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Sven Fund
fullstopp GmBh, sven.fund@fullstopp.com

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Choosing Independence or Feeding the Beast? The Big Deal and Small or Society Publishers

by **Dr. Sven Fund** (Managing Director, fullstopp GmbH, Society for Digitality, Wartburgstraße 25A, 10825 Berlin; Phone: +49 (0) 172 511 4899) <sven.fund@fullstopp.com> *fullstopp.com*

The story of the Big Deal has been told multiple times over the past fifteen years or so. The concept of the Big Deal and its practical implications have become an intense battleground between large publishers and librarians. As one of the very early new business models of the age of digitization, the "all you can eat" mentality suited publishers and libraries alike, while cutting out the middleman — a novelty that nobody cared about at that time. The amount of digital content was still comparatively limited at that time, leaving the majority of the acquisition budgets to be spent on traditional collection development. As time went by and with the advent of large-scale packages of journal archives, eBook-collections and lately also the offer by publishers to sell packages of open access article processing charges, libraries found themselves in a situation in which large chunks of their budgets are locked in not only with only a few publishers, but also increasingly with large volumes of content with limited usage. Multi-year agreements have multiplied the lock-in effect libraries find themselves in. "All you can eat" made a number of libraries obese.

Now, from the discussions at library conferences, particularly the last **Charleston Conference**, it appears that libraries are changing their attitude towards the Big Deal quite significantly. The spiel around cancelling the Big Deal, it seems, is getting real, not because libraries *want it*, but because they *have to* cancel due to budget constraints. Libraries in the North America, but also in wealthy countries of Europe that have been untroubled by budget cuts so far, have actually canceled their share of the Big Deal. Both individually as well as part of a consortium, it seems that the price increases start to offset the overall benefits libraries see in the Big Deal. These institutions return, as far as one can see, to a rather traditional pick-and-choose approach of selecting their content, in parts complemented by pay-per-view options. With some insight into usage stats of the institutions, this is not only a necessary, but also an economically viable decision. Pick and choose is not pick and lose, it is the flavor of the day.

What has been largely overlooked is the impact the Big Deal has on both the portfolio of publishers offering it as well as on partners that work with these publishers. Depending on the publishing company you look at, 20-30 percent of their revenues are generated by content that they don't own themselves, but rather commission from smaller publishers or learned societies. These society journals or books series oftentimes constitute a highly attractive category of material whose usage is significantly higher than that of a journal without the link to a learned society. From a balance-sheet perspective, society publications are also "lighter" to acquire and to maintain — not unimportant for companies increasingly geared towards financial performance.

The downsides for large publishers are obvious as well: the owners of society publishing assets can "shop around" the most prestigious journals in their stable from one publisher to another to increase their signing fees and annual receipts. Even smaller assets have changed the program context quite frequently. Of course, the same downside holds true for those smaller publishers who were enticed by the large sales forces and superior technical infrastructure publishing giants can offer them in return for their portion of the distribution partnerships — they also feed the beast of the Big Deal.

The specifics of these agreements are quite different between the various publishers' arrangements, but one quest unites all of them, quite independent of divergent product and discount structures: the Big Deal calls for ever more content to maintain publishers' revenue growth while offering better discounts to librarians — resulting in a package discount that increases from term to term of an agreement.

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For most institutions, the collections provide the next best alternative to the Big Deal as they are also cost effective and provide the next best level of coverage across a subject area.

Emerging Trends

We do not see the Big Deal as a permanent basis for the future of scholarly publishing. The Big Deal is a transitional form which enables increased access and reduced cost per access as the scholarly communication system evolves through a long term digital transition. As new sustainable ways of supporting scholarly communication offer even better access and as cost per access becomes widespread, the Big Deal will ultimately be displaced.

Today, fewer print copies of journals are desired by individuals or by institutions than ever before. For example, a number of society partners have offered an online-only option to their members; and they find that around 60% of their membership is choosing online-only. For institutions, most libraries have continued to participate in the Big Deal that were originally interested in it when we first offered it, and in fact most libraries return to the Big Deal if they have left it for a couple years. This does not mean the Big Deal is forever. In fact, just as we originally offered the Big Deal in response to market demand, so too will we continue to track library needs and respond proactively to them.

There is no way to discuss the future of journals without mentioning the open access movement. **SAGE** was the first publisher to offer an open access multidisciplinary mega-journal in the social sciences, and we offer over 70 open access journal titles now. Perhaps if the percentage of journals offered is weighed more toward open access than the more traditional journal model, the Big Deal will become obsolete. However, until that time, **SAGE** continues to offer multiple pricing models that provide the best access to scholarly works that we can on behalf of the authors and societies we partner with, and that provide access to libraries using pricing models that they have requested from us.

The ultimate purpose for **SAGE** is for our work to contribute to the dissemination of usable knowledge, the purpose for which **SAGE** was originally founded, and for which our founder **Sara Miller McCune** has established the not-for-profit trust which will govern **SAGE** beyond her own lifetime. "Our interest in different models, whether traditional subscriptions, Big Deals or Open Access publishing options, is around building sustainable quality controls so that both authors and readers are able to find authoritative content efficiently. Though we recognize that there will inevitably be tensions around costs, we believe there is a common purpose between our role and that of libraries, and seek as much as possible to find ways of fulfilling our role which offer benefits to our library partners and to their patrons, the faculty and students." — **Stephen Barr**, President, **SAGE International**.

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And since the number of vendors offering Big Deals is limited, these two or three dozens of outlets need to find ways to acquire content for "their" deal.

Why should this hunger for content now pose a problem to learned societies and smaller publishers? The step from a process of digitization to a state of digitality is characterized by a changing sales pattern. In the past commissioning content from a learned society and selling it was a synchronized process, with the subscription year of a specific journal being the genetic code of the business relation between the society, the publisher and the library. Today, societies still commission journal content for a period of three or five years to larger publishers. However, the model of passing this content on to libraries has changed. With their multi-year deals, libraries often make a commitment to buy content and in reverse expect content to be delivered for the term they paid for. If the publisher signs that deal in year two or three of the agreement they have with their society partner, they are selling something they effectively did not contract.

The problem is even worse when the large publisher converts his holding-based Big Deals into a database deal. These database deals cause a society journal's pricing structure to be dismantled and the journal effectively loses its economic valuation. Imagine a case in which a society decides to publish independently and wants to pull its journals out of the Big Deal. Not only does the society have to deal with the organizational build-up of a sales force and technological capabilities needed to provide libraries with an adequate service level, but it also has to re-constitute pricing and discount structures that fit its own size and needs.

It is evident that societies and smaller publishers have to make their bets. But why should libraries care? So far, they have had a schizophrenic relationship with the Big Deal. While most libraries did not support the idea of buying scholarly content in large bundles, many of them did. While the reasons for subscribing to Big Deals are manifold — elimination of selection processes, more choice for researchers, better cost-benefit ratio — libraries continued to subscribe to journals from smaller publishers, certainly for quality reasons, but also to support alternative structures.

The TRANSFER Code of Conduct, in its latest version 3.0 from 2014, addresses a lot of the technical concerns around the transfer of journals from one publisher to another, and it does so by now in a manner that is adequate to digital products. However, the business side remains an open desideratum. There are already a few mechanisms in place that address the fact that publishers don't sell journals as units any longer, but provide access to masses of content. Therefore, mechanisms are needed to assign the value inherent in a collection of content pieces (or alternative volume of usage) independently of all the meat of the Big Deal around it. By this means, customers could allow for journals to be pulled out of packages during the period of a contract to protect their interests. This mechanism would also ensure that publishers would not replace content essential to a library's patrons with other, less relevant content, just to fulfill their volume commitments.

In turn, the standing practice in many licensing agreements between publishers and libraries is that publishers are almost forced to commit to the delivery of content, which they did not even secure contractually, for the term of their respective agreement with their customer. This might appear to be a negligible issue, but given the fact that there are also larger packages with STM journals with up to 200 titles and several thousand articles that might move houses one day or another, it is sensible for librarians to take precautions.

As an interesting side-note, the lock-in effect is not only positive for those larger publishers that control major market segments. It is not just learned societies that find it structurally and increasingly difficult to move out of the Big Deal. It has also become really difficult for larger publishers to sell assets out of their portfolio that might not be in their strategic focus any longer, as their content is so tightly intertwined with the business models they support. And if one shares the view that in the advent of Open Access valuations of traditional journal assets will most likely not increase any further, this poses a risk to publishers as well.

All in all, the Big Deal has been a great business model for quite some time, but it requires on both sides — libraries' as well as publishers' — what its name implies: size. Large institutions in research and higher education may be served well by it, as are large publishers. After all, they invented it as a response to customer demand. However, the Big Deal's prospects are doomed, as the budget situation in libraries is undergoing structural shifts and as publishers' hosting technology is getting commoditized. Smaller publishers — not-for-profit as well as commercial ones — are well advised to evaluate their options and choose in time, whether they want to get rolled up in a database business or retain a certain level of control over their customers. What it takes is libraries that support plurality of models in the market by making appropriate purchase decisions.

The Economics of the Big Deal: The Bulls, the Bears and the Farm

by **Susann deVries** (Interim University Librarian and Department Head, Eastern Michigan University Library, 200F - Halle Library, 955 W. Circle Drive, Ypsilanti, MI 48197; Phone: 734-487-2475) <sdevries@emich.edu>

One of the fundamentals of economics is the study of supply and demand. There are different ways to approach this subject. **Adam Smith** outlined in *Wealth of Nations* (1776), the concept of a free market with lack of intervention and a laissez-faire approach to the economy. **John Maynard Keynes** in his book, *General Theory of Employment Interest and Money* (1936), pointed out that markets tend to react very slowly to changes in the equilibrium (especially with price changes) and intervention is sometimes the best method to get the economy back on track. We seem to be in somewhat of a standstill with Big Deal journal packages. I would argue that libraries and the publishing world have been too focused on a free market approach and that we are quickly approaching a need to depart from the classical school of economics and swing our focus for a movement to a more Keynesian approach.

The pros and cons of acquiring serial publications via the Big Deal have been discussed in depth since they started to appear in the 90s; which is appropriate because changing from an a-la-carte approach to the bundling of subscriptions means there is a lot of money at stake. According to the *ACRL 2013 Academic Library Trends and Statistics,* academic libraries typically spend 68.7% of their materials budget on ongoing resources purchases, with doctoral degree granting institutions spending on average 74.3% ($6,305,337) and comprehensive degree-granting institutions 75.4% ($774,701). We're talking billions of dollars, folks. Publication companies want to sell jour-

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