

November 2013

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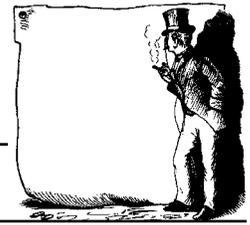
Recommended Citation

Cox, John (2009) "As I See It! -- Howling in the Wind for Standard eBook Business Models," *Against the Grain*: Vol. 21: Iss. 4, Article 38.

DOI: <https://doi.org/10.7771/2380-176X.2469>

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As I See It! — Howling in the Wind for Standard eBook Business Models



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eBooks are today's talking point. Let us leave general books to one side, because that involves the consumer market — another territory entirely — and confine ourselves to academic and educational books. Nevertheless, that encompasses reference, monographs, conference proceedings and, of course, textbooks.

There is a groundswell of demand for standards, not only for technical standards but also for business models. There are many standards bodies anxious to take up the challenge. In the global arena, the **International Standards Organization (ISO)** stands above the others. Our ultimate aim must be to establish standards that are recognized and certified by **ISO**, as our community is global. In scholarly publishing, multi-national authorship and readership demands that we avoid narrow national approaches.

Standards Bodies for Electronic Resources

There are, of course, specialized standards bodies that are developing standards for our own publishing and library communities. I will pick out just two, both of which have involved themselves in the development or codification of business models affecting the library market:

- **NISO**, the **National Information Standards Organization**, is primarily a US-based organization with strong membership within the library community. It was responsible for establishing SERU as a model for serials licensing terms;
- **EDItEUR** is based in the UK and has developed a series of ONIX standards for machine-readable standards in both books and serials. ONIX for Serials was itself a collaborative effort with **NISO**.

Their work is vitally important to the future of the scholarly and academic information environment. **EDItEUR** and **NISO** continue to work together. They need participation from across the spectrum: more publishers, more libraries and more vendors. Standards enable machines to talk to each other, from publisher to vendor to library. They simplify the supply of information products, whether printed or digital. They improve efficiency, cut costs and can reduce error. No membership results in no participation. No participation means leaving it to your competitors to develop standards that will affect your activities in the future. The price of entry to the membership tent is low in the context of the future health of the organization.

And it would be convenient to have internationally recognized standard business models for eBooks, wouldn't it? However, standards depend on the emergence of a measure of agreement on what business models should be. For business models, that can only be established by custom and practice. The journal business started to go digital in the mid-1990s. There is still a considerable range of business models in use out there. We have only just managed to agree the **SERU**

Guidelines, which are still a long way away from widespread adoption. Standards take time. And eBooks are ten years behind e-journals.

Standards and Anti-trust/ Competition Law

There is also a problem with the law. Publishers cannot talk to each other about business models. It would be a breach of anti-trust law or competition law. Standardizing pricing models is very close to pricing by cartel. You will never see publishers or their trade associations openly adopting a model together with other publishers. It is simply not legal. All that we can aim at is "pre-competitive" cooperation to codify model license terms that are going to be used by everyone. That will not emerge until there is enough experience in eBook licensing to demonstrate that sort of commonality.

No Such Thing as a Standard eBook

Journals are the "minutes of science," comprising reports of research, targeted at the research community. They are homogenous. Books are different. In the print world we use words like "encyclopedia," "monograph," "textbook" to denote particular types or purposes of a book. In the digital environment we still have to be conscious of these distinctions. Even within the broad term "textbook," there are course textbooks and recommended reading.

eBooks are not just books. While today's eBooks are similar to e-journals in that they are digital facsimiles of the printed original, they will almost certainly migrate from a picture of a book and become much more complex and functional. Just look at **OECD** and **Knovel** as early examples of how books are transformed in the digital environment. Depending on the content, they become searchable databases (reference), learning objects (textbooks), or narratives (monographs). Text will be presented not as PDFs but as re-flowable text that can be displayed on a PC, or on a PDA, or on an eBook reader. eBooks are very diverse. To think of them as undifferentiated content is to miss the point.

The Developing Business Models

We are already seeing the development of a wide range of business models to suit different information types and purposes. While libraries acquire collections of eBooks by title, or in packages from large publishers or aggregators, individuals, whether students or faculty, tend to be more granular in their approach. They are likely to buy chapters or pages on a pay-per-view basis, either to meet a particular need at the time, or to incorporate in courses using learning management systems such as **Blackboard**. Custom textbook publishing sites serve this need.

There tends to be two broad categories of business model at the moment: subscriptions and purchase. Neither is mutually exclusive. Most publishers offer both types. Some publishers offer a wide range of subscription and purchase schemes,

to cater both for libraries and for individuals. **Taylor & Francis** is an example of a publisher that has thrown every conceivable business model at the market, to see what sticks and what does not. Indeed, there is a positive advantage in providing a choice of models, as I often advise my publisher clients, so that libraries can select whichever suits their budgets and acquisition priorities. Moreover, most eBook publishers also license their content to aggregators such as **netLibrary**, **MyiLibrary**, **EBL**, **ebrary**, etc.

Subscription Models

Reference works and monograph collections have become subscription-based products. There is really not much point of comparison between subscriptions to online reference and the price of the printed equivalent, as the subscription price can be for unlimited access, or to a set number of concurrent users.

Moreover, pricing may vary depending on the level of access required. As an example, **Safari Books Online** has two subscription models. **Safari Bookshelf** allows a limited number of books and pages a month for a price that is much lower than **Safari Library**, which is designed to give users unlimited access to all books and other materials in the library. Browsing online is supplemented by the ability to download a chapter at a time.

Both **OECD's** and **Knovel's** digital products are sold on subscription. Both have built considerable functionality into their databases. In **OECD's** case, the book content is supplemented by the underlying data on which they are based; content can be downloaded, analyzed, manipulated and visualized as the user wants. **Knovel's** digital compilation of professional reference books in engineering are sold as productivity tools, where the user can manipulate data from tables in the reference works that previously would have been calculated manually — the benefit is the time saved. They both offer a proposition based on value to the user, rather than one simply based on price and related to the price of the printed book.

Monograph content is also available on subscription in collections, either pre-selected by the publisher in subject groupings, or on a self-select basis at a fixed price based on the number of titles; **Taylor & Francis** offers both options.

The *Oxford Reference Online* package uses a concurrent user model, and FTEs for unlimited access. Individuals can subscribe on an annual or monthly basis. The concurrent user model is an annual subscription amount per user. Unlimited access subscriptions vary depending on size (FTEs), type and location. **OUP's** FTE model is interesting because it weights FTEs according to the type of institutional customer, ranging from 100% for four-year academic institutions, corporate and government libraries, 50% for two-year colleges and non-profit organizations and 15% for high schools. Its public library model is based on the population served.

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In a survey published by the **Association of Learned and Professional Society Publishers (ALPSP)** in 2008 it was found that 30% of publishers that offer journal collections or packages include reference works, other eBooks and datasets in what was mainly an online journal package (**Cox Laura & Cox John**, *Scholarly Publishing Practice: Third Survey 2008*, ALPSP, Brighton UK, 2008). This appears to be a growing trend.

As an alternative to FTE-based pricing, other "size"-based structures use categorization and banding methods that have been developed within the university community include **Carnegie Classification** in the USA, and **JISC Charging Bands** in the UK. However, they are antithetical to the idea of international standards as they apply only to the UK and the USA, and differ as between themselves. While they may have "recognition value" in their respective territories, they do not provide a basis for a "universal" business model.

And you might have guessed it! Some publishers use an amalgam of these methods. The **Humanities eBook Project**, set up by the **American Council of Learned Societies**, is a database available on subscription rates that depend both on **Carnegie Classification** and on FTE counts.

A Variation on the Subscription Model: eBook Rental

There is no reason why a subscription period should be limited to a period of one year. **Taylor & Francis** has pioneered a form of book rental. As well as annual subscriptions, it offers periods of 1, 7, 30, 90 and 180 days at prices ranging from, say, 20% for a 7-day rental to 50% for three months, based on the discounted eBook purchase price. The 7-day rental is the biggest take-up so far. This is clearly aimed at individuals — particularly students.

eBook Purchase Models

Most publishers offer eBook purchase for download both at their own sites and at retail sites such as **Amazon** and *eBooks.com*. The eBook price will vary depending on the type of content. An e-monograph will be priced at or very slightly below the print price — typically around 15%.

But the price of a reference work that is likely to date quickly, and require new editions or updating on a regular basis, is likely to differ significantly from the print price. **Wiley's Major Reference Works** provide a good example, in that the digital pricing structure, based on three FTE bands, is considerably more expensive than the print edition, and includes provision for updating.

eBook aggregators sell individual eBooks. Publishers license their eBooks to aggregators as well as selling them direct from their own sites. Aggregators' business models also provide a wide range of offers, for example:

- **netLibrary** sells an eBook at the list price for one concurrent user. It also sells subject sets at an aggregate discount;
- **ebrary** sells an eBook at the list price for a single concurrent user, or 150% of list price for multiple access. It also sells subject-based collections at an aggregate discount.

In the world of textbooks, pricing is different. The traditional textbook model is based on each student

buying the textbook adopted for the course. Most major textbook publishers are offering up to 50% discount off the print price for an e-textbook. **CoursesSmart** is a site established by five major textbook publishers to allow instructors to browse and select textbooks for their courses, and to facilitate their purchase and download by students at an eBook price set by the publisher, in some cases up to 60% less than the print price.

eBook Compilation Models

Customized core textbook models have been around for a while. All the major textbook publishers provide a service in which the instructor can compile chapters from different titles within the publisher's list to create a customized book that can be printed and delivered, or downloaded as a digital file. This is now a major part of most publishers' revenue.

The advent of online publishing has encouraged publishers of recommended reading to provide this sort of compilation service. **Taylor & Francis** offers the facility to buy individual pages or chapters of **T&F** titles to assemble into the customer's own eBook, downloadable as a non-printable file. Pricing is usually based on a per-page rate.

Pay-per-view

eBooks also lend themselves to a pay-per-view model, analogous to journal pay-per-view for individual article purchase. **Taylor & Francis** offers two models, one that provides a printout of selected pages from any **T&F** title, while the other allows the user to copy and paste selected content for offline viewing, modification or printing as required. Prices vary by title.

The Growing Importance of Micropayment Systems

The compilation and pay-per-view facilities I have described require an online payment system that is capable of handling micropayments. In order to cater for transactions that involve cents at a time rather than dollars, the customer opens a pre-paid online account; whenever he/she uses any eBook service, the payment is deducted from the account. **Taylor & Francis** offers such a system, in which the minimum payment is only \$4.50. The technology involved is well-established. It is not unlike cell phone pay-as-you-go schemes. It is an essential underpinning of the pricing versatility that many publishers now offer.

The Non-cash Side of the Business Model

Whatever the pricing model applied to the product, a key element in the business model is

The Chicago Manual of Style Online

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—*Library Journal*

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the range of rights provided to users and, in some cases, to their libraries. It should be noted that prices may be tailored to the particular configuration of usage rights licensed. Rights are very varied, again because publishers cannot discuss them with each other. But access and usage models should cover the following:

- Authorized users: include remote users and walk-in users?
- Display mode: HTML, PDF, XML, GIF etc.
- Copy and paste: limited to 5%, 10% of a book, or unlimited
- Download: prohibited (browse only), limited to chapter or book, or unlimited
- Printing: one page at a time, one chapter, or unlimited
- Output devices catered for: PC, PDA etc.
- Reader software: **Acrobat Reader**, other etc.
- MARC records supplied: no, yes, or yes for additional payment

The Prospect for Standardization

The eBook business is too varied and too young to hold out the prospects for standardization yet. Think how long it took to develop the **SERU** Guidelines for journals. The eBook business is ten years younger, and much more complex. Publishers are still experimenting, and will continue to do so for the foreseeable future. While there are the green shoots of consensus on the supply of MARC records, on copy and paste, and on printing, there is still a lot of trialling different approaches, to see what is acceptable to customers and works effectively. But it would be premature to seek standardization in a business that is still experimenting. 🌱