Electronic Resources Pricing: A Variety of Models

Christine Fischer
University of North Carolina at Greensboro, christine_fischer@uncg.edu

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the rapid proliferation of pricing models with skepticism. After all, how many different models do we really really need? But Rick also asserts that simpler is not necessarily better. Libraries need to take a more holistic approach when evaluating the value of staff time involved in handling so many different types of deals. It may cost us a bit more to figure out a wide variety of models, but if the result is big savings, then we may be getting much more out of the deals than we put into them.

As Library Relations Manager for Duke University Press, Kimberly Steinle gives a vendor's perspective. Her in-depth analysis of pricing for their Scholarly Collection yields insight into the kinds of decisions that publishers must face as they develop a model that will keep their business going while keeping their customers happy. Kimberly also describes what happens when a pricing model fails to be viable, and how a publisher makes a transition to an alternative model.

Finally, Scott Rice, Networked Information Services Librarian at the University of North Carolina at Greensboro, surveys the pricing terrain in the rapidly growing arena of eBooks. Scott delineates three major models and describes an innovative approach, and analyzes the importance of Digital Rights Management (DRM) in pricing models and license agreements.

Although these four authors have different backgrounds and perspectives, their articles share a common thread — there are numerous pricing models, and libraries and publishers alike must devote resources to understanding their complex options. Like it or not, we are all dining at a restaurant with lots and lots of items on the menu. It's going to take time and energy to make decisions, but that time is well invested. If libraries and publishers don't spend the requisite time to understand the menu, they might end up with an unpleasant surprise on their plate.

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Electronic Resources Pricing: A Variety of Models

by Christine Fischer (UNC Greensboro) <christine_fischer@uncg.edu>

Building and maintaining library collections is increasingly complex. Determining pricing for physical resources actually housed in the bricks and mortar facility is relatively simple. In contrast, libraries must select electronic resources that range from databases to online journals to eBooks, and these information tools are purchased using pricing models that tax every library with their variability. Are we to be charged by use, individual title, or package? Is our institution quoted a charge based upon enrollment as a whole or the number affiliated with the program for a specialized resource? The possibilities seem to be growing as libraries, publishers, subscription vendors, aggregators, and others continue to respond to the changing information resource and access environment.

Cheaper by the Dozen?
Journal titles can be selected individually.

With a thorough knowledge of the library's user community, this option seems reasonable. Focus can be given to the particular disciplines or subject interests that engage patrons. With un-
age data, evidence of requests by selectors, and obvious links between curriculum and resources, the library can easily justify collection development decisions. But analyzing and documenting such data and making individual selection decisions is time consuming, and purchasing resources on a title by title basis can be quite costly. The cost is felt on the invoice as well as in personnel costs of staff time and lost opportunities of other services that could be provided if the staff wasn’t handling such detailed transactions.

Bundling is a means to provide multiple electronic resources which are intended to broadly serve the anticipated needs of users, though peripheral titles included in a package may be considered irrelevant. A publisher may bundle all its e-journal titles into a collection or may selectively group titles based upon subjects. Other bundling options may be contingent upon a library’s agreement to maintain their current level of subscription expenditures. In this model, pricing may be advantageous to a degree, but restrictions obligate libraries to acquire some content or a format that is not desired. Librarians take seriously their relationships with faculty and students as departmental liaisons and as selectors for their communities and institutions. It may seem less rewarding and fiscally irresponsible to simply choose packages of resources while aiming to support users. Rather more pressing is the reality that the make up of packages changes, and does not too frequently for comfort. Collection decisions really are only the best that can be made at a given moment in time; a publisher may choose to pull titles, offering them via another aggregator or service or perhaps hosting them exclusively on their own site. Lead time with public notices can offer libraries a chance to analyze their options, but it may be more immediate than that. With funds committed for the fiscal year, timing can be impossible to provide continuous coverage.

Making an informed decision about purchasing a group of titles is very different from bundling once a commitment to a journal has been made. Price increases at renewal can be significant if there is a remix of what is included, although a cap may be in place to hold the percentage increase to an amount that can be accommodated. As sometimes happens, an association or publisher may move a title to a package arrangement, and selectors then are faced with an increase in the subscription rate as well as unwanted additional titles. A side benefit may be discovered by reviewing usage data, as it is possible that libraries will find that resources initially considered to be peripheral are in fact used by patrons. The availability of the materials leads to discovery.

**Pricing Models**

A use-based model can incorporate other factors but is essentially an effort to tie use activity statistics when determining the price an individual library pays for an electronic resource. That model assumes a publisher maintains reliable, accurate statistics that can be consistently described. Standards for use statistics, such as those developed by COUNTER (Counting Online Usage of Networked Electronic Resources), give backbone to such a model. But it doesn’t follow that such pricing is affordable. Regardless of the size of an institution, funding is not boundless.

Pricing for databases commonly uses the number of full-time equivalent (FTE) students (and occasionally faculty) with fees being based upon those FTE numbers. So, for example, a particular yearly fee would be charged for the Gallup Brain if the FTE level was in the 10,000-20,000 range. The price would vary if the enrollment numbers were above or below that price band. Other deals discard the concept of FTE bands and instead charge per student FTE.

Purchasing based on the number of simultaneous users allows for cost control. Divisions in the number of simultaneous users will differ according to publishers. Choosing the unlimited option can become the least practical choice when anticipated benefit outweighs the discouragement by patrons who find it difficult to access the product if that simultaneous user level is too low in actuality. The number of simultaneous users may only be one component in a pricing model as with H.W. Wilson which allows customers to combine the one-time purchase of an archival database with a simultaneous user model for the current database.

Tiered pricing is common with databases and has been employed by publishers of e-journals. In some cases tiers may define service levels that offer differing options from the basic to the premium, as determined by the publisher. More so today, tiered pricing models are linked to the Carnegie Classification of Institutions of Higher Education. Typically there are four or continued on page 22

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**Beth R. Bernhardt**

Electronic Journals/Document Delivery Librarian
Jackson Library, University of North Carolina at Greensboro
P.O. Box 26170, Greensboro, NC 27402
Phone: (336) 256-1210 <Beth_Bernhardt@uncg.edu>

**BORN & LIVED:** Lincolnton, NC — Lived in North Carolina most of my life except eight years in Newberry SC.

**EARLY LIFE:** Grew up in a small town in North Carolina where I was the ‘eye doctor’s daughter.’ Couldn’t get away with anything because everyone knew my parents! Played in the drumline in the high school marching band. But mostly enjoyed water skiing and hanging out at Lake Norman in the summer.

**FAMILY:** I have one daughter who is 16 and will graduate in 2007. My husband and I just celebrated our 20th anniversary in 2006.

**EDUCATION:** BA, UNC Chapel Hill; MLIS, University of South Carolina.

**FIRST JOB:** Making sandwiches at a independently owned sandwich shop at Lake Norman, NC. I really hated chopping up the onions!

**PROFESSIONAL CAREER AND ACTIVITIES:** Program Director for the Charleston Conference, active in ALCTS, Chair of the Technology and Trends Roundtable for NCLA, NASIG, Submissions editor for three years.

**IN MY SPARE TIME I LIKE TO:** Watch sports especially college basketball (men and women), college football and professional football. I also enjoy going to wineries and wine festivals with my husband and friends. My other hobbies are playing the flute and piano.

**FAVORITE BOOKS:** I love a good murder mystery.

**PET PEEVES/WHAT MAKES ME MAD:** The rich getting richer and the poor getting poorer.

**PHILOSOPHY:** Live life to the fullest, because you never know what tomorrow will bring.

**MOST MEANINGFUL CAREER ACHIEVEMENT:** To work with a dynamic team at UNC Greensboro to create a home grown journal management system called Journal Finder. Being granted permanent tenure at UNC Greensboro and working with Katrina on the Charleston Conference.

**GOAL I HOPE TO ACHIEVE FIVE YEARS FROM NOW:** To travel in Europe after my child goes to college!

**HOW/WHERE DO I SEE THE INDUSTRY IN FIVE YEARS:** The demand for knowledgable electronic resources librarians will continue to grow so much that they will be the norm. Then there will be a specialized group of librarians called print librarians.
Electronic Resources Pricing: from page 20

five tiers with the highest tier being associated with large doctoral-granting institutions supporting heavy research activity. When such models are implemented, the new subscription prices may be greatly increased for larger institutions while smaller libraries may even pay a lower price than they had formerly. Implications of this model for larger libraries are a concern as noted by Karla L. Hahn. "Research institutions are usually placed in a top tier and could experience substantial erosion in their purchasing power and collection size if tiered-pricing models are widely adopted." Publishers may take that into consideration as they alter their pricing models. For instance, Duke University placed a cap on the subscription increase during the first year of the recent change in the e-Duke Scholarly Collection pricing: in time, usage data will be factored in with the Carnegie Classification aspect of the model to establish each institution's rate.

Publishers may offer a back file along with current subscriptions to electronic content. The range of years provided is determined by the publisher and takes into consideration the age of the publication, with, for example, the most recent ten years being offered. Publishers may also make available with subscriptions a complete archive of all issues that have been digitized. Some archives may be offered at no charge. Archives or portions of archives may also be offered as a separate subscription. Libraries would charge a one-time fee with an ongoing platform fee to cover annual maintenance thereafter. The Institute of Physics (IOP) hosts an historic archive that extends back as far as 1874, depending upon the age of the individual titles. Pricing for this is either by annual subscription or as a single fee for perpetual access. Blackwell Publishing indicates that later in the year, digitized content starting with the first issue of selected titles will be available on a title-by-title basis within their back file. The unanswered question is whether any of this truly ensures perpetual access.

Bulk Discounts

The makeup and administration of consortia vary widely, but their common ground for libraries is the purpose that they serve: license negotiation and purchasing are handled by a representative of the group, and more affordable rates are offered by the publisher. The result is access to many more e-journals and databases than would be possible if individual agreements were established. While lower costs for resources can be substantial and readily apparent, the savings in staff time overall when negotiations are centralized are likely just as meaningful. Negotiation expertise takes time and skill to develop, and that ability is valued by members of a consortium. Publishers are able to maintain numerous institutions as customers without meeting one-on-one with buyers for each library. Some portion of that savings is passed along to members.

Any structures developed have to work for both parties. Publishers want to increase their volume of sales and to sell more units, while each library in a consortium expects to pay less than they would pay by themselves. There are many pricing models that can meet the needs of both parties. For example, within the Carolina Consortium (http://library.uncg.edu/carolina consortium/), there are as many different pricing models as there are consortia deals. Some deals grant the publisher a sliding discount based upon aggregate FTE, total spending, or the number of schools. Some are based on the number of new subscribers or the amount of new expenditures; some offer flat discounts to any participants; and some charge full price with the bonus of free content. Some have upcharges based on the number of titles. For example, if the library agrees to subscribe to ten titles from the publisher, adding 25% to the cost would allow for access to all of the publisher's titles. Or the upcharge could be based upon expenditures rather than specific numbers of titles.

Once the pricing model is established, the consortium still may have the responsibility of allocating the expenditure among its membership. Dividing costs equally among consortia members is not an optimal choice, since the funding base of member institutions can vary widely. Basing charges on FTE (Full-time Equivalent) student enrollment can be more equitable. Actual calculations likely involve more than a simple base number but may include considerations of which programs to include or adjustments based on full-time versus part-time enrollment, for instance.

Endnotes

3. Watson 38.

Got a Simple and Innovative Pricing Model? You Can Keep It.

by Rick Anderson (University of Nevada, Reno Libraries) <rickand@unr.edu>

Every so often a vendor or publisher representative will come to me with light in his eyes, eager to expound the merits of his company's new, simplified pricing structure — or, even more alarmingly, its "innovative new pricing system."

In response, I always do exactly the same thing: I put on a smile, establish eye contact, and maintain both while I back away very, very slowly. When I feel I've put enough distance between us, I turn and run.

All right, so maybe I get a little bit uptight about pricing issues. (And I do seem to be getting through sales reps at a rather alarming rate.) But let me explain my reaction.

First, as to simplicity. All other things being equal, of course, I'd certainly prefer that...