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Got a Simple and Innovative Pricing Model? You Can Keep It.

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Electronic Resources Pricing: from page 20

five tiers with the highest tier being associated with large doctoral-granting institutions supporting heavy research activity. When such models are implemented, the new subscription prices may be greatly increased for larger institutions while smaller libraries may even pay a lower price than they had formerly. Implications of this model for larger libraries are a concern as noted by Karla L. Hahn. "Research institutions are usually placed in a top tier and could experience substantial erosion in their purchasing power and collection size if tiered-pricing models are widely adopted." Publishers may take that into consideration as they alter their pricing models. For instance, Duke University placed a cap on the subscription increase during the first year of the recent change in the e-Duke Scholarly Collection pricing; in time, usage data will be factored in with the Carnegie Classification aspect of the model to establish each institution's rate.

Publishers may offer a back file along with current subscriptions to electronic content. The range of years provided is determined by the publisher and takes into consideration the age of the publication, with, for example, the most recent ten years being offered. Publishers may also make available with subscriptions a complete archive of all issues that have been digitized. Some archives may be offered at no charge. Archives or portions of archives may also be offered as a separate subscription. Libraries would be charged a one time fee with an ongoing platform fee to cover annual maintenance thereafter. The Institute of Physics (IOP) hosts an historic archive that extends back as far as 1874, depending upon the age of the individual titles. Pricing for this is either by annual subscription or as a single fee for perpetual access. Blackwell Publishing indicates that later in the year, digitized content starting with the first issue of selected titles will be available on a title-by-title basis within their back file. The unanswered question is whether any of this truly ensures perpetual access.

Bulk Discounts

The makeup and administration of consortia vary widely, but their common goal for libraries is the purpose that they serve: license negotiation and purchasing are handled by a representative of the group, and more affordable rates are offered by the publisher. The result is access to many more e-journals and databases than would be possible if individual agreements were established. While lower costs for resources can be substantial and readily apparent, the savings in staff time overall when negotiations are centralized are likely just as meaningful. Negotiation expertise takes time and skill to develop, and that ability is valued by members of a consortium. Publishers are able to maintain numerous institutions as customers without meeting one-on-one with buyers for each library. Some portion of those savings is passed along to members.

Any structures developed have to work for both parties. Publishers want to increase their volume of sales and to sell more units, while each library in a consortium expects to pay less than they would pay by themselves. There are many pricing models that can meet the needs of both parties. For example, within the Carolina Consortium (http://library.unc.edu/carolina consortium/), there are as many different pricing models as there are consortium deals. Some deals grant the libraries a sliding discount based upon aggregate FTE, total spending, or the number of schools. Some are based on the number of new subscribers or the amount of new expenditures; some offer flat discounts to any participants; and some charge full price with the bonus of free content. Some have upcharges based on the number of titles. For example, if the libraries already subscribe to ten titles from the publisher, adding 25% to the cost would allow for access to all of the publisher's titles. Or the upcharge could be based upon expenditures rather than specific numbers of titles.

Once the pricing model is established, the consortium may have the responsibility of allocating the expenditure among its membership. Dividing costs equitably among consortia members is not an optimal choice, since the funding base of member institutions can vary widely. Basing charges on FTE (Full-Time Equivalent) student enrollment can be more equitable. Actual calculations likely involve more than a simple base number but may include considerations of which programs to include or adjustments based on full time versus part time enrollment, for instance.

Libraries on their own or within consortial agreements may negotiate multyear agreements with publishers. Long term commitments often include caps on price increases. Such agreements help with budget planning, but the expected costs beyond the license term could prove unsustainable. Good relationships with vendors and awareness of activities in the market can help to reduce the potential of undesirable surprises.

Conclusion

The number and range of pricing models seems almost infinite. Maybe that isn’t actually true, but Stephen Rhind-Tutt enumerated 59 and further elaborated that, by using the models in combination with one another, the tally was close to 20,000! The complexity will not likely be eased. The key is knowing what is being purchased. Coverage terms, permanent access, back files, discount rates and service charges, hosting—all components of the license agreement must be understood. The ultimate goal is providing the resources that libraries need. That service is the end result of all the thoughtful work leading up to a patron clicking on a link.

Endnotes

3. Watson 38.

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by Rick Anderson (University of Nevada, Reno Libraries) <rickand@unr.edu>

Every so often a vendor or publisher representative will come to me with light in his eyes, eager to expound the merits of his company’s new, simplified pricing structure — or, even more alarmingly, its “innovative new pricing system.”

In response, I always do exactly the same thing: I put on a smile, establish eye contact, and maintain both while I back away very, very slowly. When I feel I’ve put enough distance between us, I turn and run.

All right, so maybe I get a little bit uptight about pricing issues. (And I do seem to be going through sales reps at a rather alarming rate.) But let me explain my reaction.

First, as to simplicity. All other things being equal, of course, I’d certainly prefer that...
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. Hmmm.) 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.

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

by Kimberly Steinele (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-encouraged 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 time...