

Innovative models for procuring e-books

This paper gives some background on e-books and UK library purchasing consortia, before discussing in detail an innovative tender for e-books undertaken for higher education in the UK. The main aims of the tender were to provide members with agreements that were innovative in terms of business models giving value for money; were flexible, offering those with differing requirements appropriate options; exploited the electronic medium in terms of granularity and multi-user access; focused on users' needs rather than libraries' requirements; and encouraged the addition of library-defined content. The success of the tender demonstrated that libraries are not prepared to accept the restrictive and expensive business models, often based on hard-copy practice, which some aggregators seem to be forcing on us. In terms of content, it also showed libraries taking the lead in influencing what aggregators are making available.



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Introduction

This article is a revised and shortened version of a paper given at the Internet Librarian International Conference in October 2005¹; it draws on a recent ground-breaking tender for e-books for higher education (HE) libraries in the UK. The strategy for the tender was informed by standard procurement practice and by the experience of acquiring other e-resources, particularly journals, under the so-called big deal. A full discussion of the background is given by Ball².

E-books

Although revolutionary in terms of delivery, the advent of e-journals has not changed the fundamental mode of use. Indexes and abstracts are searched; articles are selected; prints of them are procured. This is essentially no different from the hard-copy process of getting photocopies of articles, either from one's own library or on inter-library loan, after a literature search. The process has been telescoped by the technology, and the user is more in control; but the end-product is the same and this is essentially the way that scholars have worked for many years.

However, e-books are different, partly because of the extent of their individual content and partly

because of their primary audience. Because of the extent of the content, library users are either tied to a screen to read large volumes of text, or obliged to print it themselves. This is not the way that users, or librarians, have worked with hard-copy books, and the end-product is quite different. The difference is magnified because the numbers making intensive use of e-books, particularly textbooks, comprising the whole undergraduate population, are much larger than the numbers making intensive use of e-journals. Demand for electronic forms of undergraduate texts will increase rapidly, as virtual learning environments (VLEs) establish the electronic medium as the primary means of interaction between student and university. Cultural and technical difficulties (network and hardware availability, printing capacities and costs) are potentially much more critical.

E-books have taken a number of forms. Initially they were intended to be read on dedicated hardware devices. However, uptake outside North America was very slow because of cost, lack of available hardware, and poor on-screen readability. The norm now, particularly in HE, is for a software solution (such as Adobe) run on a PC, laptop or PDA. Given their portability and multiple functionality, the latter devices seem destined to push out the dedicated reader.

Approaches to e-books in terms of functionality are dominated by the metaphor of the book and the database. Gibbons, Peters and Bryan³ define seven types of functionality, including:

- physical functionality of the device, such as readability, ergonomics
- functionality that helps read the content, such as searchability, navigational tools
- enhancing functionality, such as inclusion of multimedia, links to data and bulletin boards
- functionality that places the content in a context, such as links to other e-content, inter-textual searchability
- functionality that helps the reader 'possess' the text, such as making annotations, printing
- functionality that supports library activities, such as preserving the confidentiality of users, being 'scrubbable'.

The Southern Universities Purchasing Consortium (SUPC) tender for e-books

The SUPC is the largest of the UK's seven HE regional purchasing consortia. It has 47 HE members, ranging from small institutions to very large ones, with both research-intensive and teaching-intensive universities. It covers all areas of university purchasing, from laboratory supplies to stationery, and runs contracts worth over £100m per annum. It has a very active and innovative Libraries Group, which has contracts for hard-copy books and serials worth over £31m per annum.

In 2004 the member libraries of the SUPC decided to go out to tender for e-books. This decision was driven partly by the increasing importance of VLEs for members and the consequent need for electronic content suitable for the undergraduate and taught postgraduate audience. It was recognized that this tender was potentially more difficult than hard-copy tenders, since the market was under-developed and the business models very fluid. The main aims of the tender were to provide members with agreements that:

- were innovative in terms of business models giving value for money
- were flexible, offering those with differing requirements appropriate options
- exploited the electronic medium in terms of granularity and multi-user access

- focused on users' needs rather than libraries' requirements
- encouraged the addition of library-defined content.

The agreement resulting from this tender was also to be made available to all HE institutions in the UK and to members of the UK HE regional purchasing consortia.

Two distinct requirements were identified in the tender:

Requirement A: a hosted e-book service from which institutions can purchase or subscribe to individual titles;

Requirement B: a hosted e-book service of content that is specified by the institutions. It is anticipated that this service could be subject-based and subdivided by subject area.

It was envisaged that the first subject to be tackled under Requirement B would be nursing, building on the work of the Nursing Core Content Initiative, based on the Libraries for Nursing/Royal College of Nursing (RCN) core collection for nurses.

From eight initial tenders, four suppliers were selected for detailed consideration, the selection being based on criteria such as the academic nature of the content, satisfactory authentication arrangements, demonstrable benefits for the consortium, and customer service. Three were general aggregators; the fourth offered a subject approach.

Business models

The three general aggregators offered pricing models based on the e-book list price. The e-book prices for 1,190 titles common to the three bidders covering four publishers were compared, and it was clear that for many titles there was no common e-book price. This comparative exercise demonstrated that the average e-book price for these four publishers ranged from \$99.9 to \$102.2, a spread of 2.3%.

The most depressing aspect of the tender was that two of the three general aggregators tended to mimic hard-copy business models very closely, allowing only single concurrent user access or a fixed number of accesses each year. The electronic medium is ignored and many of its benefits lost under such restrictive models, which do not match the requirements of the modern university student for flexibility and immediacy of access. There is no reason why such models should be carried over from the printed to the electronic medium, and this

lack of innovation influenced the outcome of the tender.

Furthermore, price comparisons with hard copy are by no means necessarily favourable. One e-book aggregator, for instance, charges the list price plus a fixed premium for outright ownership. In the UK, VAT at 17.5% is levied on e-books, but not on printed books. Taking into account the average discounts available to SUPC members on both hard-copy and e-books, and assuming no difference between hard-copy and electronic list prices, the price of outright ownership of the e-book was a startling 82% more than the hard-copy price. Moreover, the model allowed only one user at a time. Put another way, the bookfund would buy 45% less books in electronic form than in hard copy.

In justification, one might argue that e-books bring savings in whole-life costs – processing, handling and storage in particular. However, many libraries, such as Bournemouth, are now self-service environments for the issue and discharge of books; 70% of Bournemouth's transactions are now through this medium. Thanks to an earlier SUPC contract, over 90% of hard-copy books are delivered completely shelf-ready. Shelving is carried out by student labour, completely funded by fines income, which of course does not accrue on e-books. The University does not charge the Library for space used. This economic argument does not justify buying 45% less books.

As Algenio and Thompson-Young⁴ point out, one might also argue that outright purchase of e-book titles is preferable to subscription. This payment method is subject to inflation and obviously less controllable; it may also lead to the dangers recognized above in the discussion of the big deal. However, the price differential of the model just discussed outweighs this argument too.

Comparing the prices of the different aggregators proved a complex matter, given the different elements, such as platform fees and costs per full-time equivalent student, to be included. The comparison was, however, well worth while, since it demonstrated some very wide variations. With the outright purchase models, the cheapest, calculated on 1,500 titles, was 63% of the price of the dearest. With the subscription models, the cheapest on offer was only 20% of the most expensive.

These differentials are quite startling, especially when one remembers that they are calculated on the price of 1,190 common titles. This tender was an opportunity to send an unmistakable message

to the e-book marketplace, that vendors have to provide flexible and cost-effective business models reflecting the needs of users and exploiting the potential of the medium.

Bespoke subject collections

Despite offering business models derived from the hard-copy world, e-book aggregators do not fulfil one basic requirement of any hard-copy aggregator: namely to supply any book from any publisher. To overcome the restricted nature of the content on offer, Requirement B of the tender addressed bespoke collections. Before the SUPC tender, work had been under way by a group of universities (Anglia Ruskin, Bournemouth, Glasgow Caledonian and West of England) and the RCN, to define a core collection of nursing texts for use in HE, based on the Libraries for Nursing/RCN core collection for nurses. The object was to negotiate with aggregators to make this collection available in electronic form, in order to overcome some of the problems experienced by nurses in HE, who work and study in different locations under considerable time pressure.

This nursing collection was seen as the first in a series of bespoke subject collections to be defined by HE. There would obviously be potential benefits both to students, who would have access to prescribed reading material in electronic form, and to the aggregators, who would be assured of take-up by the HE community. One problem that arose was the well known issue of core textbooks that sell in relatively high volumes⁵. Publishers may be unwilling to make these available to libraries at economic prices because they will lose substantial revenue from sales to individual students.

Two of the three aggregators bidding for the contract expressed an interest in Requirement B, and demonstrated their willingness to negotiate with publishers on behalf of libraries. The need for this initiative was demonstrated by comparing the list of 200 core nursing titles against the offerings of these two aggregators: only 13% of these heavily used titles were currently available.

Results

Following a long and painstaking tender process, ebrary and ProQuest were chosen under Requirement A, and ebrary under Requirement B. These two suppliers were felt to offer most to SUPC members in terms of: innovative business models giving value for money; flexibility, offering those with differing requirements appropriate options;

and exploiting the electronic medium in terms of granularity and multi-user access.

Conclusion

The innovative tender just discussed offered the opportunity to send a strong message to the emerging e-book marketplace. Lessons have been learnt from the often painful experience of the e-journal pioneers. HE needs flexibility, both in terms of business models and access to resources. We are not willing to be forced into the strait jacket of the hard-copy medium when the electronic form offers so much more. Nor are we prepared to accept the restrictive and expensive business models, often based on hard-copy practice, that some aggregators seem to be forcing on us.

In terms of content, we are also seeking to take the lead. As this article is being written we are already in discussion with ebrary to procure bespoke titles for our nursing students and to develop other subject lists. Another interesting development, although outside the scope of the tender, is the model offered by ebrary of selling access to electronic textbooks direct to the student. This solves the problem of publishers' withholding high-volume textbooks in electronic form by providing compensating revenue, and moves us closer to completely electronic provision.

Of course, only time will tell how successful we have been in shaping the marketplace; but it is only through the application of sound procurement practice and the strength of consortia that we stand a chance of matching commercial provision to future higher education needs.

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