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Biz of Acq — Book & Serial Industry Mergers: Effects on Libraries

by Nancy Markle Stanley (Head, Acquisitions Service, University Libraries, Penn State University) <nms2@psu.edu>

The library supplier business and services have changed significantly over the last ten years and the rate of change over the past five years has profoundly changed the way libraries view suppliers. Libraries depend on vendors for a much broader range of services than ever and have a high stake in what happens in the industry. Mergers proliferate, reduce supplier choices and escalate librarians’ concerns with regard to the industry. Contrary to popular belief, the library community is well aware of many challenges of being in business, because librarians face similar challenges in their libraries. This discussion is one librarian’s view, in consultation with others, of the book and serials industry changes and their effects on libraries.

Like all other businesses, the library book and serial industry has stages patterned similar to the life stages of a person or even some of the products they produce (e.g. serials). They are born and they die. In between they develop relationships with libraries and other relevant businesses through formal contracts and informal verbal agreements. They often marry by developing partnerships or mergers with other companies. They have out-of-the-nest experiences by downsizing and selling off parts. They divorce by splitting or splintering from each other. Business resurrections are rare if they exist at all. Companies in this industry almost never return their original structures or products. The strategy is to move forward with the intent to change in response to the marketplace and even to drive that change by anticipating market needs. All of these instances affect the suppliers’ library customers.

One must be very careful, however, in drawing a too close analogy to the type of interpersonal relationships experienced among friends and family. After all, business is business and companies deal with the bottom line. Customers really should not expect to have the same permanence with suppliers that we have in our personal lives. Libraries, however, should expect some level of stability and dedication to customer needs. There are realities running a business that all customers need to understand. Business thrives by ensuring profits and showing growth, creating and preserving a niche or market share, and continually responding to changing markets.

Any business, like all organizations, is subject to changes in personnel and administrators, the whims of management, market needs or opportunities, and technological developments. To thrive most businesses need to reinvent themselves every five to seven years, if not more frequently, to maintain the attention of its customers. Considering the plethora of industry changes and particularly mergers in the past five years, publishing and distribution companies certainly have captured the attention of libraries.

Everyone in this business, including librarians, recognize that we live in a capitalistic society. Rumor has been for some time that the capitalistic model is breaking down. As we meld social and business needs together there is evidence that, to some extent, this is true. Societal pressures certainly affect business profits. However, if there were not sufficient profit in this industry, suppliers would not be vying so avidly for the library market. Some suppliers talked about forming partner-
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Details at http://www.candoo.com/olivers/caribbeana.html
Jim Lynch in Toronto at (416) 968-9749, jim@candoo.com

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of agreements and resolve some of the issues in advance for the library customers.

In approaching mergers, suppliers are naturally concerned about how they should roll out the information to current and perspective customers and when announcements should occur. Often libraries become aware only after the fact and lack detailed knowledge of merger agreements or the potential effects on agreements between the vendor and its customers. Those detailed announcements of the mergers to customers are carefully crafted and choreographed to diminish customer concerns. Nevertheless, they are not always successful.

Announcement of mergers should include or attach a financial statement of the new company. A bank reference to key customers also would help. In addition, mergers often translate into streamlining of services. There may be a slippage in quality and standard turnaround times or improvements. Assuming good customer services from the former company, libraries need to know that the company representatives, who are providing current customer support, will remain at the very least for a transition period, since building new relationships can be time consuming.

Libraries understand good customer support and services and are positioned to provide useful feedback. A wise move on the part of the newly formed vendor might be to send customers a simple but short survey, giving librarians a chance to provide feedback on their issues with regard to the potential effects of the merger. On the whole, library supplier services are generally quite good and often excellent, but the changing face of a business affects those support operations. Libraries know quickly when customer support workloads become too heavy. In the work world today, although many of us enjoy our work, there is inevitably too much of it. When library customers let suppliers know that their requirements are not being met (e.g. expected response times and quality of response), librarians and company representatives need to seek quick solutions together. For example, delivery systems between vendors and libraries are probably one of the most difficult areas to perfect. With online vendors ready to pick up the slack, both organizations need to assure minimal or no delays in delivery.

Advice to Libraries

The plethora of mergers brings fewer companies and, thus, fewer choices. This could result in increased charges, reduced service, and loss of discounts. The first question librarians should ask about is the newly merged company’s financial stability. If a library decides to stay with the new company or lacks a choice in the matter, it is important to take a wait and watch approach, carefully examining the bottom line on costs and services. Libraries must hope for the supplier’s need to maintain the customer base and the related desire to serve customers well.

When mergers occur, involved suppliers often provide repeated reassurances that they are giving us one “swell deal.” However, the “proof is in the pudding.” Certainly each library customer will need to decide if the newly formed company meets its needs and to act accordingly, taking steps to re-establishing the relationships or to move on. Librarians should not overlook the important fact that often there are new services to be gained (e.g., Web-based services, EDI, etc.). Many smaller suppliers have sold out to larger companies to gain access to new technologies. Libraries should examine them carefully and take advantage of them whenever possible. Because of local requirements for doing business, there will be instances where select libraries will be forced to initiate a new RFP process or restart one in the works.

With regard to mergers of publishers and producers of information, librarians need to be very watchful of potential mergers that could affect the general marketplace. In addition, librarians should also be attentive and respond to court and federal and state legislative activities that affect the libraries’ ability to acquire materials, providing support to professional associations who are advocating in behalf of libraries.
**Conclusion**

Library suppliers and libraries need to remain mindful of each other’s needs. Change is a constant and will never go away. All organizations must remain flexible and open to change but mindful of the bottom line and driven by the dollars available. Generally, libraries are publicly supported and cannot rapidly enhance their budgets. Companies continually strive to improve their profits and have a need to move in fast-paced time frames. Producers, suppliers and distributors in the information chain, including libraries, must continually seek best practices and good relationships across their organization to benefit library users everywhere.

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**Endnotes**


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**PUBLISH, PERISH, OR PERSIST?**

**by Pamela M. Rose** (SUNY at Buffalo)

Will scientists abandon traditional journals and share their research directly on the Internet? Although PubMed Central’s ambitious plans have been scaled back due to technical problems, other companies like Current Science Group are undeterred in their efforts to offer free online research papers. Meanwhile, CrossRef, a publisher-initiated fee-based alternative to PubMed, was launched in June, and traditional publishers continue to dismiss fee-based publication schemes as utopian.


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**WE NEED A BIGGER GARAGE!**

**by Sandra Beehler** (Old Dominion University)

A business opportunity is developing, as IT managers look for solutions to the problem of providing storage and access to huge amounts of data. The amount of storage space needed has jumped over the last five years from gigabytes to terabytes and soon to petabytes. Vendors are betting on Storage Area Networks (SANs) as a long-term solution. The article describes SANs as “collections of Fiber Channel drive arrays, linked with hubs and SCSI-based tape drivers.” SAN technology is still in its early stages, and standardization is needed for optimal efficiency. Access tools (e.g., gateway buses for servers) also must be perfected. For those unable to afford the expensive infrastructure for data storage, future options may include leasing SAN space.


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**ONE-STOP TITLING**

**by Sandra Beehler** (Old Dominion University)

This article briefly profiles a company called govWorks, which aims to make the interface between government and the public smooth and instantaneous through the Web. It offers 24-hr response on questions about government, as well as allowing citizens to pay taxes or settle parking tickets online. So far, govWorks has established partnerships with 780 localities around the U.S.


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**TO PROTECT AND CONTROL**

**by Sandra Beehler** (Old Dominion University)

The connection between a new digital rights management company called ContentGuard Inc. and Microsoft could spell the end of free content on the Web. Microsoft, which owns an interest in the new company, intends to embed this digital rights management technology into its existing Windows Media Player, Explorer — as well as its upcoming e-book reader, Microsoft Reader. ContentGuard is an offshoot of Xerox Corporation, and its technology employs Extensible rights Markup Lan-