



## Preliminary Findings: Rent Seeking by Elsevier

### **Publishers are increasingly in control of scholarly infrastructure and why we should care**

*A Case Study of Elsevier*

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Over the last few decades, there has been **ongoing debate and distress** regarding the effects of the journal **subscription paywall** and the very real barriers to knowledge access that it creates. As major academic publishers invest and **redirect their business strategies to open access** and alternative paying structures, it may seem as if the access to knowledge battle is starting to be won. However, as big publishers move towards openness they have also been redirecting their business strategies towards the acquisition of scholarly infrastructure, the tools and services that underpin the scholarly research life cycle, many of which are geared towards data analytics. We argue that moves toward increased control over openness and data analytics by big publishers are simultaneous processes of profit maximization. Could it be that our attention on the paywall has distracted us from paying attention to the strategic takeover of infrastructure by the publishers? These processes should be examined closely as they are actively entrenching the publisher's' power and control which could be posing great threats to the exclusion of already marginalized researchers and institutions.

As we analyze what a rebranding into data analytics entails, we must situate this process within what has been a historic and aggressive strategy of economic concentration by the top academic publishers. The largest of these publishers publish a massive portion of journal articles collectively – **almost 50% for the top 5 publishers**. The move towards data analytics is part of a strategy by big publishers to expand their influence throughout the entire knowledge production cycle. The ability to rebrand as data analytics and the success of many of this services is a direct result of the disproportionate ownership of academic content that these publishers have historically acquired.

As data analytics entrenches the power of big publishers it raises flags in terms of barriers to competition in the industry as well as increasing marginalization for researchers. This blog looks into the largest academic publisher in the world, Elsevier, to document its transition into data analytics and its resulting control over the infrastructure surrounding the entire knowledge production process. We will first talk about our hypothesis and methodology before we go into our findings and analysis.

### **Hypothesis and Predicted Implications**

Elsevier has recently rebranded itself from an academic content provider to an “**Information Analytics Company**”. To analyze the implications of this rebranding we decided to first focus on a history of mergers and acquisitions (M&A) of RELX, the parent group of Elsevier. We wanted to test our hypothesis that the rebranding into data analytics has entailed an active process of acquisition of the existing research infrastructure as well as the development of new platforms surrounding the knowledge production cycle. We argue that this is possible because of a leveraging on their already disproportionate ownership of content.

Based on our hypothesis we conjecture that there are two potential consequences to the publisher’s expansion: increasing dependence by researchers and institutions, and a resulting increase in global knowledge inequality.

**Increasing dependence by researchers and institutions:** with the publishers’ increasing influence of infrastructure at all stages of the research cycle, researchers and institutions become more dependent on publishers than ever. This dependency on a small group of publishers exacerbates vulnerabilities and power imbalances with researchers.

**The increase of inequality in global knowledge production:** finally, the disproportionate influence of Elsevier in the research cycle makes it harder to function outside their reality. This is particularly challenging for researchers in the global south whose methodology and epistemological approach does not align with mainstream models of research production and evaluation. This directly enhances inequality in global knowledge production and could be contributing to a loss of diversity in knowledge as a whole.

### **Methodology and limitations**

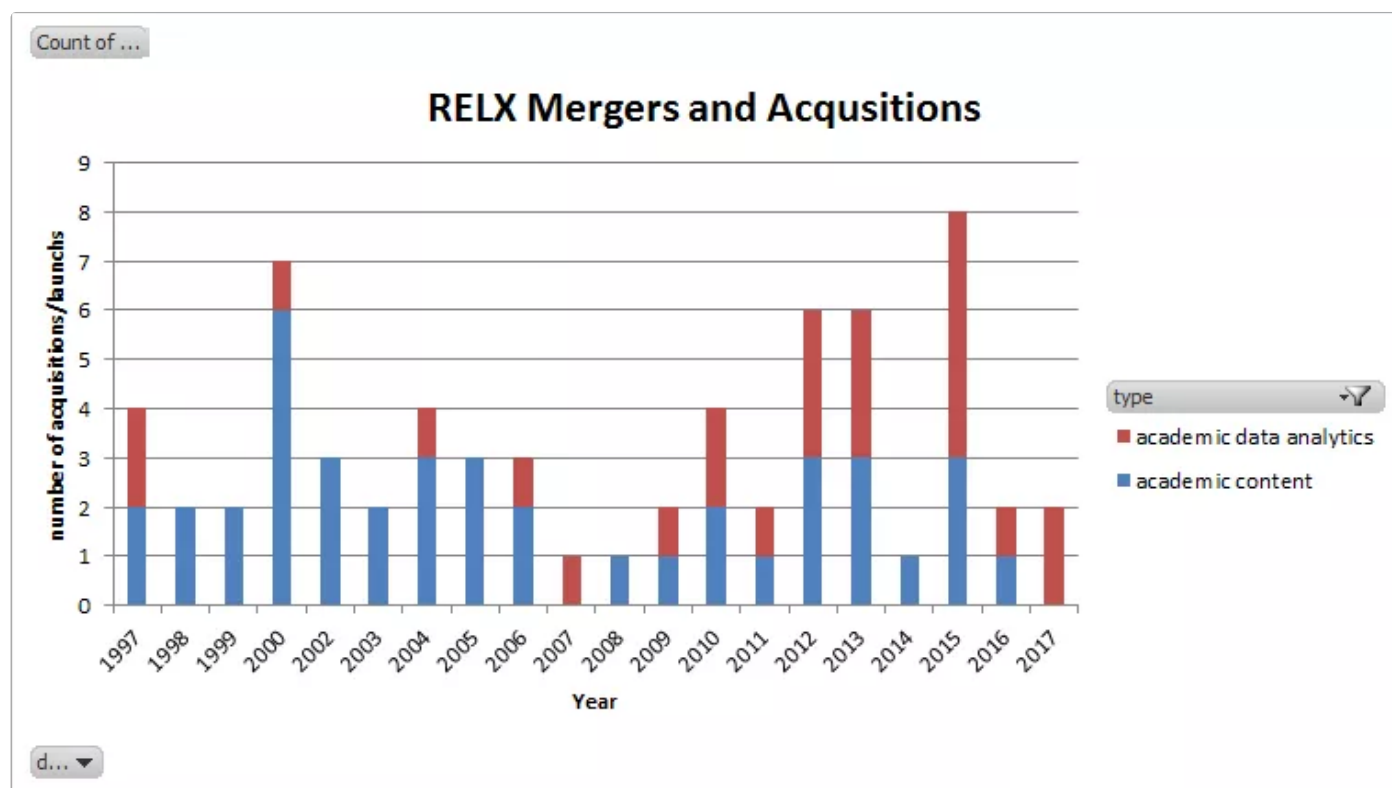
To test our hypothesis of the transition towards data analytics, we utilized **Factset** and **Capital IQ** (financial data and software companies) to extract mergers and acquisitions data for RELX for the past 20 years. We additionally look into all of Elsevier’s current product/service offerings on their website, including product launch date. This was aggregated into **a table** sorted by date consisting of over 340 M&A/product launches. The items were then categorized between academic content and data analytics.

However, there are limitations with this methodology regarding comprehensiveness. The information providers, Factset and Capital IQ, only record major acquisitions so small acquisitions may be missed. Furthermore, while we have attempted to mitigate the issues of in-house product launches through our Elsevier site research, only current products have been covered. There is thus the prior possibility of defunct products within the data analytics fields excluded in the analysis.

### Is it true?

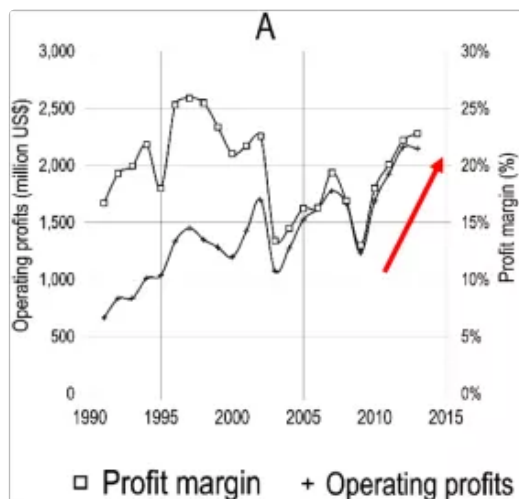
By looking at the merger and acquisitions of RELX, Elsevier parent company, we wanted to understand the relationship between historic processes of acquiring academic content and that of acquiring data analytic services. The table below shows this relationship.

Note: The list of all 340 M&A compiled can be accessed via the [following link](#).



The table is interesting for a number of reasons. **First**, it shows that as expected RELX has had a historical acquisition of academic content. From such acquisitions, Elsevier has been able to have ownership of close to 3000 journals and 41,500 DRM free ebook titles. **Laviere calculated that in 2013** they were publishing 16.4 percent of all Social Science and Humanities papers. Together with Taylor Francis and Wiley Blackwell, they published almost 50% of all papers that year. **Second** is that since early 2000 there has been an interest in data analytics acquisitions which has increased throughout the years especially since 2010. It is interesting to note that Elsevier profit margin and operating profit, which were in a downfall prior to 2010, increased consistently since that period. As **explained by Elsevier's senior VP** the

business's growth can be greatly attributed to their investment into new technologies. Investment into data analytics has been driving the rent seeking strategy of the company.



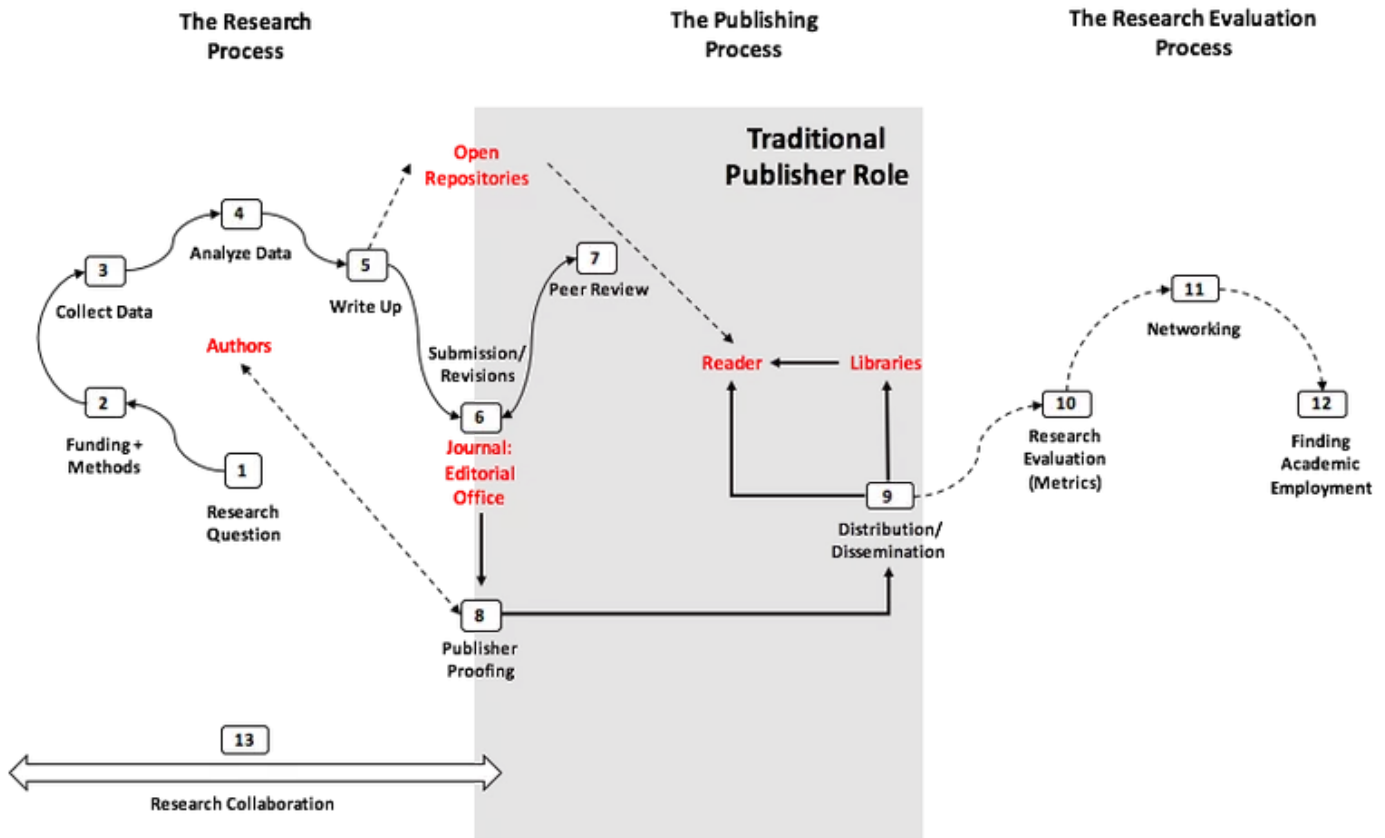
Larivière, V., Haustein, S., & Mongeon, P. (2015). The Oligopoly of Academic Publishers in the Digital Era. *Plos One*, 10(6). doi:10.1371/journal.pone.0127502

The findings confirmed our initial hypothesis that the rebranding to information analytics by the company has been accompanied by investment in various data analytics infrastructures. It also showed us that the process occurred alongside a historic acquisition of academic content. However, we still needed to understand how the acquisition of academic content aided a rebranding of data analytics and what were the implications of these processes for knowledge production. This analysis required an understanding of the various stages involved in the knowledge production process.

### The academic production cycle

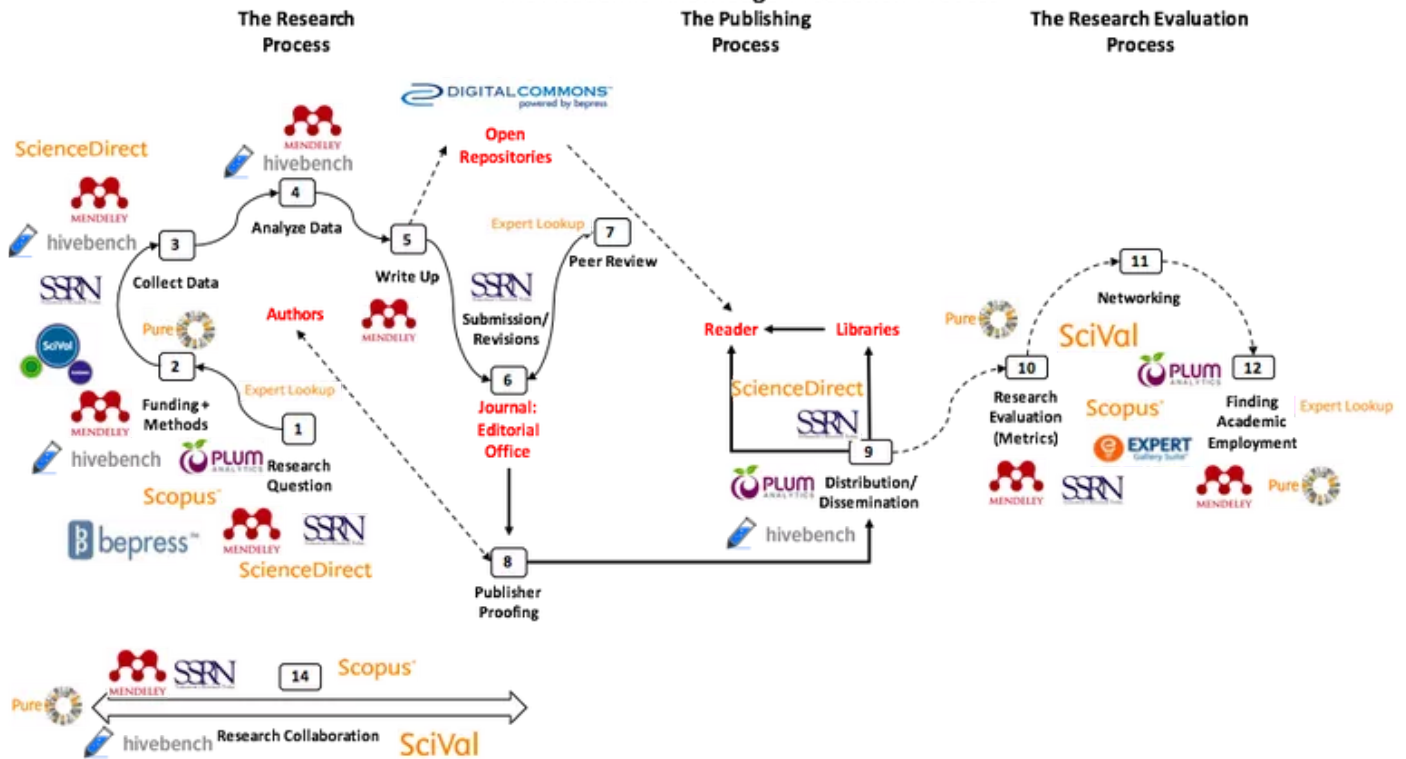
The diagram below presents a simplified depiction of the various stages involved in the academic knowledge production process. We divided this into three connected sections; the research process, the publishing process, and the research evaluation process. The research process is comprised of the various stages that researchers go through to get a paper ready for review including, access to fundings, data collection and analysis, and writing up the research. The publishing process describes the stages that publishers were traditionally involved in, mainly coordinating review process and dissemination of the content produced. The research evaluation process has a direct influence on the researcher's ability to do professional networking and ultimately find interesting academic employment. These processes are in fact cyclical as the ability to network and find academic employment will have a direct influence on the researcher's ability to produce subsequent papers. The arrow at the bottom left corner represents the various stages at which research collaboration takes place.

# The Academic Knowledge Production Process



We wanted to know how a rebranding into data analytics by big publishers would look like for the academic knowledge production cycle. We compiled the various data analytic services that had been acquired and created by Elsevier and examined each individually to see what part of the knowledge production cycle it was targeting. The diagram below depicts the results. The diagram is meant to show the extent of Elsevier expansion through its acquisitions of various key infrastructural components. The reason that some products appear at various stages of the diagram is because they have embedded services that target specific stages. A detailed breakdown of how each product and its services target each stage is available through the [following link](#).

## The Academic Knowledge Production Process



As hypothesized, the diagram shows the vertical integration resulting from Elsevier's acquisitions. Elsevier has acquired and launched products that extend its influence and its ownership of the infrastructure to all stages of the academic knowledge production process. Some have **championed this phenomenon** under the idea that vertical integration of the value chain allows for efficiency and better-integrated services and products. However, it is precisely because of the power to integrate products across the value chain that this expansion should be critically examined.

At first sight, there is an obvious concern of a conflict of interest. This is especially true when the supplier of academic journals is also in charge of evaluating and validating research quality and impact (eg: **pure**, **plum analytics**, **Sci Val**), identifying academic experts to direct to potential employers (eg: **Expert Lookup**), managing the research networking platforms through which to collaborate (eg: **SSRN**, **Hivebench**, **Mendeley**), managing the infrastructure through which to find funding (eg: **plum X**, **Mendeley**, **Sci Val**), and controlling the platforms through which to analyze and store your data (Eg: **Hivebench**, **Mendeley**). The conflict of interest has direct implications to the power and control that publishers have over the content and methodological approach of the research being produced. Elsevier is aware of such conflict of interest and it has tried to mitigate its effects through various mechanisms. For example, Elsevier has had to create an independent Content Selection Advisory for Scopus, a database of abstracts and citations, to mitigate the conflict of interest at the time of selecting which articles to include. Are such mechanisms enough to mitigate the disproportionate amount of power that these publishers get once they have ownership of entire research infrastructure? What are the implications for competition by smaller companies seeking to provide alternative services at the various research stages? And most importantly what are the implications for academic knowledge at large?

The question of competition requires us to look at our first hypothesis, that the ability to rebrand as data analytics is, in fact, a leveraging of the already disproportionate amount of content that this publisher's own. For example, Elsevier's ability to provide access to the most comprehensive reference manager or a database of academic experts is rooted in the fact that they already have access to a disproportionate amount of academic content. This makes it extremely hard for alternative services to emerge in such spaces. Once independent services do manage to emerge they face an unequal playing field in which their success becomes dependent on the possibility of eventually being bought out by a large publisher. We should be worried about the ability of big publishers to acquire and concentrate the analytic services that emerge at the various stages of the research cycle. It was the aggressive acquisition of small publishers by big publishers that gave big publishers an excessive amount of power in academic content and the ability to create such contested paywall. How would these patterns be replicated if the process of concentration repeats itself across the various stages of the knowledge production cycle?

### Dependency Upon the System

A direct implication to researchers is the increasing dependency that they face in their relation with the publishers. Overtime there has been multiple movements of resistance by academics to boycott and challenge the power that big publishers have over the research process. Such efforts have included attempts by renowned universities such as **Harvard** to stop negotiations. Pledges such as *the cost of knowledge* have been signed by over 16000 researchers refusing to publish, referee and do editorial work for Elsevier. There have even been direct accusations of **anti-competitive practices** by Elsevier made to the competition and market regulatory authorities. Most of such efforts have focused on concerns over access and the paywall. Our findings show that the decision to boycott Elsevier is much more complex than the decision not to publish in the journals they own. It is a decision to be outside the integrated academic knowledge infrastructure that they have acquired and as such it has direct implications to researchers ability to find jobs, of access to funding and to collaborate with other researchers. Through their rebranding of information analytics, Elsevier has used these technologies to produce and reproduce systems of dependence.

Given the high costs of non-participation in the system, many researchers have few options but to entrust the knowledge they produce in these corporations. In a way, the global publishing systems is comperable to global financial institutions. Just like money for banks, these institutions are taking the acquired knowledge and investing it in a variety of strategic mechanisms such as data analytic services and profiting immensely from it. Obviously, the main difference is that in a bank you can ask for your money back whereas the publishers will actually charge you for the knowledge you gave them for free. The comparison is a useful way to portray the way in which the rent seeking behaviors by this big publishers are actually representations of a financialization of academic publishing. Financialization being understood as **“the increased linking, translation, and interactions between a financial mode of apprehending the world and other social domain”**.

As aforementioned, many researchers end up having to use the services and platforms owned by the big publishers. The consolidation of research infrastructure by Elsevier makes working outside the mainstream forms of knowledge production extremely challenging. We are interested in looking further at the implications of having to use the various infrastructures offered by the publishers. A large part of it being the impacts that this can have on a researcher's choice of how they go about performing and communicating their research. Ultimately, we are interested in examining the implications of a consolidation of publishers' power to the diversity of knowledge in academic production particularly in the global south context.

### Final Thoughts

Our findings support [Jefferson Pooley recent argument](#) that scholarly communication shouldn't just be open but should be not-for-profit as well. The benefits of integrating the academic knowledge production value chain should not be in the hands of rent-seeking and profit-maximizing corporations. There is an urgent need by research communities and public agencies to collaboratively reclaim the infrastructure around the academic knowledge production process.

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## One thought on “Preliminary Findings: Rent Seeking by Elsevier”

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Austin Krauss

September 29, 2017

Great article. There is a large knowledge gap present between those who create scholarly studies and those who consume them. Stephen Dubner, from Freakonomics, said it best in his recent



podcast: “My one big complaint is this: the way academics communicate to the rest of us, to the non-academics, is terrible.” I’d recommend checking out <http://www.knowtro.com> – Knowtro is a free-to-use, open access platform that transforms research articles into simple statements so that anyone can make use of their findings.

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