Both Sides Now: Vendors and Librarians-Terms & Conditions

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Recommended Citation
DOI: https://doi.org/10.7771/2380-176X.7735

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Both Sides Now: Vendors and Librarians — Terms & Conditions

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If it’s on the Internet, it must be true and shouldn’t all the information on the Internet be available for free? These two questions have haunted every salesperson that has ever walked into a library to sell any type of e-content. To be blunt, the answers to the questions are: that not everything on the Internet is true (see 2016 Presidential election) and secondly, to access relevant, peer-reviewed content, there will inevitably be a charge by the vendor for acquiring, compiling, cleansing and presenting that data. It is only after that process is complete that every serious academic researcher or every kid reading a novel or every college student writing a term paper or every person looking for a new job at libraries throughout the world can be confident in the relevance and accuracy of the data. So the answer to both questions is No!

Acquiring content, developing in-house content and providing that content on an easy-to-use platform is part and parcel of what information industry companies do every day. There are technical people who make sure that the content provided on the company’s platform will be compatible with the library’s network. There are financial people working for the vendor that monitor and dutifully report on the costs associated with acquiring and presenting the data for library patrons. I submit to you that all those vendors fully understand their costs, fastidiously work to maintain their operating margins and know full well how much the market will bear when it comes down to the asking price for their content. All vendors are fully cognizant of their competitor’s products and associated prices of those products, as well. A significant element of every company’s prices is being aware of what their competitors charge for similar content.

So that everyone knows, vendors struggle every day with the dilemma of what to effectively charge for the content they are providing. Aggregators have the additional complex task of not only figuring out cost of product, but also the salespersons’ commissions, (better known as cost of sale) and calculating the royalty payments they must make to the various sources of the information being used. There are Product Managers, internal publishers, sales and marketing people, all of whom have some say in the final cost to the library of the content provided. Combine these factors with whatever margin of profit the company needs to make to pay salaries, employee healthcare, and general plant maintenance to keep the business viable which means that a lot of calculation must be done before any user in any library presses the “search” button.

Vendors in our industry are most mindful of the monetary situation of today’s library customers. There is not a salesperson selling e-content to libraries who hasn’t heard the mournful words, “we have no money to buy your content.” In all too many cases, a library budget for acquisition of new content is declining. Besides agreeing to a fair price for the content presented, the salesperson must now demonstrate how their product can replace the library’s current content with this new one. Given some libraries’ reluctance to change vendors, the task of selling new content is at times, a bit overwhelming. However, if you would like to know the names of some of the people who approach you, simply ask them. They will be happy to introduce us.

That’s why the phrase that accompanies all library buying decisions, “terms & conditions” plays such a crucial role in the process of buying and selling information. Vendors know that by granting more liberal terms and conditions to the buyer, profits will inevitably be affected. Of course, a more lenient policy on terms and conditions may be just the formula to attract many more buyers.

For example, in the public library market, vendors are fully aware that in some cases a significant amount of users may be comprised of people who actually have the wherewithal to buy the database on their own and yet they find the public library a convenient and certainly less expensive way to access the data. Many business sections in public libraries are the resource centers for small businesses that need the data but cannot afford the luxury of an internal library system. With all this in mind, vendors gladly sell to public libraries because many of these small businesses someday become larger and will either buy the content at that time or certainly recommend it to others. Moreover, using the public library strengthens the community and supports a valuable resource for everyone in that locality.

The more the vendors’ e-content is used, the better for the company. Usage statistics that indicate high usage (or not) are an integral part in selling and maintaining a database subscription at any library, but even more at a public library whose funding depends on local, state and federal monies. If a database shows heavy usage, then the odds of it being renewed are greatly increased because the library can justify the expense of buying it to a varied number of those in control of dispensing the money needed by the library to buy and renew. Sometimes a database that is renewed year after year is even better than a new business order in the eyes of the vendor. Cost of sale for renewals is considerably less than the cost of sale for new business.

On most order forms, the page on the back with the small print of the multi-copy form contains the boilerplate terms and conditions of buying the product described on the front of the form. Library acquisitions departments spend a significant amount of time reviewing what are affectionately referred to as the “T’s & C’s.” Alternately, the vendor’s legal department spends the same amount of time crafting language that will protect the company from the evils of fraud, non-compliance and illegal use of the data. While both entities have their jobs to do, it's up to the buyer and seller to amend those T’s & C’s for the benefit of both. After all, the whole purpose in negotiating a fair contract is finding a win-win result for both parties. No one is happy if one side wins and the other side loses and certainly no one is happy if both sides lose.

Some items that can be written into an agreement of sale can be a cap on the increase in renewal fees. Companies compute the long-term revenue on every new business sale and are happy to ensure a yearly renewal of content. University libraries are known to keep a product in their catalog for an average of 5-7 years after purchase before contemplating a cancellation and/or switch in vendors. Therefore, many companies are somewhat liberal in negotiating a cap to future renewal cost increases. “If the library buys our new Whiz-bang data base for SX, the renewal price increase over the next three years will be no more than 2.5% per year.” Write that into the T’s & C’s.

The vendor may say, “If our new technology is not everything we say it is, you will be entitled to some relief.” What does that mean? It means that you can negotiate that if the new technology does not work as advertised, the library will be entitled to either early cancel the contract or be given a significant discount on future renewals. Write that into the T’s & C’s.

Whether it’s becoming a beta test site for a new product or giving an endorsement of how much your library likes a certain company product or a say in the development of a new product, all that stuff can be written into the agreement. The only caveat is that the information professional must ask for any of these considerations. Write that into the T’s & C’s.

The ball is your court. Here’s something to consider:

Since writing my book, Buying and Selling Information: A Guide for Information Professionals and Salespeople to Build Mutual Success, I have often spoken about the fact that library schools somehow omit course study on negotiation skills for librarians. I have suggested on many occasions that library schools begin to take this topic seriously. In addition, I would counsel library school course selectors to add a course on how information industry aggregators and publishers actually figure out what to charge libraries for their content. That would be quite an eye opening course.
After several years of steady collections growth, Georgetown University Library (GUL), like most academic libraries, faced initially flat and then declining collection budgets. A flat budget in FY15 prompted the library to assemble a task force of librarians to make small-scale reductions in order to account for serials inflation. Many of us have been involved with reduced purchasing power caused by budget reductions, inflation, or even flat budgets. In the article you will find important takeaways that may help if your library is anticipating a large scale review of titles with possible cancellations. My thanks goes to Melissa for her detail and efforts in making this information available to ATG readers. — MA

At my session at the 2016 Computers in Libraries meeting in Washington, DC, two of the librarians in the audience reminded me that they attended my session the year before and that I had suggested the five word question when confronted with a vendor’s price that seemed excessive. They both told me that they had occasion to ask the question and in both cases (at separate libraries), a more reasonable price was negotiated. It can be done! All you have to do is ask.

Colin Vearncombe (1962 - 2016), known by his stage name Black, was an English singer-songwriter. He emerged from the punk rock music scene and achieved mainstream pop success in the late 1980s, most notably with the international hit single “Wonderful Life” in 1987. He wrote a song, “Something For The Asking” that pretty much sums up the point of this article.

The ball is in your court.