaps be better combined to create a series of larger journals able to attract a higher impact factor. Moreover, I'm told that you will often agree to low-value contracts that, say, Elsevier wouldn't touch. Might there be a case for renegotiating some of your society contracts?

A: It's really a matter of scaling. We do things for societies all day long, so we have massive economies of scale. Our competitors generally deal with only a handful of societies, so they have tremendous difficulties competing in this area. I wouldn't agree, by the way, that Elsevier wouldn't touch some of our contracts. It is currently advertising for a journal publishing manager in Australia, so [it] presumably would like to win more society contracts there, where we are very strong.

Q: How would you characterize the current state of the STM publishing market?

A: Pretty good. Research funding is very strong right now. The National Science Foundation will effectively double funding over the next 5 years. And here in

Britain, the Department of Trade & Industry, through the research bodies, is talking about an above-inflation increase.

Q: What threats does the industry face?

A: A major change in research-funding policy would be a serious threat. In medicine, for instance, the pharmaceutical industry is very important. It spends more every year on refereed material, and it contributes a lot of that refereed material. So if there were a change there, it would pose a significant challenge.

Q: That is a potential threat. What about existing threats?

A: Obviously, there is the open access debate, which gets muddled up with other issues. In fact, open archives should be viewed as complementary to traditional journals.

Q: So you have no problem with academics archiving their papers, so long as they carry on publishing with you?

A: Right.

Q: I guess you see greater threat from initiatives like the Public Library of Science (PLoS), which plans soon to launch a new author-funded journal [*PLoS Biology*]?

A: Right. PLoS has \$9 million in funding and some very good people. Clearly, they will be trying to get good papers and to establish the credibility of their new model.

Q: David Prosser has been pushing a plan for the partial or gradual conversion of conventional journals to open access, where an author offers to pay an upfront fee in exchange for the journal pro-

viding open access to that author's article. What are your views on this?

A: Actually, it's not his plan. It started with the Florida Entomological Society 2 or 3 years ago and was subsequently adopted by the main U.S. entomological society.

Q: Would Blackwell journal editors be free to follow this model if they wanted?

A: If we see a new way of disseminating research, we obviously want to learn about it and maybe do it. Indeed, we have talked to several societies about this, but none of them are that keen to try it—[not] yet at least.

The fun of publishing is that it embraces new technologies, new media, etc., and I don't see the fundamental role of the publisher changing dramatically.



Q: If you are primarily in the business of contract publishing, such developments are less threatening to you than, say, Elsevier?

A: Oh, much less. It is going to be very interesting to see how this works out. One of the most telling remarks I heard came from Hal Varian, the economist. He pointed out that where a system is funded by the author—the PLoS concept—it will evolve to favor authors. Where a system is funded by the customer—the model of traditional journals—it will evolve to favor the customer in terms of better quality, better services,

and so on. The fundamental issue is, where will it lead if journals are paid for by authors?

Q: The industry continues to experience consolidation. Is this good or bad?

A: It makes the culture of publishing less interesting. The industry is great fun, but it feeds on new ideas. So the thought of a few large companies strikes me as somewhat boring. While we see increasing consolidation, however, there are also new ideas popping up and new models coming along. PLoS, for example.

Q: What do you make of the entry of private equity firms like Cinven and Candover into the industry? While their purchase of Kluwer Academic Publishers, and more recently BertelsmannSpringer, has raised the usual antitrust issues, some have welcomed it, arguing that it will provide a useful counterweight to Elsevier. Now we hear that Derk Haank has been poached to head up the new Springer. Could this herald a sea change in the industry?

A: It could. Derk is very able and an innovative thinker.

Q: When Taylor & Francis wrote to Blackwell Publishing offering to buy the business for \$479 million last year, some of your shareholders were very interested, but the Blackwell board dismissed the proposal out of hand. Do you think that was a missed opportunity?

A: Certainly not. At that time, we were looking at the 2001 results, so we could have lost our nerve, looked at the Taylor & Francis offer, and once all the figures had been reviewed, probably not got an awful lot for the company. Subsequently, we have had the huge increase in profitability, so things look very different now.

Q: Nevertheless, some of your larger shareholders—particularly Toby Blackwell—were very keen to sell. How can you keep them on side?

A: The dividend was 85-percent higher this year, and if we keep growing, we would expect it to increase again next year. Toby Blackwell is now very supportive. He came to the AGM and proposed Nigel Blackwell for re-election as chairman.

Q: So what is the strategy going forward?

A: The board has a very strong belief in the future of the business, and we have invested in a new building here in Oxford. Shareholders are getting a very good growth rate. Our organic growth is around 12 percent, which is three times the likes of Taylor & Francis, Wiley, or Elsevier. I would expect it to continue at around 12 percent, with another 2 to 3 percent of growth through acquisitions. We currently have several small purchases in negotiation, for instance.

Q: What about Bob Campbell the man? How did you end up in scholarly publishing?

A: My father was an ornithologist and lived by writing, so I had quite a lot of experience of the publishing community secondhand. My father also knew Per Saugman, who built up Blackwell Science, so I'm afraid it was nepotism.

Q: You have been at Blackwell for 35 years. Why did you never move on?

A: I like living in Oxford, and we get tremendous freedom to run the business from the Blackwell family.

Q: I'm told that another attraction is the Oxford publishers' poker school?

A: Well, Ivon Asquith [Oxford University Press' managing director] and I have been growling at each other over the poker table for 25 years.

Q: And Macmillan CEO Richard Charkin is another regular player. Have your poker skills helped you in your career?

A: It's just a social thing. We talk about publishing and [the] like.

Q: Including the future of the industry, I would think. Given the threats we've discussed, how secure is the traditional publishing model?

A: As long as I have been in the industry, there has always been something on the horizon that was going to change everything. But the fun of publishing is that it embraces new technologies, new media, etc., and I don't see the fundamental role of the publisher changing dramatically.

Q: So the basic business of commercial publishing remains intact?

A: Right. It will adapt, of course. That is why a lot of people at Blackwell Publishing work here. They like the changing model and the debate that goes with it. Change is very exciting.

Richard Poynder is a U.K.-based freelance journalist who specializes in intellectual property and the information industry. His e-mail address is richard.poynder@journalist.co.uk.