

TENDERING FOR PERIODICALS SUPPLY: EXPERIENCES FROM THE UNITED MEDICAL AND DENTAL SCHOOL

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The United Medical and Dental School is a single faculty school of the University of London. In student terms it is the largest medical school in the United Kingdom with 1500 undergraduate and 300 postgraduate students. The Library Services have a periodicals budget, in 1994, of £230,000. The library takes c.900 subscriptions and runs two medical libraries and two specialist dental and dermatology libraries. This paper will deal primarily with the financial aspects of the tendering process, looking at why the library went to tender, the contents of the tender specification, the outcomes of the tender and some general conclusions.

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Why tender?

There were three specific reasons for tendering. Firstly, the Library Service underwent an 'Internal Audit Review' early in 1993, which concluded, with or without a proper understanding of the journals market, that the library must place their journal subscriptions out to tender. Secondly, the Medical School Finance Department wished to explore the option of phased payments to improve its cash flow. The Librarian was advised that any early payment discount could be matched by a better return on investment by the School of the remaining balances. Thirdly, it was considered good management practice to 'test the market' and obtain information on a range of subscription agents' services and financial deals.

Tender specification

There had been some activity in periodicals tendering in the UK and the library obtained specifications from two library consortia! Its own specification was based on these and consisted of five sections.

1. Background information about the library: size of collection, number of sites, automated system, period of contract (three years), complete list of all titles.
2. Financial requirements: a quotation was requested for percentage discount (or handling charge) based on publishers' list prices, with an itemised list of all titles indicating publishers' price and for non-UK titles foreign currency price, exchange rate and sterling price. The policy on invoicing for 'not-yet-known' prices was requested. Finally, quotations for invoicing on an early payment and phased payment process were requested.
3. Service requirements: minimum service standards for handling of orders, claims, cancellations and other communications were stated (fortyeight hour urgent action, five day action others, acknowledgement within ten days). Agents were also asked to identify what support services they offered with regard to new title alerts, notification of price,

frequency and title changes, provision of stationery and support with taking on a new contract.

4. Management reports: agents were asked to confirm that analysis by site, subject codes, price ranking and three year historical price survey could be provided.
5. Value Added Services: finally agents were asked to provide information on electronic table of contents page services, automated serials management systems, online access to agent's databases, missing issue collections and any publications produced.

This specification was then circulated to six subscription agents with a request to tender for the supply of journals to UMDS. The process was handled by our Finance Department and was, therefore, a formal process seen as a 'final offer', i.e. there would be no post tender negotiation. The quotation was in the form of a written document rather than oral presentation.

Outcome of the tender process

As previously stated, the major concern of this paper is the financial aspect of tendering but some analysis of the difference in service is appropriate. The primary conclusion is that there is very little difference between what agents offer, except in the quality of service, which can really only be assessed in action and not in a tender response. Until comparative evaluations are made of agents' services within a research context, selection will be based on discount levels, personal relationships between librarian and agent, and, of course, historical inertia. Some minor differences were noted in how supplementary charges were dealt with, methods of notifying new titles and title changes, the scale of missing issue collections and supply of back runs, and whether the agent offered a named contact in a Medical Division. As CASIAS services develop, this may add another factor in the selection criteria.

With regard to phased payments, only three agents were able to negotiate on this.

Discounts (and handling charges) are commercially confidential, so will not be revealed. It can be stated, though, that significant

discounts are available if the right commercial conditions prevail. Four of the six agents were able to offer discounts. The subscription market place does appear to be becoming more competitive. The number of agents has reduced and we now have the 'gang of four' chasing a reducing market. It may well be in the interests of networks to develop cooperative purchasing arrangements in order to secure improved deals through volume business.

Fig.1 Single Line Prices

Agent	Cost	Titles
A	£152,444	698
B	£176,131	692
C	£185,877	863
D	£204,612	795
E	£241,602	867
F	£251,208	854

My major comments about tendering are concerned with the use of the 'Single Line Price' and the disparity in publishers prices quoted by agents. A single line price for each tender was provided by the six agents, (Fig.1). The large difference between the 'most expensive' and the 'cheapest' is immediately apparent. It took a considerable time to unravel this. The first reason was that each agent quoted for a different number of titles. Two agents did not quote for the second of our c.150 duplicate titles and each agent had a number of titles which were not on their database. Only three of the agents listed the titles for which they had not quoted! Two agents included their discount/handling charge in the bottom line price; the others did not, and finally, there were a variety of exchange rates used for foreign currency titles.

A sample of twenty-four US titles was taken from five of the agents to assess the impact of foreign exchange rates (Fig.2), which indicated that there was a 25% range in prices, exactly matching the range in the exchange rates used. There were also minor differences in US \$ publisher prices.

Fig.2 Sample of 24 US Journals

Agent	£Price	\$Exchange	\$Price
A	4212	1.92	8088
B	5545	1.47	8151
C	4444	1.82	8089
D	4284	1.90	8139
E	5594	1.44	8041
Range	25%	25%	1.3%

A sample of 55 UK titles (from five of the agents' quotations) was taken to identify any anomalies in listing of UK publishers' prices. Of the 55 titles, 9 (16%) had at least one agent quoting a different price. Of the 275 individual prices, 20 (7%) were different from the norm. This may be caused by quoting the previous year's price, excluding postage charges where applicable, or clerical error. In any case, libraries should be aware that there is a potential problem here.

Conclusions

Firstly, it must be stated that a tender does not necessarily produce an answer. The highest discount may not mean the best service. Qualitative assessments of service, the potential cost of transferring records and personal recommendations must all be sought. The major conclusions from undertaking the tender process were:

- a) *Variable response to tender:* not all of the specifications could be fulfilled; only three agents offered phased payments; only two agents presented data on foreign titles as requested; only one agent stated policy on "not yet known" prices.
- b) *Confusing financial data:* the single line price is an unhelpful measure for comparison. The only, and best, measure for financial comparison is a single discount/handling charge to be levied on publishers' list prices for a 'package' of journals.
- c) *Competitive market place:* the bargaining power of the librarian, especially if volume

business is created by cooperative purchase, may be marginally increasing. Therefore improved financial deals are possible. It needs to be understood, however, that there are implications in moving away from the professional relationship between librarian and agent (working as partners in the information communication chain), to a customer-supplier

relationship where a contract is the defining factor.

- d) *Role of the agent:* agents are looking to redefine their role (in order to survive in a decreasing market!) as an article supply rather than journals supply business. All the major suppliers are moving into electronic contents page and document delivery service. In addition there is an opportunity for agents to act as 'one stop shops' and supply all materials to libraries (CDs, official publications, books, newspapers) as a consolidation service, thereby receiving, processing, labelling, delivery and even shelving (on a daily basis). Selection for journals supply could, therefore, be an aspect of a much larger and more complex portfolio of services provided by the agent.
- e) *Further research:* there is very little published on the evaluation of agents' services. It is recommended that research is required into supply problems, claims responses, speed of acknowledgement of communications, benefits of named contacts and finally criteria-based comparisons of CASIAS services.

References

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