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Duke University Press Implements New Pricing Model for the e-Duke Scholarly Collection

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Got a Simple and Innovative ...
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each of our databases and journal packages have a simple and easy-to-understand pricing structure. For one thing, it saves time and energy for me and my staff; the less time we have to spend poring over a complicated pricing model and figuring out how much a particular product is going to cost us, the better. For another thing, it reduces the amount of time we have to spend explaining the price to our colleagues and administrators. And for another, a simple pricing structure reduces our suspicion that the vendor is trying to keep us confused. If a pricing model is too complex, we begin to suspect that there's something in it that our rep is trying to hide from us.

However, when it comes to pricing, simplicity is not necessarily an unalloyed good. What ultimately matters to my patrons (and therefore to me) is not the structure, or the way the price is arrived at, but the final price itself. Look at it from my perspective: suppose that you offer me a database or journal package at a price of \$10,000. And let's suppose that that's my price because your pricing model has three tiers, depending on FTE; smaller institutions pay \$5,000, medium-sized ones (like mine) pay \$10,000, and large ones \$15,000. That's a very simple and easy-to-understand pricing structure, and it will take me no time at all to look at it and figure out which price applies to me.

Now, suppose that instead of that nice, straightforward pricing model, you offer a structure with ten tiers, and variations within each tier based on existing subscriptions and curricular focus. For example, if yours is a package of architecture journals you might offer one price to medium-sized institutions with ten existing print subscriptions and a graduate program in architecture, and another price to medium-sized institutions with no existing print subscriptions and an undergraduate minor program in architecture. Or you might adjust the price based on enrolled FTE in the architecture program. Figuring out my institution's price under such a program could involve a considerable amount of work for my staff and me. It might, in fact, take me an extra hour or two of research — calling up departments to find out how many students they have, double-checking whether my university fits your definition of "medium-sized," etc. That's bad, right?

Maybe, maybe not. If your complex pricing structure causes me an extra hour of research but saves the institution \$2,000, then my time has been very well spent. In other words, simple pricing is good, all other things being equal, but all other things are never equal, and under certain circumstances simplicity can be very expensive and may not be worth what it costs. A pricing structure that makes my life momentarily easier but costs my institution significantly

more is not one that I should prefer, if I'm a responsible professional.

If simplicity in pricing is something that we should all regard with a certain degree of skepticism, I would suggest that innovation in pricing is something we should regard with something closer to outright alarm.

But why? Don't we librarians want publishers to be innovative in their pricing programs?

Short answer: No. Medium-length answer: Who cares? Long answer: We all seem to be conditioned to believe that innovation is necessarily a good thing, but in fact, it's only a good thing to the degree that it represents improvement. Suppose, for example, that I were to adopt a management strategy that involves walking around hitting the members of my staff over the head at random moments with a rolled-up newspaper. It would certainly be innovative — but would it be an improvement over my current management strategy? (Actually, it might. Hmmmm.) When it comes to pricing, what matters most is the ultimate price. The nature of the process or structure that leads to the price

does matter somewhat — we'd prefer there to be some measure of fairness and rationality in the system — but what matters absolutely least of all is whether the system itself is innovative. My message to vendors and publishers is consistent: Don't waste your energy trying to sell us on how new and exciting your pricing structure is. As far as we're concerned, you might as well look around at your competitors, find an existing pricing model that fits well with your needs and ours, and steal it from them. Let someone else invent this particular wheel. We customers would prefer that you direct your energies to increasing your content and improving your interface.

So, am I saying that we librarians don't want or expect simplicity and innovation from publishers and vendors? Not at all — simplicity and innovation can be very important. But innovate where it matters: in your search interfaces, your administrative modules, your usage statistics, your content. Those are also areas where more simplicity is almost always better. Pricing is not an area where simplicity and innovation should matter much to us.

Duke University Press Implements New Pricing Model for the e-Duke Scholarly Collection

by **Kimberly Steinle** (Library Relations Manager,
Duke University Press) <ksteinle@dukeupress.edu>

In 2005 **Duke University Press** launched an electronic journals package with 29 titles. The **Press** used interim pricing for that initial year, and in 2006 implemented new pricing based on the **Project MUSE** tiered model. In collaboration with its participating publishers, as well as with consultants **October Ivins** and **Judy Luther**, **Project MUSE** had developed a new approach to pricing based on **Carnegie Classification** and usage. **Duke University Press** decided to apply a version of the **MUSE** model to the 2006 release of the **e-Duke Scholarly Collection**, which went live on **Stanford University Library's HighWire Press** in December 2005. The new approach has presented many challenges and uncovered new opportunities for wider dissemination of scholarly content in a financially viable way.

About Duke University Press

Publishing about 100 books annually and more than 30 journals, **Duke** has one of the twenty largest books programs and five largest journals programs among American university presses. **Duke** is a leading publisher in American studies, anthropology, cultural studies, gay and lesbian studies, Latin American studies, literary criticism and theory, and postcolonial studies. While known for taking chances with non-

traditional and interdisciplinary publications, we also list such well-established journals as the *Duke Mathematical Journal* and the **SPARC**-endorsed *Neuro-Oncology* among our periodicals.

The decision to launch an electronic "bundle" of titles was one of many changes brought about by an overhaul of our journals program. This overhaul was made necessary by **Duke's** transition from an essentially linear publishing model to a multidimensional electronic workflow. Besides deciding to offer an electronic package of titles, we expanded our strategic partnerships to include **HighWire Press**, **Project Euclid**, and **SPARC**; launched an STM acquisitions effort to compete with commercial publishers; implemented an online peer-review process for three journals; and developed two new positions: a library relations manager and a journals acquisitions editor.

Why a Bundle of Journals?

Duke felt that a collection of 29 of its social science and humanities journals would answer the increasingly diverse needs of the academic library community. In serials publishing there has been a swift rise in demand for sophisticated electronic access options. At the same

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time, university presses and university libraries have faced similar financial pressures. At **Duke** alarming declines in print circulation and institutional subscription revenue led us to pull most of our titles from **Project MUSE**. While doing so was difficult — the timing was not ideal, and librarians regard **Project MUSE** highly — we felt that it was necessary for the long-term viability of the **Press**. Explaining the decision in a widely published “open letter to librarians” (dated August 19, 2004), Director **Steve Cohn** pointed out that if all of our journals stayed with **Project MUSE** and print sales continued to decline at a similar rate, the royalties we received could not sustain our publishing program.

After consulting with experts in the library community, we felt confident that because many of our journals are key in their fields, there would be continued demand for electronic access to them. We believed that the success of the electronic package depended on our finding an excellent host for it, so we began a partnership with **HighWire Press**. Realizing that libraries have concerns regarding print publications, including the space they occupy and the limited use they see, and have faced increasing demand for electronic access from their users, we thought that an online collection offered maximum access and pricing flexibility to the library community. Since we were coarchitects and key supporters of **Project MUSE**’s new tiered pricing, we adopted that model in the belief that variable pricing would allow us the broadest reach.

The “Interim” Year

With the decision to pull titles from **Project MUSE** finalized just before the release of 2005 pricing, **Duke** worked quickly to create an interim electronic package for the 2005 calendar year. Needing a detailed pricing model that was both fair and easy to understand, we settled on pricing based on a percentage of what institutions had paid **Project MUSE** in 2004; this percentage mirrored the amount of **Duke** content withdrawn from **Project MUSE**. Our approach offered **Duke** content at a deeply discounted rate for many institutions, inasmuch as it honored consortial discounts; we hope that this pricing method made the transition for libraries relatively easy. With this temporary solution in place, we began collecting information with which to develop a sustainable pricing strategy for the electronic package.

During the interim year we received many questions and valuable feedback from the library community. Librarians wanted to be assured that the package was stable, and of course everyone wanted to know what the pricing model would look like after the interim year. With budget time approaching, librarians needed to know what they would be paying in 2006, and ideally for the next few years. Since some libraries had received a 90% discount due to consortial arrangements, we knew that the price increases in the near future could be substantial for some libraries. To lighten the burden on library budgets, we implemented a price cap.

against the grain people profile

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BORN & LIVED: I was born in New Hampshire and have also lived in Florida and Texas. I have lived in North Carolina for ten years.

EDUCATION: BA in English Literature from the **University of North Carolina** at Chapel Hill.

FIRST JOB: Multi-tasker at a café/bakery in Texas.

PROFESSIONAL CAREER AND ACTIVITIES: My first job out of college was in the Fulfillment department at **Duke University Press**. I have since moved to the Marketing department and held several positions, including Circulation Coordinator and now, Library Relations Manager.

IN MY SPARE TIME I LIKE TO: Read, listen to music, watch movies and spend time with my two cats.

FAVORITE BOOKS: I most recently read *Never Let Me Go* by **Kazuo Ishiguro**. I also enjoy books by **Jin Ma** and **Haruki Murakami** (*The Wind-Up Bird Chronicle* is my favorite).

PET PEEVES/WHAT MAKES ME MAD: Laziness and closed minds.

PHILOSOPHY: Do your best in everything you do and results will follow.

MOST MEANINGFUL CAREER ACHIEVEMENT: Successful implementation of the **e-Duke Scholarly Collection**.

GOAL I HOPE TO ACHIEVE FIVE YEARS FROM NOW: I hope to continue to help librarians obtain **Duke** content for their patrons and participate in discussions with a university press point-of-view at conferences like **Charleston** and **ALA**.

HOW/WHERE DO I SEE THE INDUSTRY IN FIVE YEARS: University presses and university libraries will work more closely in the shared mission of the dissemination of scholarly content.

2006 Pricing Model

Our approach for a sustainable pricing model stemmed from the need to recapture revenue from canceled print subscriptions while keeping up with the technological demands of our subscribers. We wanted to base the price on the value of the titles in the collection and to account for the type of institution, without basing price solely on size, by incorporating usage. The **Project MUSE** model addressed both size of institution and usage.

The base price for the **e-Duke Scholarly Collection** was calculated from the subscription prices of the 20 titles in the collection that no longer have current content on **Project MUSE**. The price offered to the top tier of subscribers (doctoral research extensive institutions) represented a 33% discount over the individual purchase of these titles.

We needed to address specialized institutions, such as medical schools, schools of business, art, music, or law, and teachers colleges, whose **Carnegie Classification** does not necessarily reflect their size. Our approach approximates a tier equivalency by taking into account the types of degrees these institutions grant and their full-time enrollment. Although specialized institutions do

not make up our core subscribers, we wanted to offer a reasonable price to all institutions interested in **Duke** content.

We also needed to focus on the international market, a growing component of our subscriber base. Because international institutions do not have classifications similar to **Carnegie**, we determined prices for them by incorporating **World Bank** income classification as well as institutional volume and serial holdings.

Lastly, we capped the increase in subscription price at \$500 to reduce its impact on library budgets. We expect all of our subscribers to have eased into the designated rate for their tier by 2008. We also intend to limit the increase for 2007 to 6%-8%.

While the logic of the tiered pricing model includes usage, **Duke** will be unable to collect reliable usage data until the end of 2006, when content has been available at **HighWire Press** for one year. Thus pricing for 2006 and 2007 is based on median usage; pricing that takes actual usage into account will begin in 2008. To avoid penalizing institutions that want to maintain their print holdings, we have offered print “add-on” discounts to all collection subscribers. The level of discount,

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Own or Rent? A Survey of eBook Licensing Models

by **Scott Rice** (UNC Greensboro) <scott_rice@uncg.edu>

eBooks seem poised to take off. With the advent of exciting new technologies such as electronic ink and electronic paper, and readers like the **iLiad** and **Sony Reader**, eBooks may finally break into the big time. If that happens, librarians will need to come up to speed on the options available to them to provide eBooks to their patrons. This will not be an easy task, however because of the bewildering array of different licensing arrangements. Fortunately, the complexity of eBook licensing can be mitigated somewhat because most can be grouped into a few basic broad categories.

There are three basic models of eBook licensing that seem to cover most vendors, with a few variations and one notable exception. The print model of eBook licensing treats the eBook the same as a print book present in the library. The book is offered for checkout, and once checked out, cannot be accessed by other users. The other dominant model follows the familiar "database subscription" model, and parallels subscriptions to such resources as **InfoTrac OneFile**, with an annual subscription fee and unlimited simultaneous access for users. The final model is the free or open access model, which encompasses all those eBook collections that are available for free on the Web.

To understand and negotiate the various types of eBook licensing agreements, librarians must have a basic understanding of **Digital Rights Management (DRM)** technology. **DRM** is used to prevent unauthorized use of eBook content. This can include limiting the number of pages that can be printed within a certain time period, limiting the amount of cut-and-paste a user can perform, regulating the period of checkout, or keeping track of the use of the materials (e.g., how quickly pages are being viewed).

Print Model

Netlibrary is a prime example of the print model of eBook licensing. Just like a print book in the library, one user at a time is permitted to view the content of the eBook. When the book is checked back in to the collection, then the next viewer is allowed access. If a library wants two users to be able to access the book, they will need to purchase two copies. Tables of Contents can be viewed without checking out the book, and email notifications assist the user in getting their turn with the content they are seeking. When purchasing books, institutions can choose an annual access fee or a five-year prepaid access that **NetLibrary** calls perpetual access. This is because any future access fees will only be assessed in the case of unforeseen changes to the service or technology.

NetLibrary has very restrictive **DRM**, which limits printing to one page at a time, limits the number of times a cut-and-paste operation can be performed, and forces the user to enter a code if the software detects that the user is paging too quickly through the content.

Libwise is another vendor that uses the print model for a portion of their collections. Four different tiers, reflecting a sliding scale of monthly checkouts and cost, are offered. A library purchases a set number of checkouts per month, which covers all checkouts over the collection. The **Libwise DRM** will cause the eBook downloaded by a particular patron to become unusable at the end of the checkout period, at which time it is available for use by another patron. Both vendors also provide a simultaneous use model for portions of their collection, such as **NetLibrary's Reference Center**.

Database Model

The database model is one of the most popular licensing arrangements. It essentially treats the eBook content as similar to a database. You license the content from the company and as long as you continue with the subscription, your users will be able to access all the content. **Ebrary** is a good example of this model. Some other vendors following this basic model include **Books 24x7**, **Greenwood**, and **Knovel**.

But not all vendors use such a straightforward implementation of this licensing model.

For example, when purchasing a reference work from **Gale Virtual Reference** you are actually purchasing two things: the work and access to it. **Gale** uses the subscription model in that they allow simultaneous access to multiple users while you are subscribed to their service. But at the same time, **Gale**

recognizes that you have bought the content and that it is yours to keep; they will send you an electronic file of that content and you are free to host it yourself.

ABC-CLIO also allows for the outright purchase of an eBook. As part of this purchase, the institution receives a license for unlimited simultaneous usage. They are then free to provide access to the eBook in any manner, whether it is a hosting service such as **NetLibrary** or a homegrown service. Of course, **ABC-CLIO** will also provide hosting services which need to be renewed periodically. Both vendors have an array of different choices for these renewal periods.

Safari Books Online has business and technological packages as well as a "desktop" collection which provides support information for various commonly used office software applications. **Safari** also allows simultaneous access of the collection as well as the capability of searching across the entire collection.

Safari also has a "bookshelf" package that allows the individual to select a set number of slots, either 5, 10, 20, or 30 (starter, small, medium, and large tiers) and populate it with titles. An individual title may cost a half-slot, a full slot, or two slots in the chosen tier. You can then access the content of those titles cover to cover. You can also swap out any title for another after it has spent 30 days on the bookshelf.

The bookshelf package alters the nature of searches on **Safari**. When you search, you search the whole collection, but are only provided full text access to those books on your bookshelf. Any content not on your bookshelf will only get you a preview of a small portion of the eBook. If you upgrade to the "Max" pack-

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60%-80%, is also based on **Carnegie Classification**.

Where We Are Now

We released the **e-Duke Scholarly Collection** and the pricing model for the 2006 calendar year in July 2005, emailing prospective subscribers, posting on library listservs, coordinating with subscription agents, and contacting consortia. We also posted the information prominently on our Website, where we launched the **Library Resource Center** to inform the library community about **Duke** journal titles, pricing, online access, and new initiatives.

The **e-Duke Scholarly Collection** has

been well received, with about 400 subscribing institutions at this writing, and we believe that the flexible pricing model, the ease of access, the excellent services provided by **HighWire Press**, and our commitment to archiving the collection has made it a valuable addition to academic libraries.

Upcoming initiatives at **Duke** include usage-based pricing quartiles, the retrodigitization of journal content, finalized archiving agreements, continued improvement at the **HighWire** site, and the collection of feedback from libraries and subscription agents.

To view **Steve Cohn's** open letter to libraries, and for more information about **Duke University Press** and the **e-Duke Scholarly Collection**, visit us at www.dukeupress.edu/library.