

To collect or to connect

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Information is to today's manufacturing executives what fire was to prehistoric cavemen. Properly controlled and applied, it sustains life and perpetuates evolution. But if mishandled or neglected, can quickly destroy. It is easy nowadays to become overwhelmed with information and miss critical data. Or to get bogged down in data which is simply irrelevant. Too much information results in less relevant information, or to quote myself in one of my previous talks here in Stellenbosch some three years ago: "information bulimia leads to information anemia!"

There is a cost issue involved with information — the more so since the price of scientific information still doubles once every seven years, and library budgets may double every 17 years, or so it seems. Savings first. One of the most profound effects of proper information management should be reduced cost — immediate and long-term. What has been happening for the past four to five years in the library world? Precisely the opposite of what should be happening. Before I go into detail, I would like to take you back into the old world — the paper copy subscription world, or if you'd like another quote of mine, the "world of dust." I will then give you an overview of what is happening in the digital world — the world of online databases and individual electronic journal access. The transition from dust to digital moved forward rapidly this last year but cost savings so far have not materialized.

We are spending money we do not have,

we are canceling subscriptions we should have,

and we are buying resources we should not have.

To paraphrase Shakespeare or Hemingway, to have and have not, is this really a question?

The World of Dust

In 1946 the Elsevier Science branch had six employees and reached a turnover of USD 263,000. In 1947 Elsevier took its first decisive step in the Dutch science-publishing scene by starting its primary research journal *Biochimica Biophysica Acta*. Their focus was mainly on chemistry and related technologies. During this same year, North-Holland Press, which focused on physics and mathematics, employed not more than four employees and, by 1958, had reached the same turnover level. Elsevier bought North-Holland Press in 1970. The growth in funding of the natural sciences worldwide coupled with the growing number of institutions and scientists (as well as expanding library budgets) resulted in an almost tenfold growth between the late 1950s and 1970. Many new journals were published and, consequently bought by most academic libraries. Subscriptions to these journals were either bought directly from the publishers or from specialized bookshops who had interests in expanding their services beyond their local borders, such as Everetts, Blackwell, Dawson, Stechert & Haffner, Swets & Zeitlinger, Faxon and later EBSCO. For example, Swets & Zeitlinger had sales of about USD 5 million in 1975 and reached a turnover of just over one billion dollars in the year 2002. Other companies like Blackwell and Dawson could successfully grow their businesses for two major reasons: First and foremost cost. Secondly services.

The cost issue here is very important. It became crystal clear in the heads of almost all library decision makers that it was more cost effective to outsource the purchasing of subscriptions, than to handle this process themselves. Then, a competitive battle started among subscription agency owners, most of which were family businesses. Those who had great service insight developed service features, and others that had failed to do so either went broke or sold their operations to their competitors. In 1975 at least some 500 companies worldwide were handling a noticeable number of subscriptions for libraries. With the maturing of the global village the subscription agency business also matured, and about 10 years ago only a handful of worldwide players were left: Faxon and EBSCO in the United States and Swets, Blackwell, and Dawson in Europe. These five "bitter enders" earned their fame because of good services and affordable prices. They earned their reason for being because the balance between subscription agency services offered and the prices charged was by far still more economical than to do it oneself.

Then the battlefield changed and it changed dramatically. The "world of dust" was about to disappear and electronic journals evolved, first as a collection of aggregated material (mostly in the social sciences and sold as databases) and then as individual electronic journals in the STM field. We began to witness one of the major paradigms in the information industry. We went from ownership to access. Every new development for businesses

presents a challenge and, consequently, businesses must respond. As Arnold Toynbee said in regards to the history of civilization, it becomes a matter of challenge and response. And like some civilizations, some agencies did better than others. Now Faxon, Blackwell, and Dawson are history, and we have basically two global players left: Swets Blackwell and EBSCO. These two companies are now facing tough times themselves as "big deals" with major STM publishers occur. They must re-engineer their services continuously in order to have a future in the new world, the "world of digits."

I will now take you into the new world and, in a nutshell, will give you a picture of the latest developments and my comments about how we should go forward.

The World of Digits

First we saw the birth of aggregated information in databases, foremost in the social sciences, and the growth of companies like ProQuest (ABI Inform), now part of the Thomson organization, Gale, HW Wilson, OVID and EBSCO Publishing (annual sales well over USD 100 million last fiscal year).

In the individual electronic journal world, basically in the hard sciences, we have seen a different development. This development is based on the fact that a handful of publishers such as Elsevier, Kluwer Academic Publishers (bought by Candover), Springer Verlag (bought by Candover), Wiley, and Taylor & Francis control more than 50 percent of the money value for STM information. Based on the experience libraries worldwide had gathered in building consortia to buy databases, most of those aforementioned publishers were fuelling the formation of consortia to buy total publisher packages directly — an idea which Kenneth Frazier from Wisconsin some three years ago called the 'big deal.' Apart from this we now seem to be seeing more and more initiatives lately such as the Scholarly Publishing and Academic Resources Coalition (SPARC), Open Archives Initiative (OAI) — Raf Dekeyser will talk about this extensively on Friday —, Budapest Open Access Initiative (BOAI), and Biomed Central, that all must lead towards bringing the prices of the acquisition of STM information down. One remark about the OAI – Sally Morris, secretary general of the Association of Learned and Professional Science Publishers (ALPSP), said in the summer 2002 issue of the *Journal of Reach Information*, "The open access initiatives will undermine existing journals without replacing them," and she points out the importance of the peer review process. We have just heard Michael Chanowski and we now know what most of the scientists think about the peer review process.

Back to the big deals and the consortia.

Finland, with FinElib, has been one of the leaders in consortia purchasing. According to Liisa Salmi of the University of Kuopio in the February 2003 issue of *EAHIL Newsletter*, "The first issue [with consortia] is the prices. We all know that nothing becomes more inexpensive in this world, but the basic idea of consortia licensing was that we could get everything cheaper because of the quantity. The rise in journals and database prices is nothing new, but hardly anyone expected it to be this high. The current sky-high costs are partly, of course, due to the packages we have to buy. The packages are the second issue. We should now generate a pressure on the vendors and publishers to let us choose what we want to buy, title by title, if needed. The researchers and clinicians are not happy with 3,000 e-journals, if the essential ones from their point of view are missing. We now pay for many journals we do not need at all. For instance, Kuopio University Library now pays for journals of marine archaeology. Our university is specifically a health sciences university with no trace whatsoever of archaeology. In addition, we are situated in the middle of the country with no sea resorts at all."

Or, as David Brown, former director of Ingenta and current head of publisher relations at the British Library, said:

"Early trends suggest consortia deals are not the long-term answer to finding an efficient process of negotiations between publishers and libraries. Publishers liked consortia deals because they secured long-term subscription revenues. Libraries liked the deals because they got more information."

Both citations are right, but only half right. The bottom line is cost:

You should know that the STM publishers such as Elsevier, Blackwell Scientific, Taylor & Francis, Wiley's have average subscription prices of USD 2,000 or even more while the smaller publishers as well as most learned institutions have a much lower average subscription price. For a library to be able to afford a subscription agency the publisher market in total needs to give enough discount to make it possible for the intermediary to charge prices which are affordable. Although on the expensive STM titles the discounts from publishers do not surpass 5% in money terms, we are talking about USD 100 margin per title, this is enough as every bookshop or agent can have a good business with a USD 100 margin per title. In essence this USD 100 per title is more than what is needed and consequently could be seen as a subsidy towards those publishers or learned institutions that give little or no discount to bookshops or agencies on the subscriptions ordered from them. The impact on library cost now is dramatic when libraries decide to make direct deals on the high-priced STM titles with those publishers. I give you one example out of many that I could give you:

Until last year, the University of Lund as well as the University of Linköping in Sweden were EBSCO customers. Revenues for each university were well over 1 million dollars and the average subscription price about USD 500 or slightly in excess of this. Along comes the Elsevier sales force and others (did you know that Elsevier has a sales force of 300). Direct deals were done and the revenue dropped to about USD 500,000 for each library with an average subscription price under USD 250 and less than USD 10 per title. In order for EBSCO to continue to handle this account, we needed to apply a handling fee of 8 percent while last year we had no handling fee. This is an extra expense of USD 40,000 because cost savings were not achieved with all direct deals.

Additionally, direct deals are costly. Libraries must appoint staff to handle license and registration issues and are spending additional money in the new world. This money can be saved by outsourcing to EBSCO or any other agency which has developed link resolver solutions such as SFX or EBSCO's LinkSource™, a comprehensive access and management tool for electronic journals such as EBSCOhost® Electronic Journals Service Enhanced or an A-to-Z list such as Serials Solutions or TDNET and EBSCO.

In the world of digits according to my views a library should only need one access portal, one platform, rather than many. Secondly, one wonders if one still needs the same resources in the world of digits as were needed in the world of dust. We all know that what we have been purchasing in the past in terms of journal subscriptions representing total articles per annum, the effective usage of those articles short term was less than 10%. However we have spent 100% and are battling from year to year in keeping the once held collections in place. In May of this year we have launched our project Majuba (managing journal usage by articles) whereby libraries can buy our EJS Enhanced service for a substantially reduced fee in this country and this service gives access to abstracts of articles of over 8,000 journals and the total amount of abstracts offered with a variety of back years is close to 5,000,000. It makes sense in my view to start studies to select those journals which should be ordered full-text in the electronic world and rely on abstracts and pay per view for the remainder. John Tsebe will talk more about this in his presentation.

Thank you.

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