

Ten Years of Big Deals

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The Plan

- What is the Big Deal?
- Why has it become the dominant method of electronic journal purchase worldwide?
- How is it evolving to fit new realities?

The “Big Deal” was a bit like the “Big Bang!”

- It represented a new way of buying journals
 - Bundled approach rather than title by title
- Developed and pioneered by Tom Sanville, Executive Director, OhioLINK
- Began in the mid 1990s



The Big Deal has become the dominant mode of digital journal purchase

- Ingenta Institute report (2002) suggested that world-wide 50-60% of all ejournal sales were bundled consortia deals
- Probably low estimate given International Coalition of Library Consortia (ICOLC) discussions
 - Thessaloniki (2002)
 - Copenhagen (2003)

Need for the Big Deal - 1

- It was very complicated, expensive and time consuming to negotiate the purchase of electronic journals
 - A US consortium (Solinet) did a study/survey which showed an average time of 1.5 years per deal
 - There were lots of new issues which had to be negotiated...not just price

Walk-in use

Course Pacs

Interlibrary Loan

Pricing basis

Definition of Patrons

Etc...

Indemnity

Need for the Big Deal - 2

■ A better argument

- Increasingly governmental funding agencies and university administrations were asking libraries to reduce or control their expenditures
 - There was less university funding
 - There was greater internal competition at the university for funding
 - There was a greater need to justify expenditures by results
- A better argument for library collections funding was needed
 - Simply crying “wolf” wasn’t working
 - Libraries needed to argue for a bargain

The Big Deal solution

- Through bundled purchases (hundreds/thousands of journals at one time) it was possible to:
 - Reduce per title negotiation costs (spread over many journals/libraries)
 - Significantly expand the number of titles purchased
 - Significantly reduce the per title (but not per deal) costs
 - Both control and significantly reduce annual inflationary cost increases for journals

Structure of the Classic Big Deal

■ What the consortium gets:

- All of the publisher's journals in digital format
- For every member of the consortium
- Each member retains their current print titles in print
- Negotiated inflation rate

■ What the publisher gets:

- Current consortial spend plus 0-15%
- No cancellation pledge
- Increased presence in the market (and academic visibility)
- Stability and predictability in the market

Key Big Deal Principles

- Win-win
 - Not war with the publishers, but mutual seduction
- Not cost savings, but increased value for money spent
 - Overall collection expenditures increase modestly in a Big Deal

The Results Were Astonishing



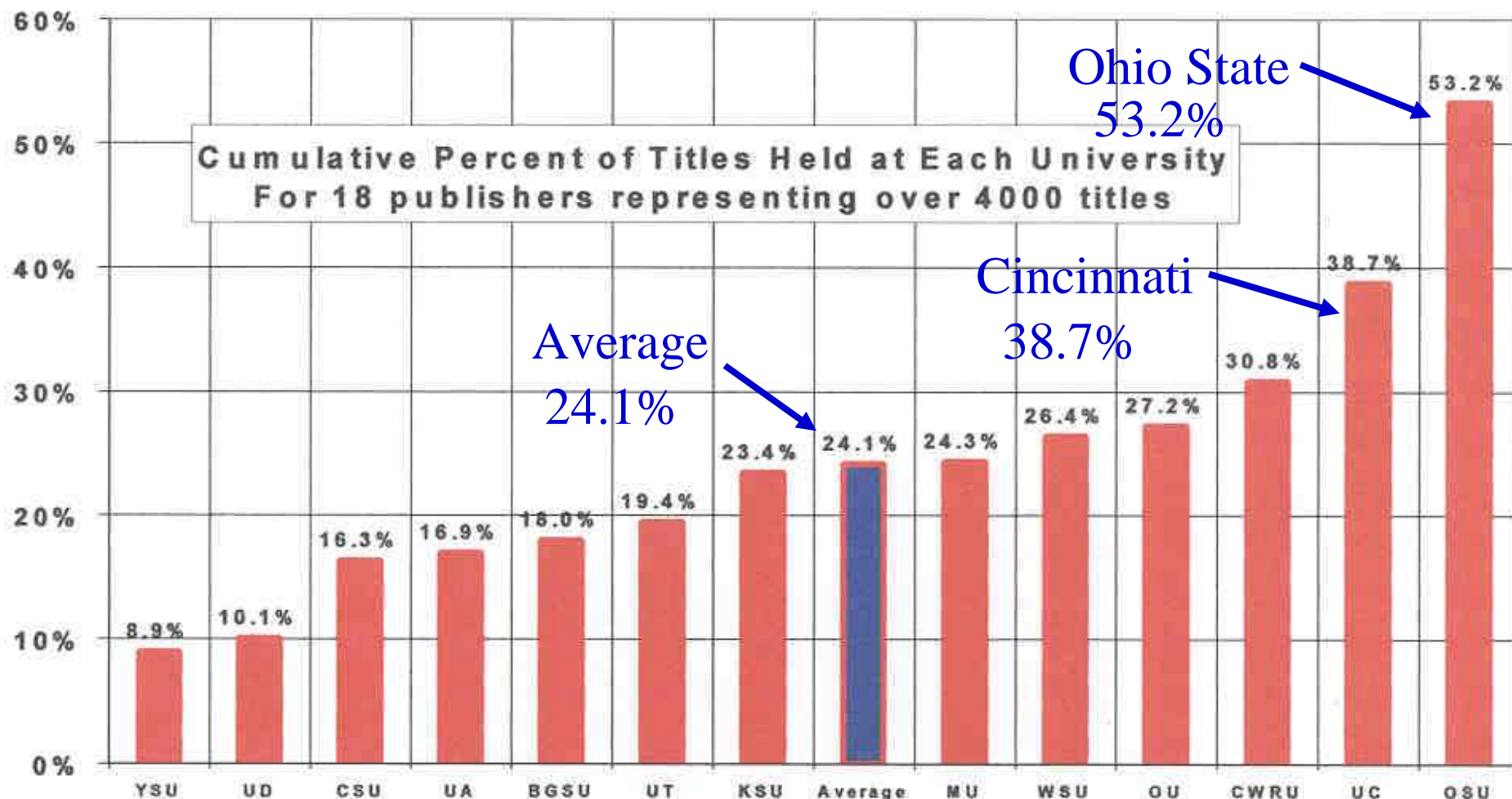
How Much Greater Access to the Journal Literature*

- Small academic press (150 titles)
 - Before: 1,140 subs.
 - After: 9,100 subs.
 - Before: \$1,100,000 total cost
 - After: \$1,210,000 total cost
- Large academic press (1,200+ titles)
 - Before: 3,600 subs.
 - After: 59,800 subs.
 - Before: \$7,000,000 total cost
 - After: \$7,700,000 total cost

* Combined titles of all OhioLINK members, 1995

Libraries historically have provided very limited access to scholarly resources

Proportion of Journal Literature Originally Available in Ohio Higher Education



Even bigger gap in Mediterranean academic libraries

In Turkey, for example, academic
libraries held less than 5% of the
titles of major publishers

**The more limited your original
resources, the better the Big Deal
works!**



How Much Better Value *

■ Small academic publisher

- Before: \$964.91 avg. cost per title
- After: \$132.97 avg. cost per title
- New titles only: \$13.82 avg. cost per title

■ Large academic publisher

- Before: \$1,944.44 avg. cost per title
- After: \$ 128.76 avg. cost per title
- New titles only: \$12.46 avg. cost per title

* Based on OhioLINK's first two big deals

The New Titles Were Heavily Used!

- Overall, 58% (502,000) articles were from journals not previously available at that institution vs. 42% from journals which were previously available*
- Here too an amplified Mediterranean effect
 - The Greek academic library consortium has reported that 62% of total journal use came from journals not previously available
- Replicated widely:
 - ANKOS (Turkish academic library consortium)
 - Not only has access increased but also faculty publication rates
 - Bibsam (Swedish national library consortium)
 - Consort (Taiwanese academic library consortium)

* based on 865,000 articles downloaded June 1999 through May 2000; a second study based on 1,120,00 articles downloaded January thru December, 2000: same percentage!

In many cases they paid for themselves

Libraries could make a more powerful argument

■ From:

- We need more money to buy less

■ To:

- A little more money will buy you a tremendous increase in access



It's Hard to Resist a Bargain Locally

- UC faculty and administration agreed to support annual 8% increases in the collections budgets
 - Other UC areas were being regularly cut
 - Library collections were getting around \$250,000 in new money annually

It's Hard to Resist a Bargain Regionally

- Central funding for OhioLINK has added substantial resources to support Ohio academic collections
 - In 10 years central funding directly allocated to collection support has increased from \$0 to \$9,000,000 annually

It's Hard to Resist a Bargain Nationwide

- Canadian National Site Licensing Project (CNSLP) put together an initial deal bringing \$50,000,000 (Canadian) in mostly new money to libraries to support Canadian academic collections

The Big Deal is not primarily about saving money, but...

- Big Deals are almost always multi-year deals (3-5 years typically)
- They involve negotiated subscription inflation for the out years
- Negotiated inflation always turns out to be less than non-negotiated inflation
 - Typically the negotiated inflation is 3-7 percentage points less than the annual increases for the same period
 - On 1 million Euros that is a savings of 30-70.000 Euros/year

The savings which keep on giving!

- Not only does the difference between negotiated and imposed inflationary increases represent a substantial amount of saved money in any given year
- But... it limits the increases to your base so that the library, in effect, saves an increasing amount every year

It's like compound interest in reverse!

Big Deal Summary

- Substantially increase access and use
- Reduce price per title (but not overall cost)
- Provide the library with a strong argument for increased funding
- Control inflationary costs through negotiated inflationary increases



*But, we must not
forget the lessons of
our ancestors!*

We don't live in a perfect world!



- The Poor are oppressed
- After the honeymoon
- The problem of small presses
- Leaving print for digital
- The problem of all or nothing

The Poor are oppressed

- You can't do a Big Deal if you can't come up with more money
 - For example, British librarians have been very hesitant about the Big Deal because their concern is to save money

After the honeymoon

- The advantages of the Big Deal for both sides occur primarily in the first contract
 - Subsequent contracts are primarily about price increases
 - May use the language of bigger packages, change of business model, or just inflation
- Further complication: The new money available to libraries tends to plateau over time
 - Excitement of Big Deal declines as it becomes standard
 - North American academic libraries are receiving a smaller %age of the university budget

The Problem of Small Presses

- Hundreds of small publishers
 - Carol Tenopir estimates that there are around 30,000 academic journals
 - Most academic journals are published by many small (often academic society) publishers
- There are two strategies for dealing with this problem
 - The artificial package (consolidating the publications of lots of small publishers to allow a faux Big Deal)
 - Unstable due to differing agendas (herding cats)
 - Embargo
 - Content churn
 - Contract standardization improves the speed and efficiency of deals with smaller packages

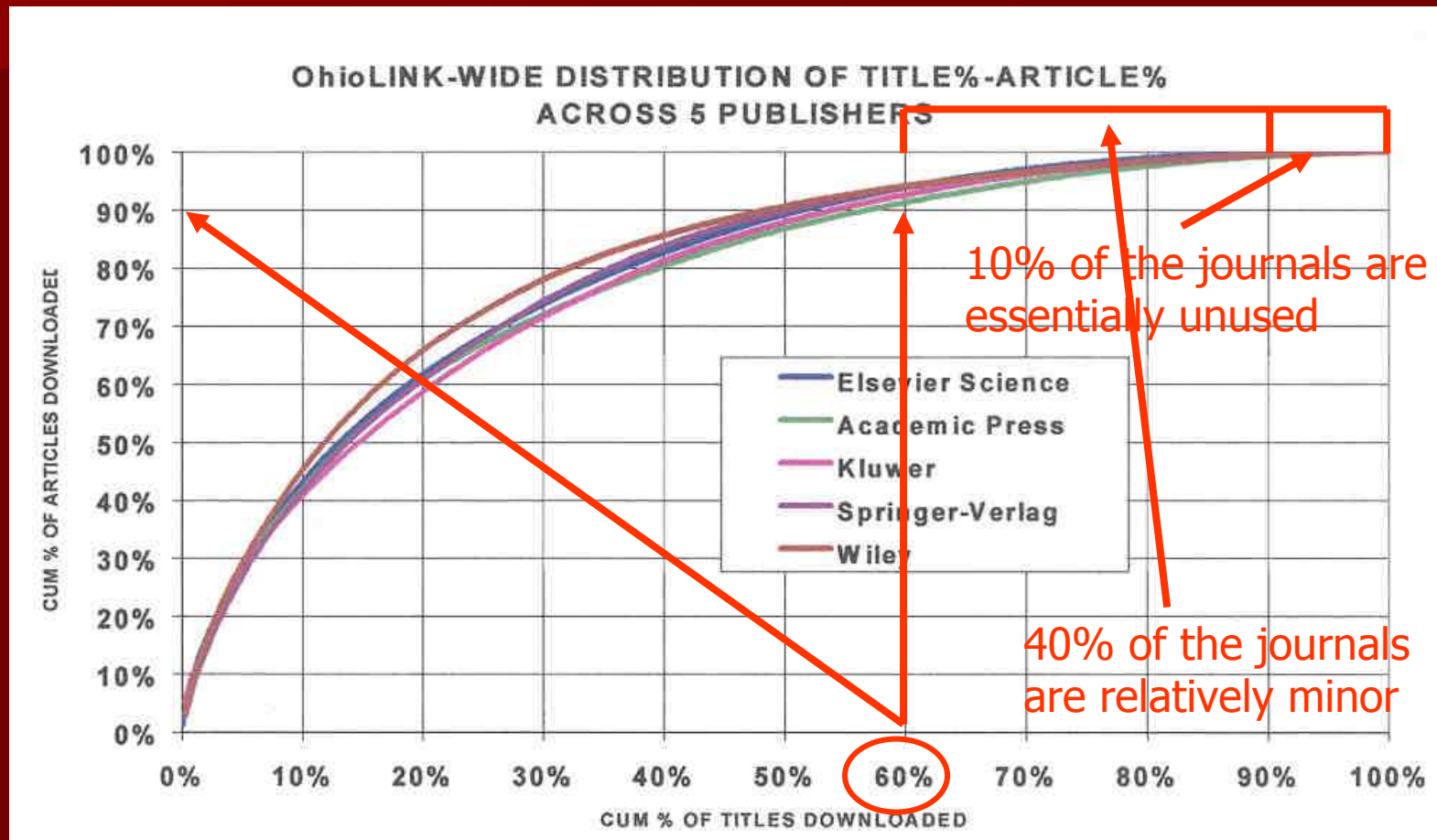
Leaving print for digital

- The original money base for Big Deals was the current spend on print subscriptions
 - Plus a supplement for the new digital access
- By the turn of the millennium it was increasingly unrealistic
 - Libraries were increasingly canceling print and going all-digital
 - Increasing numbers of “born digital” publications
- Flip Pricing
 - A spend for digital materials was negotiated
 - Plus a supplement for continued or new print access
 - Canceling print under the old approach and adding print with Flip Pricing was not symmetric

The problem of all or nothing

- The dark side of the original Big Deal was like the US and USSR during the cold war – **mutually assured destruction!**
 - The publishers couldn't lose such a large piece of income and the libraries couldn't lose such a large piece of their resources
- The solution was to restore the ability for both sides to make small changes within the overall Big Deal framework
 - From all-out thermonuclear war to border skirmishes
 - What Tom Sanville called the “retreat from the Big Deal”
 - A poorly chosen and misleading name for what is really the continuing evolution of the Big Deal

How Border warfare works



All journal titles are not equal

Border Warfare details

- A reasonable increase in Big Deal costs is ok
 - All things being equal, this might be inflation in the 3% range at present
- If the inflation exceeds an acceptable amount, the consortium selects titles to cancel to reduce costs
- With use data (internal, Counter) this is not hard to do
 - In a large or homogeneous consortium it is not hard to get agreement to cancel with use data
- In OhioLINK's case in 2006 only 1 out of 4 publishers up for Big Deal renewal decided for the border warfare model rather than acceptable inflation

Reflections on a “use” metric

- Need to keep in mind that “use” and “quality” are not identical
 - A metaphysical truth with limited practical implications in this situation
 - Why would you pay for even a high quality journal that no one uses?
- May be important to adjust “use” by the relevant population
 - Physics journals get less use than History journals because there are typically fewer Physics faculty and students than in History
- Broad packages of journals need to be judged not on cost per title, but cost per use
 - Until the digital environment, use data was too problematic
 - This approach really appears to change the value proposition significantly

Cost per use*

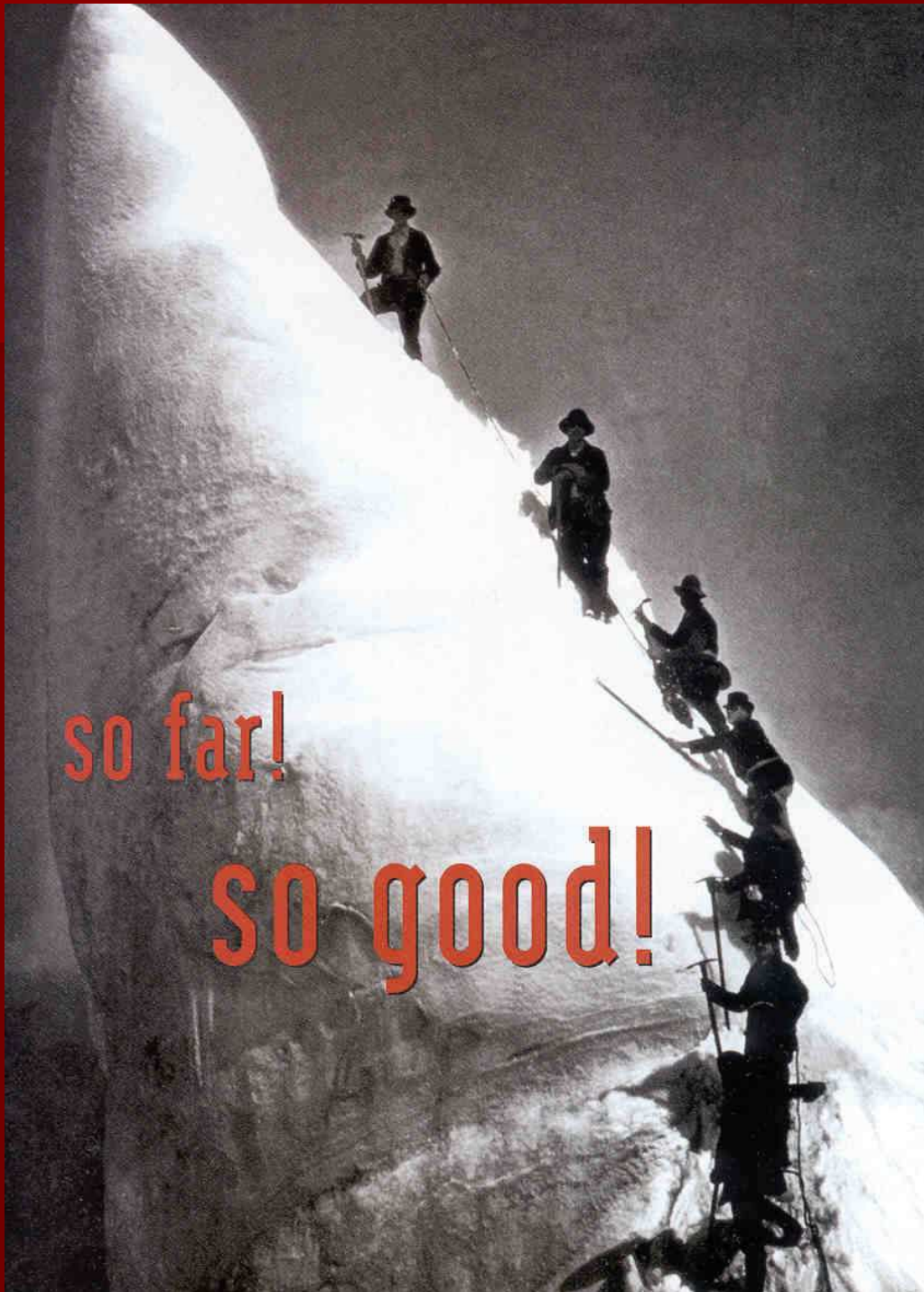
	2002	2003
■ Emerald	\$19.36	\$16.72
■ Kluwer	\$17.40	\$14.10
■ Wiley	\$14.08	\$ 9.93
■ Synergy	\$ 9.59	\$ 8.10
■ Ebsco EJS	\$ 9.37	\$ 8.10
■ Science Direct	\$ 3.11	\$ 1.49

Reflections on a “use” metric (cont.)

- Important not to use “use” (pay per view) as a basis for purchase
 - Strategic error
 - Librarians should be encouraging use of information, not restricting or rationing it
 - Tactical error
 - Possibility of need to cut off access mid-year
 - Early, anecdotal evidence is that it costs substantially more for libraries

The way forward

- The Big Deal has been very good for libraries
- But its main contribution may have less to do with journals than with teaching lessons in the power and efficiency of consortial cooperation in solving library problems



so far!

so good!

Consortia

Co-operation

Future

Thank you!

Further reading

- Gatten, J. and Sanville, T. “An orderly retreat from the Big Deal,” in D-Lib Magazine 2002:10(10) <http://www.dlib.org/dlib/october04/gatten/10gatten.html>.
- Kohl, D. “Doing well by doing good,” in JAL 2003:29(4), 205-6.
- Kohl, D. and Sanville, T. “More bang for the buck,” in Library Trends 2006:54(3), pp. 394-410.