

# **D R A F T**

## **Recommendations to ALI Board**

Licensing Task Force  
March 13, 2006

The Licensing Task Force met on February 21, 2006. The primary agenda item was a discussion of the Final Report on the IU Pilot project. The essential points in this report are:

- out of 17 products for which IU attempted to negotiate for ALI, two were successful.
- cost of this project was a little over \$10,000 which IU absorbed in its budget.
- savings for participants in these two deals were in excess of \$40,000.
- approximately one fourth (18 members) of the ALI membership benefited from these two deals.

Two factors are at work in making the cooperative purchasing environment difficult. First, it appears that the “big deals” have already been done. The effects of INSPIRE, the ALI EBSCO and ACS cooperative purchases were significant in both the number of ALI members served and the amount of savings generated for each member. Finding other products that appeal to the overall membership and that offer significant discounts for cooperative purchase is proving elusive. The second limiting factor is that very few ALI members are generating new monies for the purchase of new products. At best, many schools will simply adjust their mix of databases and at worst will need to move monies from another budget line to support purchase of additional databases. As a result, many products that may be desirable purchases are now considered optional.

Despite these limitations, the Licensing Task Force believes that there are still some cooperative purchases that may be beneficial to ALI members either because of a small savings or because the deal increases the access and thus enriches the total resource base within the state. Also the information purchasing environment is in flux and ALI needs to be in a position to take advantage of any new opportunities. To date, the electronic book market has not discovered an ideal delivery or pricing model. Journal publisher packages are experiencing rapid change as well. Both markets offer the potential of some new opportunities in the near future (three to five years) for cooperative purchases.

For the past three years, individual committee members, and last year, IU-Bloomington undertook cooperative purchasing activities at no cost to ALI members. As a result, ALI now has five cooperative purchases in place – American Chemical Society, EBSCO databases, RefWorks, Historical New York Times, and Communication and Mass Media database. For the EBSCO databases, 53 ALI members are purchasing one or more databases at an estimated annual savings of \$35,000. For the ACS purchase, 35 members are participating at an annual savings of \$60,000. The Communication and Mass Media purchase resulted in a savings of \$38,000. The Historical New York Times has 18 participants while RefWorks has five for a combined savings estimated at \$3,000. Total annual savings to the membership across all of these products is well over \$125,000.

With these factors in mind, it seems likely that ALI will have only a limited opportunity in the immediate future to further achieve its goal of “a key set of additional full-text electronic academic resources to further enrich information resources available to **all** our students and faculty.” The best opportunity for this to happen may be with the upcoming renewal of the INSPIRE contract. INSPIRE purchases Academic Search Elite. Many academic libraries purchase Academic Search Premier at a significant discount because of the INSPIRE purchase. It may be that an additional reduction in costs could occur if INSPIRE discontinued ASE and the academic libraries pooled their current spending for ASP through INSPIRE.

The Licensing Task Force believes that ALI will also experience success both in the short term and over the long term with its second goal of providing “an environment allowing the members to partner in the purchase of selected electronic information resources of interest to some, but not all ALI members.” Future deals may garner less tangible dollar savings and be more in the form of a reduced rate of price increase over a fixed term period, increased functionality, or improved access to a product. While these improvements individually may be small, the sum total could be quite significant over a period of time.

The Licensing Task Force makes the following three recommendations to the ALI Board.

1. That, based on the findings of the pilot project regarding costs, the Board commit to developing a budget to pay annual costs of database licensing services from the ALI budget. We feel that the savings already generated for the membership are sufficient to justify a budget line within the ALI budget. Formal budgeting for this service increases the likelihood of generating additional savings in the future.
2. That the Board determine if sufficient income is currently available in the ALI budget to support this activity. If not, that the Board consider and recommend to the membership a funding mechanism sufficient to support this budget line (e.g. a participation surcharge, increase in general membership dues, etc.).
3. That ALI contract with a service provider to provide defined database licensing services for the membership. The second recommendation is now possible because we have a good working estimate of costs associated with the provision of a defined set of services (based on final report from IU Pilot Project).

Recommendation three could be acted upon by charging the Licensing Task Force to draw up a draft RFI for Board approval. Upon Board approval of the draft, the RFI would be sent by the Board to any entities with a possible interest (any ALI member library, INCOLSA, other library consortia) in providing the desired services. The elements of the RFI would be developed from the Memorandum of Understanding with IU and from our experience with the pilot project that resulted from the MOU.

An alternative approach to issuing an RFI would be to enter into formal talks with INCOLSA regarding their interest in contracting to provide this service to ALI. This recognizes the fact that INCOLSA currently has the infrastructure in place to handle these services. This proposal differs from past practice and experiences in that INCOLSA would be contractually required to provide a higher standard of service to ALI for cooperative purchasing.

It is assumed that under recommendation three, the Licensing Task Force would take a pro-active role in working with the contract services provider. In order to assure open, two-way, comprehensive communication, the Task Force would schedule meetings with the contract services provider at a minimum of quarterly.

The Licensing Task Force would be responsible for

- communicating via the Electronic Collection Development list serve with the membership to keep them informed on new initiatives.
- setting up a formal process to review requests from members for investigating cooperative purchase of products.
- communicating with the contract services provider regarding products to be investigated for cooperative purchase
- joint evaluation with the contract services provider of product offers
- setting up a process for trial of and response to products being considered
- conducting an annual review of the contract services provider's quality of service

The Contract Services Provider would be responsible for:

- serving as the primary contact representing ALI with vendors
- communicating with the ALI Licensing Task Force regarding vendor offers and initiatives
- joint evaluation with the Licensing Task Force of product offers
- development of counter offers to vendors
- negotiating with vendors on behalf of ALI (prior consultation with Task Force)
- managing of current ALI contracts, including renewals, payment of vendor invoices, and collections from ALI members