

## Electronic Resources Pricing: A Variety of Models

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Building and maintaining library collections is increasingly complex. Determining pricing for physical resources actually housed in the bricks and mortar facility is relatively simple. In contrast, libraries must select electronic resources that range from databases to online journals to e-books, and these information tools are purchased using pricing models that tax every library with their variability. Are we to be charged by use, individual title, or package? Is our institution quoted a charge based upon enrollment as a whole or the number affiliated with the program for a specialized resource? The possibilities seem to be growing as libraries, publishers, subscription vendors, aggregators, and others continue to respond to the changing information resource and access environment.

### **Cheaper by the Dozen?**

Journal titles can be selected individually. With a thorough knowledge of the library's user community, this option seems reasonable. Focus can be given to the particular disciplines or subject interests that engage patrons. With usage data, evidence of requests by selectors, and obvious links between curriculum and resources, the library can easily justify collection development decisions. But analyzing and documenting such data and making individual selection decisions is very time consuming, and purchasing resources on a title-by-title basis can be quite costly. The cost is felt on the invoice as well as in personnel costs of staff time and lost opportunities of other services that could be provided if the staff wasn't handling such detailed transactions.

Bundling is a means to provide multiple electronic resources which are intended to broadly serve the anticipated needs of users, though peripheral titles included in a package may be considered irrelevant. A publisher may bundle all its e-journal titles into a collection or may selectively group titles based upon subjects. Other bundling options may be contingent upon a library's promise to maintain their current level of subscription expenditures. In this model pricing may be advantageous to a degree, but restrictions obligate libraries to acquire some content or a format that is not desired. Librarians take seriously their relationships with faculty and students as departmental liaisons and as selectors for their communities and institutions. It may seem less rewarding and fiscally irresponsible to simply choose packages of resources while aiming to support users. Rather more painful is the reality that the makeup of packages changes, and does so too frequently for comfort. Collection decisions really are only the best that can be made at a given moment in time; a publisher may choose to pull titles, offering them via another aggregator

or service or perhaps hosting them exclusively on their own site. Lead time with public notices can offer libraries a chance to analyze their options, but it may be more immediate than that. With funds committed for the fiscal year, it may be impossible to provide continuous coverage.

Making an informed decision about purchasing a group of titles is very different from bundling once a commitment to a journal has been made. Price increases at renewal can be significant if there is a remix of what is included, although a cap may be in place to hold the percentage increase to an amount that can be accommodated. As sometimes happens, an association or publisher may move a title to a package arrangement, and selectors then are faced with an increase in the subscription rate as well as unwanted additional titles. A side benefit may be discovered by reviewing usage data, as it is possible that libraries will find that resources initially considered to be peripheral are in fact used by patrons. The availability of the materials leads to discovery.

### **Pricing Models**

A use-based model can incorporate other factors but is essentially an effort to tie use activity statistics when determining the price an individual library pays for an electronic resource. That model assumes a publisher maintains reliable, accurate statistics that can be consistently described. Standards for use statistics, such as those developed by COUNTER (Counting Online Usage of Networked Electronic Resources), give backbone to such a model. But it doesn't follow that such pricing is affordable. Regardless of the size of an institution, funding is not boundless.<sup>1</sup>

Pricing for databases commonly uses the number of full-time equivalent (FTE) students (and occasionally faculty) with fees being based upon those FTE numbers. So, for example, a particular yearly fee would be charged for the Gallup Brain if the FTE level was in the 10,000-20,000 range. The price would vary if the enrollment numbers were above or below that price band. Other deals discard the concept of FTE bands and instead charge per student FTE.

Purchasing based on the number of simultaneous users allows for cost control. Divisions in the number of simultaneous users will differ according to publishers. Choosing the unlimited option can become the most practical choice when anticipated benefit outweighs the discouragement by patrons who find it difficult to access the product if that simultaneous user level is too low in actuality. The number of simultaneous users may only be one component in a pricing model as with H. W. Wilson which allows customers to combine the one-time purchase of an archival database with a simultaneous user model for the current database.

Tiered pricing is common with databases and has been employed by publishers of e-journals. In some cases tiers may define service levels that offer differing options from the basic to the premium, as determined by the publisher. More so today, tiered pricing models are linked to the Carnegie Classification of Institutions of Higher Education. Typically there are four or 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.”<sup>2</sup> 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 ground 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.<sup>3</sup> Some portion of that 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.uncg.edu/carolinaconsortium/>), there are as many different pricing models as there are consortium deals. Some deals use a sliding discount based upon aggregate FTE, aggregate 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 still may have the responsibility of allocating the expenditure among its membership. Dividing costs equally 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.<sup>4</sup>

Libraries on their own or within consortial agreements may negotiate multiyear 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 unsupportable. Good relationships with vendors and awareness of activities in the market can help to reduce the potential of undesirable surprises.

The number and range of pricing models seems 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 closer to 20,000!<sup>5</sup> 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 library users need. That service is the end result of all the thoughtful work leading up to a patron clicking on a link.

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<sup>1</sup> Paula D. Watson, "E-Journal Management: Acquisition and Control," *Library Technology Reports*, 39.2 (2003): 42-43.

<sup>2</sup> Karla L. Hahn, "Tiered Pricing: Implications for Library Collections," *portal: Libraries and the Academy*, 5.2 (2005): 152.

<sup>3</sup> Watson 38.

<sup>4</sup> Douglas Anderson, "Allocation of Costs for Electronic Products in Academic Library Consortia," *College & Research Libraries*, 67.2 (2006): 124-126.

<sup>5</sup> Stephen Rhind-Tutt, "Pricing Models for Electronic Products – As Tangled As Ever?" *Charleston Conference Proceedings 2002*, ed. Rosann Bazirjian and Vicky Speck. (Westport, Connecticut: Libraries Unlimited, 2003) 79-