

Purchasing E-books in Libraries

A Maze of Opportunities and Challenges

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Abstract

With the introduction of library e-books in 1999, the once-straightforward process of buying books took on many complexities. This chapter of The No Shelf Required Guide to E-book Purchasing offers an overview of these challenges and the advantages and disadvantages of purchasing from different vendor types.

For those libraries looking to purchase e-books, you are not alone. According to the *Library Journal* 2011 survey of e-book penetration and use in libraries, 95 percent of academic, 82 percent of public, and 44 percent of school libraries are already offering e-books, and many more are considering it.¹ For anyone contemplating purchasing e-books, asking why is the most important question. What are the primary goals of purchasing e-books in your library or your consortium? Is it to expand the collection or to increase the buying power of a group of libraries? Is it to replace existing print collections, offer new services, or experiment with new business models in the hope of saving money? Whatever the reason, it is imperative to keep one's goals in mind throughout the process. Buying e-books is a complicated process. To do it effectively is an even greater challenge due to the many ways to procure e-books. This article will explore available business models; dissect the ownership and lease models of e-books; compare and contrast purchasing from aggregators, publishers, and wholesalers; and discuss the benefits and challenges of consortial purchasing.

Print to Digital

Buying a print book is relatively easy. With the introduction of library e-books in 1999, however, the once-straightforward process of buying books took on many complexities. First, for purchasing and accessing e-book content, vendors require license agreements. These agreements contain terms of use and restrictions on access. Second, e-books are priced differently from print. Instead of the traditional print list price (or list price with a discount), the price of an e-book is generally the list price plus a percentage. The final price is determined by the business model selected, the number of people who will use the book, or the size of a library's user group. Third, new business models were developed—and continue to be developed—to fit the diverse needs of libraries and vendors. Many of these models are very different from traditional print purchase models. Fourth, the notion of ownership has come into question with e-books. Do libraries actually own the content, or is it leased? Libraries must circle back to the license agreement to determine the answer to this question.

Business Models

There are a variety of business models available for purchasing e-books. Several options are one book/one user, multiuser, unlimited simultaneous use, subscription, patron-driven acquisition, and short-term loan

(aka pay-per-use). Depending on the model selected, a library may own the title in perpetuity (perpetual access) or use the content for a designated period of time (lease). Many vendors also require libraries to pay ongoing access fees. Fees may be waived if a negotiated purchase amount is spent with the vendor annually. However, some vendors, such as OverDrive, calculate annual fees based on existing collection use data. Libraries that choose not to pay the access fees could lose the content. Therefore, it is imperative that librarians carefully read the license agreement to determine if e-book content can be used when access fees are withheld.

Librarians, used to the security of print copies stored on local shelves, may be uncomfortable with many of these business models. For these librarians, selecting models that offer more control of the content are best. For example, e-books in the public domain and those provided via open access offer greater ongoing access to libraries than e-books purchased with a short-term loan plan. Some libraries negotiate with vendors to obtain e-book files and host them on local servers. This provides greater control, but requires technological expertise to develop the interface and load content. A vendor may also send content files directly to libraries for archival purposes while at the same time providing access through its interface. Good intentions aside, the files are of little use to libraries without the servers, interface, and technological expertise to deliver content to users. In figure 1.1, e-book access levels are put into perspective. Those which grant libraries more access control are on the left, with less access control on the right. Note the line rises as it moves right, signifying the increase in vendor control and the increased risk level for ongoing access to content. Thus e-books paid for through a short-term loan, on the far right, provide temporary access for one patron. The content is not owned and cannot be accessed once the negotiated term of use has expired.

Publishers, Aggregators, and Wholesalers

E-books can be purchased directly from publishers, through aggregators (vendors that distribute content from multiple publishers), or wholesalers (vendors that distribute print and electronic content from publishers and aggregators). Keeping the prime directive in mind, libraries should investigate the opportunities and challenges of purchasing e-books from all vendor

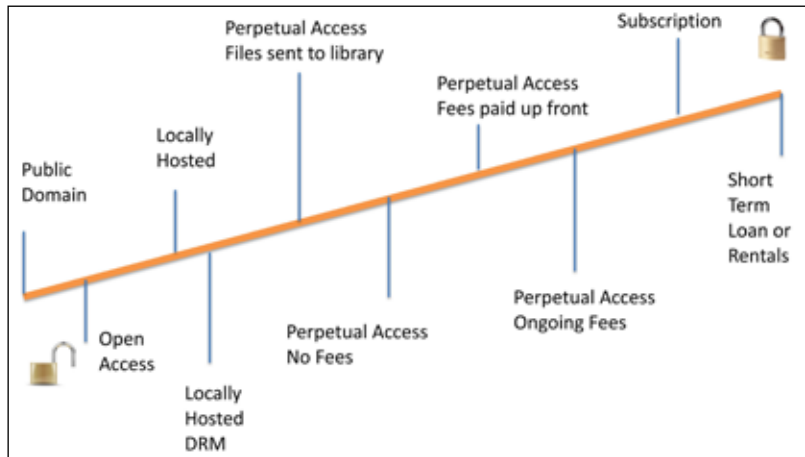


Figure 1.1
A comparison of e-book access levels for libraries.

types. When buying directly from publishers, libraries have more room for price negotiation since there is no intermediary. Publishers may be the only vendor for top-producing or backlist titles, providing a larger title list from which to choose content. Furthermore, publishers that offer book, journal, or multimedia content may provide access to all formats through a single interface. Because the interface concentrates on one publisher, unique features may be available to augment the content. Elsevier's SciVerse Hub is a great example. Users can download customized applications in the Hub to greatly enhance the search experience.

The greatest challenge of purchasing directly from publishers is that some publishers will not negotiate with libraries. This is particularly relevant in trade publishing. Some publishers, such as HarperCollins and Random House, will sell titles only through aggregators, and others, such as Simon and Schuster, will not sell content to libraries. Institutions that choose to work with publishers will find themselves negotiating business models and license agreements multiple times. This process will require significant library staff time, particularly for licensing and electronic records management. Moreover, each publisher supplies a unique interface for e-book content. Purchasing from ten publishers will require libraries to learn, teach, and troubleshoot ten different interfaces.

Some of these challenges can be alleviated by working with an aggregator. For instance, one license agreement and one business model can be negotiated with one aggregator, providing access to hundreds of publishers and thousands of titles on one interface. In addition, content from small niche publishers is indexed with content from large monograph publishers. Users have a better chance of discovering the niche content because it is centrally indexed and not hidden in a list of databases on the library website. Furthermore, two prominent e-book aggregators are owned

by companies with large discovery systems. Metadata and full text from thousands of e-books are included in the index of these tools, providing greater discovery for subscribing libraries.

Purchasing from aggregators does bring its share of challenges, however. Aggregators can sell only the titles that publishers make available to them. As was mentioned earlier, publishers may not offer backlist titles or top sellers to aggregators. Publishers may also embargo new content for a time, allowing them an exclusive opportunity to generate revenue from that content before having to share revenue with aggregators. There may not be as much room for price negotiation with aggregators since revenues are shared with publishers. Because aggregators represent hundreds of publishers, any change in business models, digital rights management (DRM), or license terms must be renegotiated with all publishers. This can be a time-consuming process and may delay the availability of new services.

As e-books emerged in libraries, traditional print wholesalers were not equipped to handle transactions for digital products because their systems were based on a print model. Innovations in recent years have opened the market for wholesalers to offer e-books. Purchasing through a wholesaler allows libraries more flexibility to purchase single or multiple e-book titles from numerous publishers or aggregators. Wholesalers are similar to aggregators because they negotiate the licenses and track billing and ordering (and shipping for print titles). But they differ from aggregators in that most do not have an e-book interface. Many wholesalers will sell access to e-books from multiple aggregators. For example, Yankee Book Peddler offers e-book content from ebrary, EBL, and eBooks on EBSCOhost. Wholesalers also offer approval plans for print or electronic books. Libraries can choose to have an “e-preferred” status in the approval plan. Publishers are excited that libraries can now buy digital content through wholesaler systems because their content is readily available in print or electronic formats. In a sense, old school sales methods have adapted to incorporate the sale of digital products, even with traditional library wholesalers.

Wholesalers are also similar to aggregators in the challenges they present with e-books. They can sell only content made available by publishers. Additionally, price negotiations are not as flexible because two parties are seeking revenues from the same sale.

Buying through Consortia

Libraries that are members of consortia will discover many benefits in operating as a group when purchasing e-books. First, libraries can increase their buying power and access larger collections by negotiating as a group. In other words, twenty libraries with \$5,000 each will

acquire far more content than a single library with a \$5,000 budget. Second, the e-books can be shared across a consortium. This loosens the limitations of interlibrary loan, a primary library service that is excluded in most e-book license agreements. Third, libraries in the consortium have equal and consistent access to content. For example, a liberal arts college with fewer than 2,000 students can access the same content as a state university with 25,000 students. Finally, the licensing and technical work can be centralized, saving individual libraries staff time and money.

Despite all these advantages, there are some drawbacks to buying e-books through a consortium. Determining the content, vendors, business models, and level of access is difficult for one library. Within a consortium, however, this problem is exacerbated by the number of libraries involved. As a result, the unique needs of libraries may not be met by group purchases. For example, the science, math, and engineering content required at large universities may not be relevant at a liberal arts college or a two-year school offering technical degrees. Once the best mix of content is finalized, the consortium must negotiate with vendors to determine the price of the e-book collections. The purchasing history of member libraries comes into play in negotiations. Vendors determine how many consortium members have already purchased their titles, and from this they determine a multiplier. The multiplier is the number of times the list price will be paid to provide unlimited simultaneous access to the consortium members. For instance, a consortium with thirty-four members may negotiate a multiplier of six times the list price. A title with a \$100 list price will cost the consortium \$600. For trade titles in the public library setting, determining the number of copies to purchase is often a dilemma. How many copies of a best-seller are needed to serve eighty-seven libraries in New York with a combined population of eight million people? The larger the population, the greater the chance for long holds lists on popular titles. Some consortia say that negotiations among members take as much effort as negotiations with vendors. For a more detailed look at this process, see chapter 1 by Susan Hinken and Emily McElroy.

Evaluating Vendors

No e-book should be selected, no money exchanged, and no license signed without properly evaluating vendors. Libraries should again visit their prime directive and determine the criteria most important to their purchase decision. The sidebar “Questions to Consider When Evaluating Vendors” offers examples of questions to ask when evaluating vendors. Once criteria or questions are determined, the easiest way to conduct the evaluation is by tracking data through a matrix or

Questions to Consider When Evaluating Vendors

- Does the vendor have the content we desire?
- How much content will we get for the price?
- Can we purchase through our consortium for a better price?
- What business models are available?
- Which model is most sustainable?
- Are annual fees required to access content?
- What are the terms of use in the license?
- Do we own or lease the content?
- What are the DRM restrictions?
- Can we purchase titles through a preferred library wholesaler?
- Are MARC records included with purchase?
- Is the metadata or full text indexed in discovery tools?
- What features are available in the interface?
- Are multiple format types searchable in the same interface?
- What are the technical requirements for use (e.g., browsers, plug-ins)?
- What type of use data exists? Integrated into ILS?
- Can e-books be downloaded to reading devices? Does it require additional fees?
- What is included in the service agreement?
- Will buying content from this vendor meet our goals?

spreadsheet. There are several good examples online that can be adapted by libraries. The University of California, Irvine's matrix was developed in 2010 to evaluate patron-driven models. Deb Lenares from

Wellesley College shared a working example on Google Docs. This spreadsheet offers criteria and responses from several e-book vendors. It is open for public editing. Finally, the Joint Information Systems Committee (JISC) in the United Kingdom maintains an academic database assessment tool for e-book vendors. Users select vendors, and comparison data is displayed. Links to all of these tools are provided in a *No Shelf Required* blog post.²

Equally as important, e-book publishers and aggregators have existing clients. Find them. Ask them questions. Solicit their advice.

Conclusion

Transitioning to e-book purchases in libraries offers many opportunities and challenges. These challenges, however, are not insurmountable. New business models continue to emerge. Changes and improvements are occurring in the industry every day. These changes will continue as publishers, libraries, and vendors experiment with the growing market of e-books. The most important thing that librarians must do in this changing environment is to articulate clear e-book purchasing goals. With these goals in mind, libraries need to find the content they desire, seek the best price possible, determine sustainable business models, analyze license agreements, and evaluate vendors to effectively purchase e-books. It's a complex labyrinth. But one day, it will be easy.

Notes

1. Josh Hadro, e-mail message to the author, Aug. 16, 2011; information to be published in October 2011 *Library Journal*. Full survey data available for purchase at www.thedigitalshift.com/research/ebook-penetration/.
2. Sue Polanka, "eBook Platform Evaluation Criteria," *No Shelf Required* (blog), June 10, 2009, www.libraries.wright.edu/noshelfrequired/2009/06/10/ebook-platform-evaluation-criteria.