

From value chain to value network [v. 1.1]

Adriaan van der Weel

The chain metaphor has long dominated thinking about publishing. Meanwhile, not only does the metaphor no longer do justice to reality, but it also obscures a proper view of the recent digital developments. It is high time to replace it by something else.

One of the most-used definitions of publishing posits the publisher as someone who exploits access to information. It is a perspective that places the publisher himself in central position. It gives him a key position in the flow of information from the creator (writer, editor, reader, flower) of knowledge to its user (reader, broker, collector). The tasks carried out by this gatekeeper are:

Selection, of what is worth the trouble – or more precisely, the investment – of publishing;
Investment, in the costs involved in the publishing process;
Adding value, in the form of the long series of actions that the publisher performs or causes to be performed, for the creation of a book, magazine or other publishing products.

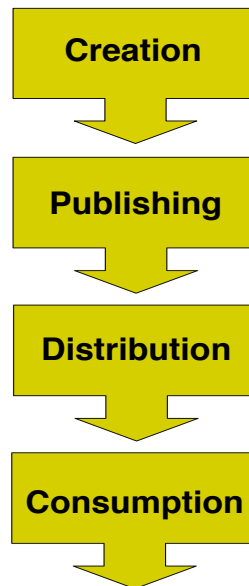
If one wanted to be pedantic, one could of course argue that selection actually adds value, and adding value can not be done without investment, so that all tasks boil down to investment. That may be so, but without selection there is nothing to add value to or to invest in, so I suggest that we just leave the list as it stands.

With these three tasks the publisher fulfils a critical role in the three chains in which he operates: the intellectual chain, the supply chain and the value chain. In the *intellectual* chain, he is a catalyst of the process of transfer of knowledge and culture. He has a coordinating role in it; he makes the decisions about what information is worth disseminating, and what form serves the intended user most aptly.¹ His central position in the *supply* chain he owes to the fact that he ‘packages’ the information in a form that enables dissemination. Now, after nearly six centuries of printing, this form is increasingly a digital one. In the *value* chain he adds value to the information ‘product’, not only by investing in the physical production (printing) and all that pertains to that, but also by selecting, developing, marketing and selling information.

The concept of a chain, linking writer and reader, creator and user, is a widely accepted metaphor. This metaphor is perhaps especially suggestive because the three chains (intellectual chain, supply chain and value chain) overlay each other so beautifully. All three emphasise an apparently natural sequence of actions, such that the idea of a natural order almost inevitably imposes itself. The power of the metaphor is such that it easily subsumes phenomena that vary from the seemingly natural order. Examples abound. In the case of the long-standing phenomenon of ‘vanity publishing’, for

¹ See Gordon Graham’s ‘Matrix of the book’, *Logos* 21:3–4 (2010), p. 263.

example, there is an up-front investment by the author, undermining the principle of selection by the publisher. Subscription by individual buyers (or a production agreement with an institutional customer) also greatly reduces the investment risk of the publisher. In the case of concept development by the publisher, the author works in commission, ceding his place at the beginning of the chain to the publisher.



The traditional book value chain

Although such practices have long defied the 'normal' roles and order in the chain, they did not lead to a rejection of the chain metaphor. The chain metaphor is strong enough to suggest that these examples (and many more can be adduced) are simply variations on a 'standard model'. Statistically this is likely to be the case. But if we consider all deviations as exceptions that prove the rule, we blind ourselves to more structural changes. Thinking in terms of the chain model, publishers, but also by other traditional parties in the chain, has come to dominate the perspective on the relationships in the book trade to an unhealthy degree. The chain concept may be very useful to understand the operations of traditional publishing, but it does not make it easier to deal with the current wave of change that is currently washing over the book trade.

That digital technology has thoroughly transformed the book trade is now clear, but the nature of the changes is much less clear. When the Web was still new it was often suggested that in the digital world other economic laws would apply. That misunderstanding has, as we know, led to the Dot.com bubble. But that does not mean that in the world of the WWW many things have not been turned upside down. This includes quite a few things that ought to make us pause and regard the chain model once again critically.

A common phenomenon is that of so-called 'disintermediation', which occurs when parties have to give up their place in the chain. In the most extreme case disintermediation could lead to a chain that exclusively consists of author and reader,

yet even then it remains indubitably recognizable as a chain.² Arguably the most famous example of such a drastically shortened chain is that of J.K. Rowling, who announced that she would sell the Harry Potter books through her own website, Pottermore. But in fact, anyone can publish books on a web for sale directly to the consumer, for example with help from Lulu.com or xlibris.com. There are also less extreme versions of disintermediation, such as author – publisher – e-distributor – reader (dropping the bookseller), or author – Amazon / Apple / Google – reader (with both the traditional publisher and the bookseller being replaced by one of the digital behemoths).³ Incidentally, the model is of course violated less if Amazon, Apple and Google are simply regarded as publishers and booksellers rather than as alien invaders. That makes them no less threatening to the traditional parties in the chain, but it does leave the chain model intact.

The transformation has now proceeded well beyond simply dropping or replacing existing parties. There is, for example, the Chinese phenomenon of ‘Web literature’, which involves posting the episodes of a novel to be downloaded from the Web free of charge, the novel’s success (measured in number of downloads) determining whether a formal (paper) book is published. In science something similar happens when ‘preprints’ of scientific articles are made accessible to all and sundry for commenting before the official publication occurs—if it occurs at all, because an author can in light of the comments also decide to retract his planned publication.

A recent example of how digital technology can turn relationships in the book trade upside down is that of the Dutch company TenPages, established in 2009. TenPages offers (parts of) manuscripts on its website, and readers can invest in a manuscript they think should be published. If within four months 2,000 shares are sold to at least 100 different shareholders, TenPages promises that the manuscript will be published by a mainstream publisher. The service TenPages offers is a new one, so in that sense it could be called a case of re-intermediation. That in itself is not so special. What is fundamentally different about the concept is that it completely rearranges the links in the chain. The digital reader votes, not only with his preference for a particular manuscript, but also with his money, to decide whether a real (i.e., paper) book will ensue. The publisher thus not only has the Internet audience (i.e., the eventual consumer) make the publishing and investment decision, but the process of selling shares is at the same time a form of marketing for which the publisher has nothing to do.

Gradually, digital technology is bringing to an end the convenient neatness of the conventional chain model of publishing. Incidentally this also shows up an important omission in the ‘Communications Circuit’ by Robert Darnton:⁴ the role of technology as

² See Adriaan van der Weel, ‘The communications circuit revisited’, in *Jaarboek voor Nederlandse boekgeschiedenis* (Nederlandse Boekhistorische Vereniging 2001), pp. 13-25.

³ See also Eoin Purcell, ‘The value web’, *Logos* 22:3 (2011), pp. 7-15.

⁴ In Robert Darnton, ‘What is the history of books?’, in R. Darnton, *The kiss of Lamourette: Reflections in cultural history* (Norton 1990), pp. 107-135, on p. 112.

a determinant of how textual communication is effected. In Darnton's model the technology is implicitly given: the printing press. It is now clear that digital technology (as it indeed did several previous technological developments)⁵ acts as an important catalyst - if not cause - of change.

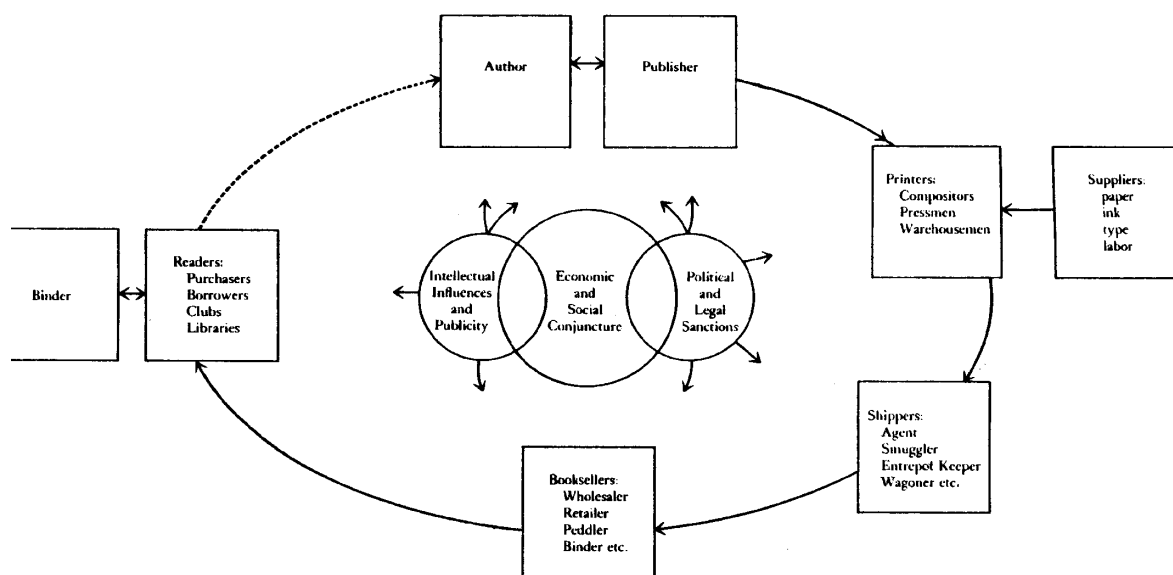


FIGURE 7.1 *The Communications Circuit*

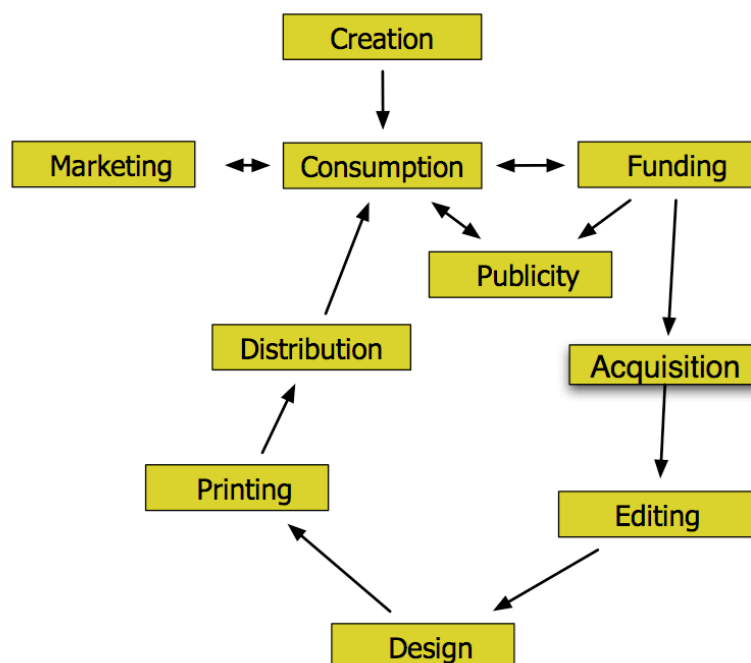
The challenge is to devise a new model that does justice to the reality of publishing in the twenty-first century. It must at once be abstract enough to apply not only to present but also to past practices (so being valid for paper *and* digital documents) and also specific enough to be able to identify and name the value added by all actions (and responsible actors) in the process. The tasks (or 'actions') involved in publishing will not, after all, disappear in a hurry.⁶ But it is no longer self-evident that the publisher takes the lead. The director's chair is being coveted by other actors besides the conventional publisher: for example by the 'big three', Apple, Google and Amazon, by newcomers like TenPages, or by the author. The model should be able to accommodate a multitude of possible variations on the old chain model. It must accommodate the addition of actions (which represent value; such as 'crowd funding' through TenPages) or their disappearance (like print). If such a model focuses on the value added by specific actions or by taking responsibility instead of by conventional parties (as in the case of Darnton's communications circuit and its derivatives, such as Adams & Barker),⁷

⁵ See Adriaan van der Weel, *Changing our textual minds: Towards a digital order of knowledge* (Manchester UP 2011).

⁶ As Brian Eno writes in his answer to the question 'How has the internet changed the way you think?', 'I notice that everything the Net displaces reappears somewhere else in a modified form' (http://www.edge.org/q2010/q10_2.html).

⁷ Th.R. Adams and N. Barker, 'A new model for the study of the book', in N. Barker (ed.), *A potencie of life: Books in society* (The British Library 1993), pp. 5-43.

this will make the changing relationships in the chain transparent. Whoever bears the greatest responsibility has most power.



The value chain as value network in the case of crowd funding

It seems obvious that a model based on the digital reality will be more like a value network than a value chain. Perhaps the complexity of the many possibilities offered by digital technology makes it impossible to design a model or diagram that does it justice. Even then it will be necessary to face the scale of the challenge and to review our thinking rigorously.

From chain to web to rhizome: from gatekeeper to spider-in-a-web to roaming goal-keeper, the days of the publisher in his key position looking after quality assurance, certification and validation seem numbered. This will undoubtedly have far-reaching consequences also for other parties in the chain – and indeed for society as a whole. If the publisher is becoming a more service-oriented institution, with less responsibility for the entire process, how will this affect the relationships between all links in the value chain? How will authors accrue symbolic capital?

The traditional role of the publisher in the knowledge system of the printed book as an intermediary and investor created a hierarchical relationship between author and reader. That hierarchy was the result of the material form of the book, which necessitated investment. By contrast the Web 2.0 paradigm, in which readers are no longer passive recipients of whatever is pushed down the publishing chain but may themselves also be writers, is in many ways reminiscent of the manuscript era with its much more equitable author–reader relationship. Will the network model bring an end to the hierarchy of print, and thereby perhaps to the knowledge system that has served us for centuries? Served, but also formed, with its expectation of the fixity of the printed

book, the reliability of the footnote, the expertise of the academic library, the quality stamp of the peer review of scientific publishing. Increasingly, scientific knowledge seems to be subject to voting. Science is becoming more political: a mere opinion, held like any other, even on important and well-researched issues such as global warming and evolution. On the other hand, the power of the knowledge system as it has arisen over the past centuries must not be underestimated. With their long history, scientific institutions are strong.