

# **Further proposal for the production/distribution of CERN Courier**

***Prepared for CERN by IOP Publishing following the Clarification Meeting on 22 February 2018***

## **Executive summary**

- Maintain current contract model from 1 April – 31 December 2018.
- Proposed new contract model from 1 January 2019, aligned with new model for CERN Courier of six print issues per year and enhanced website and digital magazine.
- Under new proposed model, IOP bears all fixed costs and printing/production variable costs. CERN is responsible for all distribution costs and therefore maintains control of circulation decisions.
- New royalty structure to reflect IOP's and CERN's costs and a guaranteed royalty payment to offer a good level of security.
- At six-issue frequency and current circulation numbers, annual estimated distribution costs are largely covered by the royalty payment to CERN if predicted advertising revenues are achieved.
- Further to this, if a modest percentage of the print circulation is converted to digital, distribution cost savings would make CERN Courier truly self-financing for CERN.
- In addition to IOP bearing all fixed costs, IOP offers a generous package for: (a) consultancy, design and development of the reimagined print/digital magazine and website – a total value of over £67k offered to CERN at zero cost; and (b) provision of a further £50k of ongoing added value every year.
- The proposal details areas where enhanced services are available as well as strategic opportunities for editorial collaboration.
- Appendix 1 is a provisional development timeline, showing how IOP will support and enable the delivery of a new magazine and website ready for January 2019.

## 1. Proposed contract model

We propose that for the remainder of 2018 (from 1 April – 31 December 2018) we continue to operate under the current contractual model whereby IOP covers all costs bar the individually named distribution which CERN pays (costing c. £90k per year). We estimate the individual distribution costs for the rest of 2018 to be £67,896.80, based on eight issues (April, May, June, July/August, September, October, November and December), the individual circulation list provided by CERN of 9,794 copies, and a standard 60 pages per issue. IOP would invoice CERN post-issue for this, as is the case at the moment.

From 1 January 2019 we propose that we adopt a new model; based on six print issues per year enhanced with a new website and digital magazine. We have modelled this through to 31 December 2021, giving a full three years of the new model, and would suggest amending the contract period to align with this timeframe. This would bring the contractual period in-line with the annual publications schedule and annual advertising revenue/royalties calculation.

Table 1 below demonstrates the annualised incomes and costs in our revised commercial offering. For ease of understanding, we have presented the 2018 costs as the full-year (12 month) position.

	2018	2019	2020	2021
Issues per year	10	6	6	6
Av. Pages per issue	60	60	60	60
Circulation	22,294	22,294	22,294	22,294

GBP	2018 Year 0	2019 Year 1	2020 Year 2	2021 Year 3
Advertising Revenue estimate	361,121	372,482	384,200	396,287
<b>Royalty due to CERN</b>	<b>0</b>	<b>92,122</b>	<b>93,880</b>	<b>95,693</b>
Distribution (2,500 to CERN)		(2,125)	(2,188)	(2,254)
Distribution (10,000 to distribution centres)		(39,838)	(41,033)	(42,264)
Distribution (9,794 to individuals)	(84,871)	(52,450)	(54,024)	(55,644)
<b>Re-imburement due from CERN</b>	<b>(84,871)</b>	<b>(94,412)</b>	<b>(98,042)</b>	<b>(101,819)</b>
<b>Total Cost to CERN</b>	<b>(84,871)</b>	<b>(2,290)</b>	<b>(4,161)</b>	<b>(6,126)</b>

*Assumes 3% annual increase in postage rates*

Under the new proposal there is a cost and risk share between CERN and IOP Publishing, with a royalty structure designed to align with both parties' costs. In this model, IOP is financially responsible for all fixed costs and the variable costs, production, paper and printing. These were detailed in the Tender document submitted with the initial proposal.

CERN would be financially responsible for all distribution costs – CERN bulk shipment, bulk distribution at global facilities and the individually named circulation. The advantage to

CERN of this cost-share proposal is that you retain the control over the circulation numbers and can decide to adjust print copies accordingly, to flex with distribution costs.

On the new frequency of six print issues, but on current print-circulation numbers, the distribution cost in 2019 would be approximately £94k. That cost would be reduced with any reduction in print copies through a print-to-digital conversion programme. We estimate the savings on individual distribution would broadly be linear – i.e. if individual copies were reduced by 10%, the cost of the individual distribution would be reduced by around 10% and so on. Savings on bulk distribution are also an option, but are difficult to estimate without more specific information. However, even a 10% reduction in individual print distribution would save approximately £5k, moving the model to operate at a surplus to CERN in years 1 and 2.

Again, it would be within CERN's control to decide on levels for conversion targets and associated savings. This should give some comfort around the issue of rising distribution costs. National postage rates (from the likes of La Poste) are subject to annual increases and we use a standard 3% increase when modelling. If postage costs increase more significantly, or if postage-cost increases are not matched with advertising revenue growth, then the ability to flex the print circulation and thereby reduce costs lies firmly with CERN. The only caveat here is that IOP would need to be consulted on circulation decisions given that readership has such a significant effect on advertising.

## **2. Royalty structure**

A summary follows:

- For annual advertising revenues up to an upper threshold of £324,999, CERN will receive royalties of 25% on the £324,999.
- 15% of marginal revenues shall be paid to CERN on annual advertising revenues of £325,000 to £499,999.
- 5% of marginal revenues shall be paid to CERN on annual advertising revenues of £500,000 and higher.

The royalty structure is designed to reflect the cost responsibilities for both IOP and CERN in this new model and to share risk between both parties. With current advertising revenue projections (Table 1), the royalty paid to CERN would largely cover the distribution costs, delivering the CERN Courier portfolio at a self-financing level. To add further security for CERN, IOP will guarantee an annual royalty payment of £50,000, regardless of advertising revenue achieved in that year. We would request a clause in the contract to protect IOP from an unforeseen extreme situation (such as a total collapse of the global advertising market), but the guarantee would stand in all business-as-usual years.

Obviously advertising revenue can only be an informed forecast and is subject to market conditions and industry trends. The advertising revenue generated since 2008 can be seen below and there are two trends to highlight. One is the decline in recruitment revenues, which is a pattern seen globally and across all industries. With an improved online recruitment offering, however, we anticipate an increase to recruitment advertising revenue over time (not to the levels seen 10 years ago, but an improvement on 2016/17 levels).

The other aspect of note regarding revenue is the significant impact of “special issues”, for which close collaboration with the Editor is essential. The 2008, 2012 and 2014 content programmes all saw high-profile issues and corresponding higher display advertising revenues. Conversely the advertising revenues have suffered in years when the Editor, owing to other work commitments, has been unable to dedicate time to special issues.

<b>CERN Courier portfolio</b>			
<b>Print &amp; Web</b>	<b>Display</b>	<b>Recruitment</b>	<b>Total</b>
2008	£308,948	£200,151	<b>£509,099</b>
2009	£224,225	£210,026	<b>£434,251</b>
2010	£258,857	£224,568	<b>£483,425</b>
2011	£301,833	£167,647	<b>£469,480</b>
2012	£279,852	£211,926	<b>£491,778</b>
2013	£257,248	£180,687	<b>£437,935</b>
2014	£318,567	£150,315	<b>£468,882</b>
2015	£284,438	£108,080	<b>£392,518</b>
2016	£273,646	£62,651	<b>£336,297</b>
2017	£300,507	£67,364	<b>£367,871</b>

To sum up: an advertising sales team with unrivalled experience in this market; a fresh design for print and online; a vastly improved online offering (for both recruitment and display advertising); a new digital magazine; growth in digital readership; and ongoing collaborative working with the Editor. All of this means we are confident of delivering advertising revenues to at least the projected levels shown in Table 1.

### **3. Added-value services**

The following added-value services are items that IOP Publishing will provide for CERN as part of the publishing contract. They have been developed on the current envisaged portfolio, of course if the eventual portfolio is significantly more complex then the services may flex accordingly. Most of these services are based on a solid foundation of project-level consultancy. CERN stakeholders will be the ultimate decision-makers, with senior IOP staff working closely with their CERN colleagues to provide expert advice and domain knowledge to agree requirements, timelines and performance metrics across multiple projects. A cost is included in the table to show the financial value of these added-value services.

*Magazine redesign – to include but not limited to:*

- Consultation and advice for agreeing brief and objectives.
- Art direction for both print and digital magazines – e.g. explore new fonts, certainly for headlines, to create an enhanced CERN brand look and feel across both print and digital magazines.
- Possible new branding and typographical style.
- Cover: propose a range of new cover designs.
- News: single-page and double-spread templates.

- Features: a range of designs with layout options (including use of bold type and colour), new editorial graphic elements to be explored, and enhanced diagram styles.
- Designs for any new editorial pages/sections.
- Explore the use of commissioned conceptual high-quality art work.
- Work with production staff for other sections and support the template production.
- Digital: ensure coherent application of branding across digital assets.
- Template creation from approved designs for all magazine sections.

*Website design – to include but not limited to:*

- Design: aligned and consistent with print redesign, but with UI as a top priority.
- Content migration: external to export from CERN database.
- Site architecture and specification (wireframes).
- Website build on WordPress platform.
- Internal testing and UAT.

*Website build consultancy and product/project management*

- Product/project manager and editorial consultants to lead CERN stakeholders through the requirements gathering, functional and non-functional requirement specification and the build project.
- Apply lessons learned and expertise gained from the relaunch of the Physics World website in February 2018.
- Meetings: we would likely need x1 face-to-face meeting for full project team each month (i.e. IOPP staff and Matthew/Kate), either here in Bristol or at CERN. That frequency would likely need to be weekly in the month before launch.
- Liaison and management of WordPress development staff.

*Contributor network*

- Consultancy, support and training for setting up a high-energy physics student contributor network.

*Circulation management and consultancy*

- Advice, planning and implementation for managing print-digital transition and conversion.
- Review of global bulk-distribution-centre print-runs.

*Reader/user research*

- Inclusion in IOP's researcher feedback programme.
- Participation in global focus groups and extensive surveys.

### Promotional opportunities

- Advertising and marketing of CERN Courier via Physics World, relevant IOP journals and ebook subject portfolios and to 100,000+ researcher database.

The table below summarises breaks out this added-value activity alongside the associated costs. All of these services, including both the one-off costs around the new website, redesign (print and web) and circulation consultancy and the ongoing costs, will be paid for by IOP Publishing and offered to CERN at zero cost. Taken together, we believe that this wide-ranging support package demonstrates a real statement of intent around our ongoing commitment to the CERN Courier publishing partnership.

The costs detailed are costs to IOP, based on staff fixed costs and external costs. It should be noted that for some of these items, especially the Design Studio and UI design, the use of an external design agency would incur significantly higher costs (by a factor of 10 at least). In effect, CERN is benefiting further by being able to take advantage of IOP's investment in an award-winning Design Studio.

Activity	Hours or rate	Cost
<b>New model consultancy</b>		One off
Art Director print redesign	40 hours	£4,284
Other Studio staff redesign	40 hours total	£1,476
Website UI design	224 hours	£9,886
Associate Director: publishing consultancy	70	£4,613
Managing Editor: website consultancy	70	£3,861
Product Manager: website consultancy	490	£22,970
Initial circulation consultancy (print/digital conversion etc)	35	£778
WordPress specialist	Project rate	£20,000
<b>Total</b>		<b>£67,868</b>
<b>Ongoing costs</b>		<b>Estimated cost per year</b>
Banner hosting	£1000/month	£12,000
Webinar platform	£10,000 per year	£10,000
DOIs for CERN use	£70/issue	£420
Advertising across IOPP products including full pages in Physics World, banners on physicsworld.com and IOPscience, PDF coversheet ads for JPhysG, and other appropriate journals, etc.	Rate card £2000 per month	£24,000
Focus groups and customer research	£3000 per focus group, £1200 per online survey	£7,200
<b>Total</b>		<b>£53,620</b>

#### **4. Enhanced offering**

In addition to the added-value services described above, which are focused on new development activities, IOP offers enhanced services for areas already provided under the current contract.

##### *Contract Management*

As Contract Manager, Ed Jost will be your central point of contact for all contract and publishing matters, from advertising/editorial liaison to reporting against key performance indicators. However, it is not the intention for Ed to be the only point of contact. It is critical that there are open lines of communication with the Production Editor, Technical Illustrator, Art Director, Circulation and Marketing Manager, Group Advertising Manager and members of the advertising sales team.

There would also be close contact with the people mentioned in the Added-Value section, who would not necessarily be involved on an ongoing basis but who would be in constant contact throughout the development/launch phase for the new-look CERN Courier website and magazine offering.

An important part of Ed's Contract Manager role will be maintaining an overview of all functions and aspects of the publishing contract, whether development or business-as-usual. Ed would organise the quarterly meetings, drawing on a standing agenda covering all functions and reporting against an agreed set of key performance indicators (KPIs) such as advertising revenue, production times, circulation conversion targets and web statistics. People such as the Production Editor and Circulation Manager would join for relevant parts of the meeting. These quarterly meetings could potentially alternate between CERN and IOP's offices in Bristol, or they could utilise video conferencing or Skype technology.

An annual face-to-face meeting would pull together the quarterly reported metrics with a broader set of annual KPIs as well as discussing more intangible aspects such as the quality of relationships and shared understanding.

##### *Design Studio*

IOP's Design Studio is an incredible asset. The quality of the branding, design and artistic interpretation that comes from the talented members of the Studio has put IOP at the forefront of publishing design in the STM publishing arena. We will ensure that the CERN Courier team has full access to that creative hub as we work with you to reimagine all aspects of the publishing programme across print, online and digital through 2018.

For the new-look magazine and website, we will produce templates and a style guide that will allow more creativity on an issue-by-issue basis. Beyond that, there is an opportunity for increased input on an ad hoc basis (e.g. production of infographics). Advance notice of requirements for additional creative input would be a standing item at the quarterly meetings so that requests can be evaluated and included in the Studio's schedules.

### *Circulation management*

Currently the circulation management involves monthly liaison with CERN for up-to-date circulation lists, communicating with mailing houses, and managing the process between the printers and the various distribution channels. Unsubscribes/returned issues are processed and reported back to CERN. In the past, we have recommended approaches for reviewing the circulation, but the desire to reduce circulation costs has not been strong. We therefore have continued this activity on a best-practice, but essentially business-as-usual basis.

Looking ahead, we propose to run a more in-depth analysis of the circulation and distribution and to implement the following schedule of activity:

- Thorough review of mailing-house services (already underway), to include Ascendia (now Orbital) and Creative Mailing Services. Envisage moving to one supplier for all individually named issues (and away from Creative Mailing Services for the US distribution).
- Contact all bulk distribution centres and review numbers of issues required (2018 activity).
- Provide recommendations for print-to-digital conversion campaigns. To include agreement of desired conversion percentages with CERN and potentially some kind of print eligibility criteria.
- Campaigns to contact all current print recipients for voluntary “opt-for-digital”.
- Campaigns for new digital-only circulation, possibly based on geo targets and aligned with regions and/or subject areas that will support advertising revenue growth.

### *Marketing*

Currently, all marketing and promotion performed for CERN Courier is ultimately to support and enhance advertising sales. Our Marketing team produces the annual media pack, negotiates contra deals and organises bonus distribution of the magazine at key high-energy physics events (more than 40 per year). We also arrange promotion in other IOP publications such as Physics World, physicsworld.com and in relevant journals and ebooks programmes. This promotion is designed to enhance the advertising sales offering, while providing increased visibility and profile for the magazine.

With a new website and digital magazine, and with them the desire to increase online readership and reach, there is a fantastic marketing opportunity to use our marketing activity to advertise the digital product. We gain new readers at zero distribution cost (they would be digital-only), thereby growing the readership and profile of the magazine. In addition, we will run readership campaigns across social media channels as well as to our database of over 100,000 researchers.

## **5. Strategic opportunities: editorial development**

Subject to further discussion, we have identified three potential collaboration opportunities that would yield significant editorial outcomes for the CERN Courier content programme.



### *Student contributor networks*

Over the past year, IOP's science journalism team has established networks of student contributors in three priority subject areas – materials science; biophysics and bioengineering; and environmental science. These PhD student science writers support our mission to make world-class research and innovation accessible to the widest possible audience. In return, the students get access to specialist training and mentoring from our award-winning team of science writers, as well as gaining visibility and recognition in front of an international scientific readership.

In each case, we have followed a structured recruitment process to identify PhD students who have the commitment and ability to write engaging news stories about the latest research results. Successful students based in the UK have attended training workshops run by our journalism team, while US participants have completed online training provided via our webinar platform. We now have a total of 55 student contributors who together have written well over 100 stories for our online science news services since July 2017.

**Opportunity:** recruit, develop and scale a student contributor network within the high-energy physics community to support the introduction of a dynamic CERN Courier website offering daily news, features and interviews.

### *CERN Courier careers supplement/directory*

The inaugural [Physics World Careers guide](#) was published in January 2017, curating selected editorial content from Physics World magazine together with advertising and paid-for employer profiles. This first edition generated £45,000 in recruitment revenues while providing a genuinely useful publication to early-career researchers and students. Feedback from both recruiters and university careers advisers was overwhelmingly positive.

We followed a similar model for the 2018 guide. By significantly expanding the client base, the recruitment sales team achieved revenues for this second edition of £81,000.

**Opportunity:** develop a more targeted supplement offering for CERN Courier, exploring career pathways in high-energy physics and related fields. Aim to capitalise on associated revenue opportunities with relevant research institutions, industrial employers and government agencies.

### *Content reuse and syndication*

At the end of last month, IOP Publishing relaunched its award-winning science news website [Physics World](#) – a significant publishing investment and the start of a phased development programme for our science news services that will run through the first half of 2018. The priority for us now is to scale our online content programme, grow our specialist international readership, and ultimately deliver commercial/publishing outcomes for IOP's wider journals, ebooks and partner publishing programmes.

With that in mind, we're keen to establish a mutually beneficial two-way content partnership that will see selected CERN Courier content republished and promoted on Physics World's [Particle and Nuclear channel](#). We would envisage Physics World content moving the other way and supporting the introduction of a new-look and dynamic CERN Courier website.

**Opportunity:** syndication of content would yield a significantly expanded readership for CERN Courier's online programme and the potential to drive volume digital subscriptions to the magazine via article-level promotion. There are also major SEO benefits, with the inclusion of author bylines and links back to the CERN Courier website.

**Appendix 1: Provisional timelines for development/relaunch of CERN Courier publishing programme (May-December 2018)**

High-level work packages	May	June	July	August	Sept	Oct	Nov	Dec
<b>Website and digital magazine</b>								
Definition phase: information architecture; specification of functional, non-functional requirements; prioritise benefits/outcomes								
User research (including internal CERN stakeholders)								
Design, UI, UX								
Development, prototyping and build								
Beta site delivery								
Candidate site: work-up and iteration								
Content archive: migration and checks								
User acceptance testing and sign-off								

High-level work packages	May	June	July	August	Sept	Oct	Nov	Dec
<b>Print magazine</b>								
360 review/audit of current publication model: organisation, visual, design aspects								
Recommendations to CERN stakeholders								
Finalise design/content brief with IOP Art Director and Associate Director								
v1.0 page templates: review, iteration								
v2.0 page templates: review, sign-off								
Production implementation of page templates for Issue 1 2019								

**Note:** extensive collaboration between IOP Publishing staff and the CERN Courier Editor will be required throughout this period, with May-June and Nov-Dec representing significant time commitments. Upon further discussion, we could arrange experienced freelance cover to support the Editor with the delivery of the magazine during these periods.