

# 07. Opening the Future: Financial modelling

This section provides the detailed financial modelling spreadsheets and other tools that our participating presses have used, in order for you to make your own calculations.

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# Financial & resource assumptions underpinning implementing Opening the Future

- **You can use OtF to convert a series of books to OA (on the frontlist), or it can be used to gradually convert your entire frontlist to OA. This will change the scale of your OtF activities and how many library subscriptions you need. It may also impact how many packages of 40-60 books you offer.**
- **The funds should only be used to fund frontlist rather than flip backlist. It works incrementally, so you publish OA books as and when you accrue the necessary funds.**
- **Membership should be for three year increments, with fixed prices banded by institutional size.**
- **First copy costs will vary by publisher and this will impact how much money you need to accrue in order to publish OA frontlist titles.**

Before we continue to the financial modelling tools themselves, it is important to contextualise them.

It is also important to note that at the beginning of the project, there was an assumption that most adopters of this model would be aiming to use it to transition all of their frontlist publishing to OA, as CEU Press are doing. However, this is not the only option. Our other partner LUP opted to apply it to one of their subject areas only, and discussions with numerous publishers during 2023 and 2024 indicates that, at least at this point in time, this is the approach more likely to be taken by presses. The modelling presented here works for both a press-level and series-level adoption.

There are several assumptions behind our model that underpin this modelling and that show the aspirations for scaling:

<u>Press-level Conversion assumptions</u>	<u>Series-Level Conversion assumptions</u>
The target output volume is 25 new OA titles per year.	The target output volume is 4-5 new OA titles per year.
It costs roughly £8,5000/\$11,000 to produce the ‘first copy’ of each new title.	It costs roughly £8,500/\$11,000 to produce the ‘first copy’ of each new title.

The press can define and curate an attractive collection of backlist titles to offer exclusively to members.*	The press can define and curate an attractive collection of backlist titles to offer exclusively to members.*
The number of packages correlates to the scale of conversion. Multiple packages will be necessary to scale with a full frontlist conversion. For CEU Press, this is 5 packages which supports c. 10-15 titles per year.	The number of packages correlates to the scale of conversion. One package may support a series-level conversion. For LUP, this is one package which supports 3 titles per year.
Library members will be banded according to their size - meaning their payments will be tiered high, medium, and low. We use Jisc and Lyrasis (Carnegie) price banding where relevant.	Library members will be banded according to their size - meaning their payments will be tiered high, medium, and low. We use Jisc and Lyrasis (Carnegie) price banding where relevant.

\*So far, our presses have offered packages of around **40-60 titles** each. (Note that the backlist books in the subscription membership package would not be OA: **only the new frontlist titles that the membership fees pay for will be OA**).

## Further Assumptions

Titles would be ‘unlocked’ (funded) only as and when enough members join – they would not be published upfront first or retrospectively funded.

- Membership will last a minimum of three years, with the option to renew for another three – access to the backlist is granted in perpetuity, after three years of membership or an upfront payment of three years’ worth.
- Membership will build over a three-year period, achieving the target revenue at end of Year 3 (though ideally from Year 1). The number of OA titles will grow commensurately and gradually as more membership revenue allows more titles to be funded and published.

This model has a number of characteristics in its favour, including pleasing library economics. For example, if an annual membership of €812 gives access to 50 backlist titles, and funds a further 25 OA per year - with only 200 member libraries joining this equates to around €15 per library, per title.

Pricing will, of course, be specific to your own press, and you will need to adjust the financial modelling to e.g. take account of your own first copy costs, but for CEU Press we originally implemented three membership tiers in 2021 with the highest band paying £1000, the middle band at £700, and the lowest at £200. While the prices have slightly risen with inflation, they haven’t deviated much from this (for 2025 they are £331, £735 and £1050 respectively). On this point, we suggest that you build in very modest annual increases; our presses work with a 5% annual increase, and also give libraries the option to pay three years upfront which includes a single initial 5% rise after the first year but no subsequent increases; this discount has been attractive to many of our library subscribers. The small rises in membership fees reflect rising inflation rates alongside rising production costs for publishers globally. The renewed fees have allowed both presses to continue to use membership revenue solely to produce new OA monographs, moving towards an affordable, sustainable model for the future of academic publishing. We strongly suggest you discuss price rises with library advisory groups, including Jisc and Lyrasis.

## Our Experiences at Opening the Future

The fees our presses have charged have been within the affordability of many academic libraries worldwide, and have been successful for them. We modelled financial scenarios in 2020/21 towards a target membership of 270 libraries, including slow and steady projections, enthusiastic 'early adopter' subscriptions, and cancellations. While this last is not ideal for take up of OA, it was realistic to expect some, and it demonstrates a model that will allow flexibility: if the revenue is not in place, or if institutions cancel, then the volume of OA simply decreases until they pick up again, at which point a resurgence can occur.

Additionally, we strongly suggest that you sign libraries up on a calendar year basis, from January to December, rather than allowing libraries to begin their access in whatever month that they sign up. An ad hoc schedule makes it much more difficult (and time-consuming for a press) to keep track of which subscriptions are coming to their renewal point and who needs contacting, reminding, updating etc. One of our partner presses did ad hoc access periods, and the other opted for January to December access years (with libraries either slightly overpaying or slightly underpaying depending on which half of the year they joined in). The press that opted for strict annual access years has not had any trouble with explaining this to libraries, probably because many subscriptions run on this basis and libraries are used to it. This system has kept the renewal admin more straightforward and less time-consuming to manage.

## Library uptake of the model and publisher FTE resource needed

Launching in 2021 as a new model it was difficult to predict how the library sector would view the price structure. At CEU Press, as of early 2025 they are currently at around 90 library members - this level of support has already enabled them to flip half of their monograph frontlist last year to OA via Opening the Future funds alone, with funds accrued for many more titles in the publishing pipeline. However this has been achieved in part with Copim project support - we have determined that the model needs some dedicated staff time at the press to support its smooth running. You may wish to factor dedicated FTE into your own modelling but that will depend on how implementation can be fitted into your existing sales channels, staff time flexibility etc.

As noted above, CEU Press opted to attempt to work towards publishing their entire monograph frontlist OA. LUP, meanwhile, took a different approach, applying the model to one of their lists (Hispanic and Lusophone Studies) rather than the entire frontlist, and have used this to publish about 3 titles per year on their Hispanic and Lusophone Studies list via Opening the Future funds, with funds accrued to continue this for some time. We envisage both presses continuing to run their programmes without Copim project support.

# Membership scenario modelling

- To access the modelling tool please click here [☐ Copim Opening the Future revenue projections modeller v5.xlsx](#)
- Your rate of conversion to OA on the frontlist will rely on how many library subscriptions you can gain. These are, of course, subject to market conditions and the financial picture for HEIs.
- Funder mandates may make the market more amenable in the coming years.

Below are the financial models, calculators and plans that we used with our first two publishers in 2021, and which our ongoing work is still based on.

The first step towards implementing an Opening the Future model is understanding your own press's finances and what the transformation could look like. To that end, we produced a membership modelling tool that allows you to insert your own figures and then to model the resulting scenarios. **Disclaimer:** this is just a 'ballpark' modelling tool to help you understand and model how a portion of backlist could be used to fund new OA frontlist books, it doesn't constitute financial advice. There are many variables, chief among them being that we can never know how many libraries will get on board, but the modeller will give you a good idea of what might be achieved under certain conditions. The spreadsheet defaults to £GBP currency but you can change that to your own currency if you like, the calculations remain the same.

To access the modelling tool (an MS Excel spreadsheet) please click here [☐ Copim Opening the Future revenue projections modeller v5.xlsx](#)

The table below describes what's in the Excel spreadsheet:

Variable Name	Description	Example figures
Base cost per book	The basic cost per book to get to first digital copy.	£8,900.00
Approx. billing agent fee per membership transaction (presses may wish to add a slightly higher figure in this box to also account for sales agent fees, if applicable)	The fee requested by a billing agent per membership transaction.	£85.00

Bank fee per transaction	The fee requested by the Press's bank per transaction	£15.00
Higher Band	The fee rate for 'large' band (biggest) library subscribers.	£1,200.00
Middle Band	The fee rate for 'middle' band (middle size) library subscribers.	£800.00
Lower Band	The fee rate for 'lower' band (smallest) library subscribers.	£350.00
Number of titles in backlist	The number of titles that are offered in the 'backlist' package (i.e. how many books does the library get as an exclusive reward for joining?)	50
Number of yearly titles in frontlist	The number of titles that the press aspires to make openly accessible every year under this scheme.	25
OA deposit fee per book (e.g. OAPEN per-title fee)	The fee to deposit each OA book (for example, in OAPEN).	£10.00
OA deposit annual membership fee (e.g. OAPEN annual membership fee)	The annual membership fee to be able to deposit books (for example, the OAPEN annual fee).	£175.00
Secondary annual OA deposit location fee (e.g. JSTOR)	The annual membership fee to be able to deposit books in a secondary location (for example, JSTOR).	£100.00
One-time setup fee	The one-off staff labour cost of sorting out the backlist titles into packages.	£2,000.00
Approx. annual fee (based on 300 members)	The annual fee from a platform provider to provide access to the backlist.	£3,000.00
Approx. annual deposit fee per backlist title	The annual fee per backlist title book for a platform provider, to provide access to the title.	£100.00
Creation of metadata records per backlist title	The cost of creating metadata records for an item of backlist content.	£50.00
Format-shift costs (e.g. improved digital copies, OCRing PDF text, creating epub) per title	The costs of ensuring that the backlist is in a viable format for digital delivery.	£100.00

There will likely be other activities and costs not factored in here as it's not always easy to put a figure on some tasks, for example the press will also have to put in time and resource into identifying and sorting out the backlist packages they want to use.

The spreadsheet also allows you to enter the number of Book Processing Charges that are anticipated to be secured, independently, and so will not count towards the Opening the Future scheme (but will nonetheless enable OA). This is useful in order to track and declare full transparency to your library members: they need to know where their money is being spent in order to justify continued investment.

## Things to bear in mind for realistic modelling and planning

- The ideal balance to strike is between value for money on the backlist and value for money on the OA frontlist. The ideal pricing level will yield a valuable return to libraries:
  1. solely on the backlist i.e. it will appear good value even if they only received the backlist titles
  2. solely on the frontlist i.e. it will appear good value if they only received the OA frontlist titles and also
  3. it will appear very good value when the frontlist and backlist titles are combined.
- There are many factors that will affect the numbers. The rate of growth, for instance, will be dependent on the success of the marketing strategy and the level of resource that is devoted to these activities. It may be better to plan for conservative growth and then to exceed this target than to make unrealistic predictions.
- Understanding the types of institution who are willing to join an initiative is also important. In the first four years of CEU Press's implementation, the press achieved 111 package sign-ups from 80 libraries (as, since they offer multiple package offers, some libraries went for two, three or even four at once). Excluding renewals, this was enough to publish 21 titles within 3 years, with funding accrued for around 40 more further down the line. This was from a range of libraries in the UK, US, EU and Australia, many of them large or medium institutions.

While CEU Press' progress gives the best indicator that we have of early signup rates, it is difficult to extrapolate from these data for a number of reasons:

- Our initial implementation of Opening the Future took place against a number of significant world events and policy decisions that changed the landscape beneath our feet, such as the Covid-19 pandemic which brought fears for university library budgets (although subsequent events have shown that library budgets are at risk regardless).
- In the first year of operation, much of the Copim team and CEU Press team's time was spent explaining the model, helping librarians to understand it, advocating in different forums and generally spreading the word. These sorts of revenue models for books were less common then than they are now and so there was more basic explanatory work to

potential subscribers.

- Library budgetary planning can take a long time to go through – once a library has decided that it wishes to participate, it can take months for the funding to be approved and to become available for expenditure.
- Mandates for OA monographs are only now coming to prominence.

We had hoped that future signups would occur faster than the first year as the model became better understood. This has happened to a degree and while OtF has certainly become more prominent, and more widely used, a knock-on effect of this has been competition for funding between different collective funding models.

Presses should, therefore, appraise their own brand strengths, including disciplinary placement, and make informed decisions about the likelihood of institutional support. For instance, if the press has authors who work at universities that have been known to support other OA membership models in the past – such as the Open Book Collective, Knowledge Unlatched, the Open Library of Humanities, OAPEN, Subscribe to Open, MIT Press' D2O etc – then this may give confidence in that institution's support. Creating an initial spreadsheet of authorial affiliations of the Press's backlist and correlating these with institutions known to support OA initiatives may provide a benchmark of potential reach (and would provide an excellent guide to which authors may be able to advocate on your behalf too).

**Further reading:** For some useful pointers on how libraries are beginning to assess OA programmes against criteria, see this write-up and recording of a University of Manchester Library presentation to the National Acquisitions Group (UK) on the criteria they have developed:

<https://nag.org.uk/development/criteria/> (Emma Booth, Metadata Manager for Content Management at the University of Manchester Library)



# Tax implications

While this resource cannot dispense and does not constitute formal accountancy or legal advice with respect to taxation, there are several considerations to bear in mind:

- The United Kingdom's HMRC (the formal tax body) previously advised the Open Library of Humanities (while the UK was still a member of the EU) that membership schemes with no direct benefit to the supporting organization (library) were exempt from VAT because there was no 'supply'.
- However, because Opening the Future provides subscription access to books, a supply does occur in this model.
- But the supply of e-books is a zero-rated activity for VAT purposes.

It is our belief, therefore, that Opening the Future should be treated as a zero-rated supply activity in regions that charge VAT. Supply of digital goods takes place in the country of the consumer. Hence, if you meet the VAT threshold in the country of supply, you may need to register and account for VAT, although you can charge a zero-rate.

**You should verify the above with whatever experts are relevant to you, and in particular if you are operating outside of the UK, you should check what local laws apply to you.**