

HOW SHOULD LIBRARIES RESPOND TO CHANGING MARKET CONDITIONS

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Introduction

The theme of this session is pricing strategies and the market. In my talk, I want to look at the changes in the marketplace for the delivery and supply of electronic information. I want to do this by first looking at how the supply side is changing, and how the demand side is changing.

It is worth stressing what I mean by these two sides. The supply side is those organisations that offer to sell electronic information; it includes electronic publishers, Internet Service Providers, subscription agents, national libraries, search engines, consortia such as SPARC, document delivery services, online hosts and so on.

The demand side are the users of these electronic services, who may or may not want to go through an intermediary such as a library.

Libraries, of course, are caught in the middle of the two, trying to satisfy the demands with always limited resources.

The supply side

A glance at industry trade magazines such as *Information Today* or *Information World Review* will quickly reveal a major characteristic of the supply side, namely change. The traditional breakdown of the market into clearly defined activities – database producers; online hosts; CD ROM systems integrators; subscription agents; small scholarly publishers; commercial publishers and the like has totally broken down. New players have entered the market, old players have shifted their focus, and companies have been busy acquiring other companies. In some cases, companies are simply trying to get bigger, for example the Blackwells/Swets deal. In other cases, they are trying to move into different parts of the chain.

So, for example, we have subscription agents buying document delivery firms, publishers becoming Internet Service Providers, CD ROM companies moving into the portals business, and so on. Certainly, we find many venture capital companies acquiring information delivery companies.

Some of the examples, such as America Online's acquisition of Time Life, hit the headlines of the national press. Others simply our own trade press. Let me just draw your attention to a very few of the major business moves in recent months:

FT Profile/Discovery bought by Lexis-Nexis, Jan 2000
Uncover bought by Ingenta, Jan 2000
Time Warner bought by AOL, Jan 2000
Newsedge bought by RoweCom, Jan 2000; Newsedge itself had been formed by an earlier merger of Desktop Data and Individual Inc.
Dow Jones and Reuters create Factiva, late 1999
Chadwyk Healy bought by Bell & Howell, late 1999
Blackwells and Swets merge, late 1999
Highwire Press attempts to buy BIOSIS, but fails, late 1999
ISI acquires, and merges, two bibliographic software companies, 1999
Extel bought by Primark, early 1999
Muscat software bought by DIALOG, early 1999
Elsevier/Kluwer merger collapses, early 1999
SPARC, Highwire initiatives, early 1999
Amazon, Barnesandnoble and other Internet book suppliers start business in Europe, early 1999
Netscape bought by AOL, early 1999

They all have similar impact – they make the life of the library manager, trying to achieve maximum information access to patrons within limited budgets, more complex. Mergers and acquisitions cause the librarian nervousness because he or she wants to play one supplier against another, and wants never to be totally dependent upon just one organisation.

There are also concerns regarding monopolies and the prices set as well. There is some evidence – contested by publishers incidentally – that publisher mergers lead to prices rises much higher than even traditionally endured by librarians. In addition, you will be aware that some proposed mergers, such as that between Elsevier and Kluwer, resulted in EU investigations, whilst others, such as the Blackwells/Swets merger, have resulted in a national investigation in the UK.

At the same time, the library manager is nervous of new upstart companies because their track record and the likelihood of them being around in five years' time is unproven. In some cases, the new companies require the library manager to invest in new hardware or software to do efficient business with them, and the question gets asked whether such investment is justified.

The demand side

So much for the supply side. What about the demand side?

Users' needs are simple. They want electronic information, delivered to the desktop wherever they are, even if it is on the move. They want user friendly search software, and a single portal to do all their searches from. They want to put in a single ID and password to access anything and everything. They want current awareness that gives them exactly what they want and no false drops. They want a choice of titles, abstracts or full text, according to need. They want to be able to hyperlink from one item to another by clicking once on a reference button.

They don't care who supplies the information to them, or from where, and they want seamless links between internal information and external information. They want to be able to annotate or amend the materials they get, and they want the right to forward it to as many people as they so

wish. They are happy enough for the library to set all of this up for them, but they don't want to have to go through the library or into the library to get access. And, of course, they want all of this at no cost to themselves or to their employers.

In other words, users are becoming more and more demanding, and less and less willing to accept statements along the lines that this isn't practicable, or isn't legal. Librarians historically have sided themselves with users and against producers. However, if they fail to deliver what users are now demanding, they will be seen by the users as getting in the way of information access. Furthermore, publishers are indeed keen that libraries shift their allegiance, and that libraries serve themselves more as the allies of publishers than their enemies.

So how should libraries respond?

So, it's a rather difficult position that libraries find themselves in. However, whether consciously, or sub consciously, they have responded in the correct way. And that is by huddling together. There are two trends in particular I can see emerging in the last couple of years regarding libraries. The first is library consortia; the second is global deals. Let me explain what I mean by both.

Library consortia have existed for many years. Bulk orders can mean reduction in costs of materials delivered. What is new is the idea of library consortia in the field of electronic information purchase. These consortia take two forms. Firstly, there are co-operative efforts whereby a group of libraries agree to bulk buy large amounts of electronic information for a fixed fee. There are many examples in the UK, including the NESLI service. Then, there are agreed statements of policy, such as the recent German-Dutch library declaration, where basic principles that all members will follow are enunciated. The implication is that no library that has signed up to the statement of principles will agree to terms from a publisher that are more onerous than the principles. For example, if the principles state that electronic journals should never be more than 95% of the cost of the equivalent print journal, all libraries within the group agree not to let the side down by accepting a deal where, say, electronic journals cost 105% of the print equivalent.

The second development is world-wide purchasing. Traditionally, libraries in multi-site organisations, such as pharmaceutical companies, accountancy firms, chemical companies, automobile manufacturers, drinks companies and so on have negotiated deals for subscriptions to materials at a national level. Thus, the US library negotiates in the USA, the library of the subsidiary British company negotiates in the UK, the German subsidiary in Germany, and so on. Large companies have dramatically changed their approach with the advent of the Internet and their own in house Intranets. They now demand a single feed of information from the supplier, and a single price, with staff anywhere in the world entitled to access the information purchased. At first, publishers resisted this move. One reason was their own structure of sales commission, which meant that a sale in Germany meant sales commission for the German sales executive. Such a system collapses if the global purchase is made in the USA, and there is no way of knowing how much the German subsidiary is using the information. Another reason was simply fear of the unknown and fear of being ripped off – for example, the company claims only 50 staff read the material, when in fact 5,000 do.

However, in recent months, there is no question that such global deals have become the norm, and this leads me to my conclusion. It is that libraries are in a far stronger position than they may realise. This is for two reasons. Firstly, the publishers and other information suppliers are in competition with each other. This means they often disagree with each other on principle, and means they do not present a united front. In contrast, the user community, and especially the library and information community, rarely compete and indeed there is a long and happy history of LIS professional co-operation. So there is a far greater chance of a united front.

Combine these two facts, and you can see that libraries are indeed in a strong position to negotiate with the ever changing information industry, and at the time can go some considerable way to satisfying the always increasing demands and expectations of their users. So the answer to my question „how should libraries respond“ is simply this: co-operate, co-operate and co-operate.