STM Conference

The World Is Open, Not Flat

Bill Park, CEO
April 2010
Agenda

- Introduction
- STM Industry – Open or Closed?
- DeepDyve Introduction
- Case Study
What Do We Mean by “Open”?  

For Google¹

- Open technology  
  (relationship with ideas)  
  - Open source  
  - Open standards

- Open information (re: advertising)  
  (relationship with end user)  
  - Transparency of user information  
  - Control of user information

¹ “The Meaning of Open”, J. Rosenberg, Google Public Policy Blog, 12/21/09
Why is Open Better?

For Google

- **Open technology** *(relationship with ideas)*
  - Open source
  - Open standards

- **Open information (re: advertising)** *(relationship with end user)*
  - Transparency of user information
  - Control of user information

---

For Google, Why is Open Better?

Google’s belief is their advantage is their people and their culture

…not “customer lock-in”

“…a competitive advantage doesn't derive from locking in customers, but …from generating better, more innovative products.”

“The brand value of thought leadership attracts customers and…fast innovation keeps them.”

“Open systems (can) spawn industries. They harness the intellect of the general population and spur businesses to compete, innovate, and win based on the merits of their products (not from customer lock-in).”
Science was Closed¹…

Robert Hooke (1635-1703)
Hooke’s Law of Elasticity

“ceiinossstttuv”

“ut tensio, sic vis”

“as the extension, so the force”

¹ “The Future of Science”, Michael Nielsen. 7/17/08
Science was Closed¹...

CALCULUS MANIA
MDCXCIII (1693)

Isaac “The Giant” Newton
vs.
Gottfried “The Hulk” Leibniz

¹ “The Future of Science”, Michael Nielsen. 7/17/08
300 years ago, scientific publishing created a common platform of information...

Ensuring that scientific research was properly...

- Credited to the originating author(s)
- Qualified and therefore authoritative
- Disseminated to aid the research and advancement of the field and ultimately humanity

1 "The Future of Science", Michael Nielsen. 7/17/08
“The meaning of open”

For Google

- Open technology  
  *(relationship with ideas)*
  - Open source
  - Open standards

- Open information (re: advertising)  
  *(relationship with end user)*
  - Transparency of user information
  - Control of user information

For STM Publishing

✔ Open “technology” (system)  
  *(relationship with ideas)*
  ✔ Ideas are freely shareable
  ✔ Scientific methods, experiments  
  vs. alchemy and theories
“The meaning of open”

For Google

- Open technology
  (relationship with ideas)
  - Open source
  - Open standards

- Open information (re: advertising)
  (relationship with end user)
  - Transparency of user information
  - Control of user information

For STM

- Open “technology”
  (relationship with ideas)
  - Ideas are freely shareable
  - Scientific methods, experiments vs. alchemy and theories

Open information (re: content)
  (relationship with end user)
  - Limited control/access over content, pricing?
  - Is there “Lock-in”?
  - Control of user information (‘If you tell me more, you get more’)?
  - Ability to repurpose content? (see Lessig)
  - Collaboration with content?
Is Science (More) Open Today?

But in the past 300 years, how much has changed?

Is information more accredited, authoritative, and disseminated?

Today, is science more open or closed?

---

1 “The Future of Science”, Michael Nielsen. 7/17/08
Science Open for **Non-Institutional** Users?

“Aggregator” → PubMed → Google

*50-70% of traffic*

- Publisher sites
- Transact, Download, etc.
  - $40
- Transact, Download, etc.
  - $30
- Transact, Download, etc.
  - $20

0.2% Convert
Introduction - DeepDyve

Research. Rent. Read.

- Millions of articles from thousands of journals
- Research and preview abstracts for FREE
- Rent articles for $0.99 (or $9.99 - $19.99 for monthly subscription)
- Read-only the full-text for 24 hours (or longer if monthly subscriber)
...or Join Silver or Gold Subscription

Silver Plan:
- $9.99 per month
- Rent up to 20 premium articles per month
- Articles expire after 7 days.

Gold Plan:
- $19.99 per month
- Unlimited articles
- No expiration
$2 - 4 Billion Market Opportunity

# Users (U.S.)

Non-Institutional
Institutional

Non-Instit. Market
$2 - 4B

Core Institutional Market
$8B
Over 30 Signed Publishers including...

Publishers motivated to partner with DeepDyve

- **Growth** – new, untapped market opportunity
- **No risk** - free to join; 50/50 revenue share model
- **Expertise** – web 2.0 technology and end-user expertise
- **One-stop shop** – no one publisher has enough content
- **Not competitive** – “view-only” rental complementary to core business
Goal:

- “Better half of something than all of nothing”
- Add DeepDyve rental link on publisher site
- Redirect non-subscriber visitors to DeepDyve.
Case Study: DeepDyve Rental Links

Assumption
- “Less is more”
- “Our users are not typical…”

Approach
- Subtle “Buy/Rent” link
- Not clear what “rent” means
- Not evident that “Rent” is distinct, vs. “Buy”

Result
- 0.2% CTR
Case Study: DeepDyve Rental Links

Highlight Link
- More explicit, more explanation

Approach
- Add $0.99 price to draw curiosity, attention

Result
- 0.4% CTR
Case Study: DeepDyve Rental Links

Highlight Link
- More spacing
- More color

Approach
- Added “NEW” to catch user’s attention
- Improved spacing b/n “Buy” and “Rent”

Result
- 1.0% CTR
Case Study: DeepDyve Rental Links

Sign-In Page (“Challenge Page”)

Approach
- Less is more

Result
- 0.4% CTR
Case Study: DeepDyve Rental Links

Sign-In Page ("Challenge Page")

Approach
- Add Rental as a ‘standard’ option

Result
- 1.4% CTR
Case Study: DeepDyve Rental Links

DeepDyve Registration
- 1 month Free Trial (must provide CC #)
- Or free registration, then $0.99 per

Assumption
- Create high bar + high value offer
- Expect modest registration but good conversion to paying users

Result
- 1%-6% conversion
Case Study: DeepDyve Rental Links

DeepDyve Registration
- Free registration (email only)
- Get 3 free rentals on sign-up

Assumption
- Let users experiment with the view-only concept
- Drive usage and buzz

Result
- 15-20% conversion
Case Study: Learnings

- “More is More”
- Google visitors are NOT “accidental tourists”
- The pets are eating the pet food
- Test, test, test
More Open = More Profitable? A Look at the Numbers

• Market Statistics
  – Total revenues: $8B
  – # of “readers”: 10-15 million
  – # downloads per year: 1.5B

• Unit Metrics
  – # downloads per reader: 100 / yr, or 8 / mo
  – Revenue per download: $5.33
  – Revenue per reader: $533 / yr, or $44 / mo.

• PPV Metrics
  – Average price: $30
  – Conversion rate at publisher site: 0.2%

2 Mark Ware Consulting, “Access by UK SME’s to Professional and Academic Information, 2009”
3 DeepDyve Analysis
In Conclusion – Let’s Experiment w/Open

*Can we push STM publishing to be more Open to Opportunities?*

- Make content more **accessible**, less “customer lock-in”
- Enable more **collaboration** amongst scientists and scholars
- Innovate and integrate to allow content to be more **dynamic**
Questions?

Contact:

William (Bill) Park
CEO
wpark@deepdyve.com
408-773-0110, ext 777