All or nothing: towards an orderly retreat from big deals: recent negotiations in the Netherlands

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Published in:
Serials

DOI:
10.1629/1895

All or nothing: towards an orderly retreat from big deals – recent negotiations in The Netherlands

Based on a paper presented at the 28th UKSG Conference, Edinburgh, April 2005

Big deals are seductive and addictive. That's why some librarians love them and others hate them – and many librarians do both. This presentation explores the opportunities but also the challenges of big deals, both from a financial perspective and from the perspective of content.

Even if big deals represent the best value for money model, the lack of flexibility will cause severe problems with respect to the sustainability of the model. Big deals can as easily deteriorate the coherence of a consortium as enforce it. This is illustrated with recent experiences in The Netherlands.

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Introduction

Derk Haank showed in an earlier presentation at this conference that there is a great willingness to change – actually, to change everything. *Except* in the area of money. By doing so, he perfectly illustrated the key issues of this paper, as we will see later. It all sounds perfectly reasonable that we cannot expect to have more content for less money, but why would that actually be true? Why would new developments in everything not change this issue as well? And after all, we're not talking about the same money. Price caps of 5% and more result in 30% higher spending over a period of five or six years. But whatever value we get for this money, it still is a problem. So pricing is not something that we should take for granted.

The nature of big deals

Firstly, I will go through some of the characteristics of big deals, that most of you are quite familiar with. When talking about big deals we can mean a lot of different arrangements, some of which are listed here: from full collections, which Elsevier, with a fine sense of humour, named Freedom Collections, via cross-access arrangements to just e-versions of earlier print collections. All of them have their own advantages and complications, that can work out differently, depending on the size and the nature of an institution or a consortium, and depending on that institution's or that consortium's history of spending on print. Most of these arrangements have in common that they offer much more content and titles, for more or less the same price, than single title subscription arrangements did in the past.

Issues within big deals

A bit neglected, at least by librarians, is, in my opinion, the fundamentally different nature of the process of purchasing a print subscription, compared to licensing access to content. Today, I will not elaborate on that, but this seems to me to be one of the key factors for change in the business models for the scholarly information supply of the future.

As we all have seen in the last few years, publishers have been remarkably flexible – well, not all of them, but at least some – in the migration from print to electronic. Not just technologically, but also commercially. They have left their usual pricing policies of double digit increases each year, and turned towards multi-year agreements, with fixed turnovers and relatively moderate price increases, that nevertheless are still well above inflation.

I do not feel ashamed in saying that librarians and their patrons have taken great profit from this. Our user communities have been grateful to us for giving them access to many more titles and content than we could ever before, and for bringing this content to their desktops in their offices and off campus. It must be emphasized that this is not just the result of buying or licensing more content. It has also meant libraries and their institutions developing more and better services and installing a huge and expensive technological infrastructure.

When talking about the addictive character of big deals, I mean that they turn out to be really difficult to walk away from. Once you have offered your customers access to this sea of information there is no easy way back. This is what they have been waiting for, this is what makes them ultimately happy and this is what they cannot do without from the moment they have it. The publishers, of course, are well aware of this, and are trying to ensure that librarians are forced by this addiction to remain within the deals. Usually they do this by putting in place rather strong disadvantages to leaving the deal.

Big deals in The Netherlands

In The Netherlands, we have been negotiating recently with some large commercial publishers. This is not to say that we do not negotiate with other publishers, commercial and non-commercial alike, and these negotiations tend to be by no means easier than those with the large ones. But of course the big suppliers carry more weight from a financial point of view, so negotiations with them are more critical.

We started the process in late spring and had first encounters in June and July. We used to have full package deals for three to five years, with price caps around 5 or 6%, and different options for e-only and so on. We wanted to decrease the increase – could it be to 0%? We hoped to get more value for less money, and we were looking for alternatives to big deals, in case we would not be able to afford continuation of our current agreements. And we planned to make a final transition to e-only, taking advantage, possibly, of e-only discounts – however, these discounts may be eaten up by the imposition of VAT rates greater than the discount obtained.

What we found was that all publishers involved were hesitating to let the big deal go. They obviously were trying to keep us locked in the big deal pattern and even to strengthen it by giving us a stronger drug. They, too, wanted e-only; they tried to force us to strengthen the consortium, demanding that all members should participate; they offered us some alternatives that were so unattractive that we seemed to have only one choice, and were not very helpful in developing more flexible arrangements. Therefore the discussions concentrated mainly on pricing, on the bandwidth of access, and on participation of other institutions – in The Netherlands until now polytechnics and non-university research institutes have not participated in the UKB consortium.

We achieved a set of outcomes thorugh a combination of pricing and better secondary conditions, which cannot be disclosed in detail. Issues such as adding new participants, moderating price caps, and including additional materials such as e-books and archival collections all played a role in enabling these outcomes to be negotiated.

One publisher did not show much flexibility in the pricing area. I suppose that sounds familiar, but on the other hand we succeeded in developing a sort of model in which we could moderate the price against access. If we could not afford a price increase of, say, 5%, we could elect to have less access. It was not at all easy to find out a mechanism that would enable such an exchange between money and content, and both sides worked on various possibilities to make it happen. But then problems arose within the consortium. It turned out to be difficult to stick to our earlier standpoints, and to stay together in the strategic battle. As UKB's chair, it was hard to manage the consortium through this process. Some universities that had very firmly said that they would never pay more, at the end of the day were not willing to accept a smaller amount of content. However, it should be recognized that under the new reduced model all members would retain access to about twice as many titles in digital format as they had five years ago in print format.

Conclusion

So we are still negotiating an agreement that can serve all of us sufficiently. The reason an agreement has not yet been reached, it must be admitted, is not lack of flexibility from the publisher's perspective, but rather lack of flexibility from the librarian's perspective. And, some lack of strategic behaviour on the part of librarians as well.

What did not help is that at the time, UKB was heavily involved in discussions about revision of costs in relation to consortia agreements – and it still is. Together with some other issues listed here, that makes it difficult for individual libraries to overlook the full consequences of the choices they have to make and, as we all know, uncertainty is something librarians find hard to live with!

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