



INDEPENDENT  
HIGHER EDUCATION  
AUSTRALIA

# **IHEA SUBMISSION ACCC STATEMENT OF ISSUES**

**TURNITIN'S ACQUISITION OF OUR ORIGINAL**

27 September 2021

**Submission to:** Australian Consumer Competition Commission

**Response to:** *Statement of Concern about Turnitin Acquisition of Ouriginal*

## **Independent Higher Education Australia**

IHEA represents the majority of Australia's registered and accredited independent higher education providers (including independent universities) with campuses across Australia. IHEA members educate students in a range of disciplines including Law, Engineering, Agricultural Science, Architecture, Business, Accounting, Tourism and Hospitality, Education, and Health Sciences, Theology, Creative Arts, Information Technology and Social Science. IHEA members are higher education institutions with both for-profit and not-for-profit models and educate domestic and international students in undergraduate and postgraduate programs.

The Australian independent higher education sector comprises more than 130,000 students and 120 institutions, with independent providers variously accredited to offer courses across the full AQF range (Diplomas to Doctorates).

IHEA has 75 member institutions. Membership of IHEA is only open to providers that are registered with the Australian regulator – Tertiary Education Quality Standards Authority (TEQSA). Membership is also conditional on continued compliance with IHEA's Code of Good Practice.

**IHEA's primary goal is promoting equity, choice and diversity for all Australian higher education students.**

## **IHEA's Response**

IHEA would like to thank the ACCC for the opportunity to comment on its Statement of Issues and to make some general comments about the possible impacts and issues relating to Turnitin's acquisition of Ouriginal.

IHEA members are independent higher education providers that are deeply committed to academic integrity and student success. One important tool to ensure academic integrity is anti-plagiarism software. It is important for the sector, therefore, that all providers have access to high quality, effective and affordable anti-plagiarism software.

### **Reduced Competition: Increased Price and Reduced Service and Innovation**

Members share the ACCC's concern that Turnitin's acquisition of Ouriginal may lead to decreased competition in a market that already has few competitors and that this may result in an increased ability for Turnitin to raise prices and reduce service levels. Many members do use Turnitin anti-plagiarism software (APS). Member institutions are also sensitive to pricing, but if Turnitin grows its market share

further and there is a lack of alternative software options, opportunities to respond to pricing mechanisms will be reduced. Particularly while institutions grapple with the impacts of the COVID crisis, providers need to ensure they are able to access APS with efficient pricing.

Some member institutions use alternative APS such as Ouriginal, Safe Assign and Grammarly. Member institutions need access to APS that meets their specific institutional needs. Many IHEA providers operate in niche disciplines and with smaller cohorts of students than the large universities. Often this leads to these institutions offering unique course and delivery styles requiring more bespoke and innovative products from suppliers. It is this requirement that has driven some member institutions to seek APS alternatives to Turnitin.

Members are concerned that Turnitin's acquisition of Ouriginal may lead not only to increased prices and decreased service levels for existing customers but also a decreased incentive to drive innovation in the product offering. Without innovation the unique and specific needs of smaller institutions may be overlooked. With fewer options in the marketplace, this will further limit an already restricted choice for institutions.

There is also concern among the membership that this is not the first acquisition that Turnitin has made of other APS companies. Members report the experience of having sought alternative APS to Turnitin only to find that Turnitin was moving to acquire that APS. Ouriginal is being used as an alternative to Turnitin by some providers because of specific features it has that Turnitin lacks and so this acquisition would be of concern if it leads to the functionality, unique features of the software and the innovation in the APS market being reduced and the costs of access to the APS increasing.

At a time when innovation in higher education delivery is most needed and demanded by students, it would be of detriment to the sector for innovation in any sphere to be limited. In an environment where academic delivery has become even more online in nature, the protection and upholding of academic standards is crucial for the integrity of and confidence in Australia's higher education sector. IHEA welcomes the ACCC's continued investigation into the APS market and likely impact that Turnitin's acquisition of Ouriginal would have on innovation in this space. Oversight of this key element of the market is required and justified in relation to this particular acquisition.

### **Barriers to competition**

There is also concern among the IHEA membership about the barriers to market entry in Australia for alternative APS. IHEA members agree with the ACCC's preliminary view about the level of "stickiness" within the market, as members report that because Turnitin's functionality is well known as a result of its extensive use, providers are reluctant to change their APS. There is strong incentive to remain with the APS that staff and students are familiar with. Particularly at a time when providers have faced intense challenges because of COVID restrictions and disruption, it is hard for institutions to allow for costs of implementing new systems and retraining staff. Therefore, there is a high level of reluctance to switch APS, as well as other institutional resources that are required for course delivery, particularly at this time.

Turnitin has some important features that make it particularly attractive and because of barriers to market entry, it is hard for alternative software to compete. Alternative APS, however, also have unique features and design that work for smaller and niche providers. There is concern that if these alternative suppliers are subsumed by Turnitin and these unique features are lost because of lack of demand among bigger institutions, that smaller providers may be disadvantaged. With greater market share, Turnitin would have little incentive to respond to the needs of smaller providers.

It is a sector where weight of numbers is important and industry standards develop as a result of familiarity and majority use. There needs to be adequate protection of the interests and needs of smaller providers to ensure diversity in the sector is also protected. These are important factors to consider and issues of concern that should be further explored in relation to this acquisition.

A major barrier to market entry for competitor APS that has been identified by IHEA members is the integration with Learning Management Systems (LMS) and also access to the extensive databases of Turnitin. Without access to these key elements, APS cannot be as effective as necessary to ensure the

upholding of academic integrity and protection against contract cheating. Ensuring that new market entrants and other competitors can access these essential features would allow for greater and appropriate competition within Australia's APS market.

## **Conclusion**

Overall, IHEA is concerned that Turnitin's acquisition of Ouriginal may lead to increased costs of access to suitable APS and also reduce key drivers of innovation and service delivery levels for APS suppliers. Members are committed to the assurance of the highest academic integrity standards in Australia's higher education sector and are concerned about any risks that may be posed to institutions' ability to access affordable and appropriate APS are, therefore, also a concern.

We thank the ACCC for the opportunity to comment on Turnitin's acquisition of Ouriginal and look forward to the outcome of the investigations into innovation and global competition.

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