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# ATG Special Report--Part 2--Industry Consolidation in the Information Services and Library Environment: Perspectives from Thought Leaders

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## eBooks and McLuhan ...
*from page 63*

There is no doubt that cultural expectations and assumptions regarding information have shifted radically. The tipping of the scales from information scarcity to infinite abundance has changed our attitude to books and other cultural objects. As **Viktor Mayer-Schonberger** puts it, "Remembering was hard and costly, and humans had to choose deliberately what to remember. The default was to forget. In the digital age, in what is perhaps the most fundamental change for humans since our humble beginnings, that balance of remembering and forgetting has become inverted. Committing information to digital memory has become the default, and forgetting the exception."[11] As the print book has long been one of the integral vehicles of knowledge, the shift from scarcity to abundance has had a major impact on our relationship with books, which are more available than ever before in history. Sources of memory have shifted to external devices, usually in the cloud. As well, many fewer books are 'out of print' today than in the analog world.

And this brings us back again to **McLuhan**. If I can take the liberty to channel him, I think he would in turns be fascinated, intrigued, and troubled as the eBook has profoundly changed the culture of books and altered our minds, perceptions, and mental habits (for better and for worse). His ideas are a reminder to us to remain aware of the wider implications of the information world we inhabit and work in. I'll end with a quote that encapsulates how far his thinking went: "Rapidly, we approach the final phase of the extension of man — the technological simulation of consciousness, when the creative process of knowing will be collectively and corporately extended to the whole of human society, much as we have already extended our senses and nerves by the various media."[12]

Think of the collective intelligence, the hive mind, the intelligent network, the singularity, and the universal database of knowledge that many have described and dreamed about —**McLuhan** was there first. Capturing our collective knowledge, propelled by powerful new information technologies and tools, leading to a transformation in our culture and ourselves — this makes me think about AI, virtual reality, immersive technologies, visualization tools, wearable smart devices, and a brave new digital world where books are only one small node in a vast data ecology. Information superabundance is the air that we breathe, and the pervasive effects are mostly unnoticed. Hmmm…..sounds like the medium is still the message.

**Endnotes**


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2. **McLuhan**, p. 9.
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4. **McLuhan**, p. 18.
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11. **Mayer-Schonberger, V.** Delete: The Virtue of Forgetting in the Digital Age (2009). Princeton: Princeton University Press. p. 196.
12. **McLuhan, M.** p. 3-4.


# ATG Special Report Part 2 — Industry Consolidation in the Information Services and Library Environment: Perspectives from Thought Leaders

by **David Parker** (Senior Vice President, Editorial, Licensing, Alexander Street Press NYC; Phone: 201-673-8784) <dparker@astreetpress.com> Follow me on Twitter @theblurringline

In June we published our first 10 responses to the following "consolidation question."

> *Large companies grow larger through acquisition. Of course each acquisition is justified in terms of strategic fit, the need to offer "full service" to customers and complimentary services; but it is the need to grow that is the ultimate driver. Small companies either operate in unique niches and sustain their place or go head to head with large companies and generally lose. Of course the small companies operating in unique and profitable niches are the acquisition targets of the large companies seeking to grow larger. Perhaps it is a virtuous and useful process/cycle with small companies innovating in important niches and then going to scale through acquisition by the large company. Or, perhaps, innovation and customer choice suffer when the small companies are acquired. What if we were to remove our partisan hat for just a moment and speculate on the future state of the library content and services environment assuming the pace of consolidation continues and possibly quickens?*
>
> *This then is the question: Think forward to 2026. Assume what you will about the changing needs of libraries. Consider the pace of consolidation and the nature of consolidation we have seen over the past 10 years. Factor in everything from demand-driven models to open access. In 500 words or less, please give us your take on the future impact of consolidation on the industry. Concerns like competition, pricing, the growth of startups, etc. are all grist for the mill. Please keep in mind that we are looking for your candid opinions on this crucial issue and naturally we'd be delighted if you could tell us something we hadn't considered or don't already know.*

The response from our readership was swift and we received another 13 responses from industry leaders whose opinions we sought. In the first 10 responses published in June, various themes emerged that I summarized as: information consumers will rule and win. Cost per access/use will keep going down. The boundaries of the library and the companies that serve libraries will keep moving out. And the cloud and open source, services, content will become more and more central.

These themes continued in the second wave of 13 responses but there were new themes and new poles of perspective. For example, in this second batch of responses the definition of consolidation extended beyond the expected habit of for profit entities to acquire other for profit entities. In this group of responses consolidation took on three forms: commercial business consolidation, the merging of university presses and libraries, and the need for libraries themselves to coordinate and consolidate a range of activities from buying to cataloging to collection development strategies.

*continued on page 65*

**Industry Consolidation Part 2 ...**
*from page 64*

Another striking element in the 13 second round responses was what I would describe as two opposite poles of thought on the impact of consolidation. On one pole were the optimists who pointed to the constructive tendency of periods of consolidation to produce a reaction of entrepreneurial activity (and I certainly saw this in the textbook publishing space 10 years ago …). On the other pole were the much less sanguine folks who raise their very serious concerns that competition could be reduced, leading to risks of less choice, higher prices and/or innovators being locked out of access to library budgets.

And then there was the response from **Jon Cawthorne** from the **University of West Virginia**. **Jon's** submission was less a response and more a proposal for how we might take this exercise forward. **Jon's** piece introduces the practice of scenario planning as a tool we can employ to bring all of the thought and experience represented in these submissions to arrive at a consensus "most plausible" 10 years hence scenario. In my June introduction to the 10 first responses I promised a summary and integration piece for the September issue. I am now going to backtrack on that promise and, instead, work with **Jon** and the other participants in this process to see if we can employ a scenario planning process to arrive at our collective "summary view." So look for a further piece on consolidation to follow later in the year or early 2017.

Response From — **Glenda Alvin** (Associate Professor, Assistant Director for Collection Management and Administration, Head, Acquisitions and Serials, Brown-Daniel Library, Tennessee State University) <galvin@Tnstate.edu>

I began my library career in the 1970s and I have watched the consolidation of vendors of all types of formats over the past thirty years. Throughout the transition, I have evolved through stages of amusement, trepidation, alarm and now resignation.

The consolidation of vendors has meant less competitive pricing and services, especially revolving door customer service and tech support personnel. More importantly, it has brought about redundant and/or duplicate access to the same resources. Among eBook vendors there is so much duplication and overlapping of titles, that a library can end up with three copies of the same book from different vendor packages. Periodical publishers offer journal packages directly to libraries, but provide the access to those same titles via databases licensed by a large aggregator. Database vendors provide the same journal titles, often with the same embargo periods and coverage dates. Consolidation has meant that libraries end up with multiple offerings of the same titles from one source. The merger/alliance of print and online book vendors with database and media providers makes further progress toward ordering all resources, regardless of format, from one vendor.

It appears as though the startups and innovators like **Serials Solutions**, **NetLibrary**, and **Alexander Street**, can only be on the leading edge for so long, before they get gobbled up by large aggregators. This may be due to the large aggregator adapting the entrepreneur's product and marketing it at a cheaper price, therefore shrinking the profit margin of the new company. It may also happen that the small company reaches a ceiling and can no longer improve the product, as it appears to happen with some ILS vendors, and this slows acquisition of new customers. Other reasons could be the cost of conducting business and staying competitive in the library market place becomes excessive or the owner's energy and enthusiasm dims and other priorities surface. It is probable that small privately owned library businesses have a limited life span for all of the aforementioned factors.

In the future, I see only one or two library resources providers. They will offer a full array of products and services to the library through packages on a contractual basis. Selection of materials, comparative performance measurements, and competitive pricing will be a thing of the past. The need to have librarians charged with acquiring materials and developing the collection will gradually diminish and fade into the sunset, because the responsibility will have been surrendered to the vendors.

Response From — **Rick Anderson** (Assoc. Dean for Collections & Scholarly Communication, Marriott Library, University of Utah) <rick.anderson@utah.edu>

Because the ecosystem of scholarly communication is so complex and involves so many different contributors with such a diversity of goals, values, and priorities, I'm hesitant to talk in terms of "the" impact of vendor and publisher consolidation — the impacts are, and will continue to be, various and will affect different parts of the system in different ways.

What I think is really interesting about this question is that when we worry about consolidation, what we're usually really worrying about is competition: what happens when there's only one or maybe two vendors offering a product to the marketplace? Will their incentive to do a good job be reduced? Will they be able to charge any price they want because there's no one else in the marketplace to undercut them? These are questions that often don't have obvious answers when it comes to scholarly communication, because the dynamics of competition in our ecosystem are so weird. **EBSCO** and **ProQuest** compete with each other to sell the same or similar products and services to libraries, whereas two journal publishers in the same discipline have monopoly control over the content they sell. Those journal publishers, however, compete pretty fiercely for authors, to whom multiple journals may offer a very similar set of services and a roughly comparable value proposition.

This reality contributes significantly to the pricing dynamic that we see in scholarly publishing: publishers that control very high-demand journals can often raise prices with relative impunity, because that high-demand content isn't available from anyone else. If publishers continue to consolidate, I don't anticipate much impact on pricing because they're monopolists already. (Will the prices of either **Springer** journals or **Nature** journals rise because they are now both published by the same company? Probably not. They'll continue to rise, but for the same reasons they always have.)

When it comes to third-party vendors such as book jobbers and journal aggregators, though, the dynamic is different. It would be reasonable to expect a steep decline in the number of book vendors (such as we've seen recently) to have an impact on service terms and fees due to reduced competition. Except, of course, for the fact that jobbers like **YBP** and **Ingram** are no longer only (or even primarily) competing with each other for library business: today, they're competing with **Amazon**. And their traditional service models — approval plans in particular — are under severe pressure from the rise of demand-driven acquisition models. I suspect that both of these factors, among others, will be more than sufficient to counteract the impact of vendor consolidation on pricing. This is good news for libraries, at least in the short term, and bad news for book jobbers.

The bottom line, I think, is that the scholarly communication ecosystem is too complex and strange for a single dynamic, such as consolidation, to have the same results across the system. It will hurt some and help some, just like every other change we've experienced over the past two decades.

Response From — **Jeff Bailey** (Library Director, Dean B. Ellis Library, Arkansas State University) <jbailey@astate.edu> *http://www.astate.edu/*

I am viewing the impact of consolidation within the library industry in the larger context of changes in the higher education environment, including the increasing financial limitations that many colleges and universities face. The following scenario is one that I believe is becoming increasingly possible. I would be quite surprised if something along these lines isn't already in the internal planning documents of at least one company.

Large companies being formed through consolidation are building a resource and service base that is almost comprehensive enough to enable them to offer an impressive array of academic library resources and services (minus locally-created unique collections and an onsite print collection) more cost-effectively and more consistently than can

*continued on page 66*