NEGOTIATION AND COST CONTAINMENT STRATEGIES

Part IV of the six-part series: Licensing Electronic Resources to Serve the Library’s Mission

Hosted by ALCTS, Association for Library Collections and Technical Services
GEORGE STACHOKAS

Electronic Resources Librarian
Auburn University
Auburn, Alabama
THE CHALLENGE FOR LIBRARIES...

- Electronic resources rising in cost above the inflation rate
- Increasing demand from research-intensive academic programs
- Complex and shifting administrative priorities
- New demands for analytics and assessment
- Flat or declining library materials budgets
- Changes in the information marketplace
  - The ongoing impact of broader technological and social change on the expectations of library patrons
  - New information resources, services and other products
  - New business models

Hosted by ALCTS, Association for Library Collections and Technical Services
WHAT CAN LIBRARIES BORROW FROM THE BUSINESS WORLD?

Gather business intelligence.

Develop a strategy for engagement.

Negotiate.

Make assessment routine.

Hosted by ALCTS, Association for Library Collections and Technical Services
HOWEVER, NEVER FORGET THAT LIBRARIES ARE NOT BUSINESSES AND FACE UNIQUE CHALLENGES...

Libraries are unique in that they have to deal with:

- Monopoly sellers
- Academic or not-for-profit organizational cultures
- Limited knowledge of business among some decision makers
- Powerful stakeholders
GATHERING BUSINESS INTELLIGENCE

- Who are the users of electronic resources at my institution?
  - Qualitative information
  - Quantitative information
  - Analysis

- What do the users need?
  - Identify current and future priorities
  - Identify gaps in online access
  - Consider potential sources (vendors or freely available content providers) for information resources of interest
GATHERING INFORMATION ABOUT THE LIBRARY’S PRIORITIES REQUIRES A TEAM

Collection Development priorities need to be determined before talking to vendors.

Current and Programmatic needs
Technological compatibility
Usability and User Experience
Usage Statistics
Financial Resources of the Library

Hosted by ALCTS, Association for Library Collections and Technical Services
OF COURSE, GATHERING INFORMATION IS INSUFFICIENT; IT HAS TO BE AVAILABLE TO FRONT LINE NEGOTIATORS.

Those who work directly with vendors need to know:

- Usage of Electronic Resources
- Collection Development Priorities
- Technological needs
- Any known problems with customer service as experienced by users

Hosted by ALCTS, Association for Library Collections and Technical Services
GATHER INFORMATION ABOUT VENDORS

Vendors know a lot about the libraries and librarians whom they work with.

Librarians need to gather information just as systematically and completely, whenever possible.
DEVELOP A STRATEGY

- Is the library paying too much for what it is already getting?
  - Analyze subscriptions and continuations
  - Analyze one-time expenditures

- How might the library afford more of what it wants in the future?
  - Despite limited funding, take the time to identify what is needed.
  - Investigate canceling lower priority items to acquire high value resources.

- Consider potential problems and pitfalls? What to do in the case of budget cuts, shifts in administrative priorities, or changes in business models and technology?
NEGOTIATE BETTER TERMS AND PRICES

- **Do not accept the status quo.** Even if you think the answer might be no, ask for what you want anyway, whether that be:
  - A lower annual cost increase
  - A multi-year agreement
  - A discount on a new resource because of what the library is already spending
  - An opportunity to renegotiate an old subscription when another new subscription begins
  - Customized packages for journals, eBooks or even databases
  - Split payments across multiple fiscal years
  - Paying for multiple years of a subscription in advance to obtain a discount
  - Exploring ways to reduce or eliminate annual hosting fees for one-time expenditures
  - Converting a subscription into a one-time expenditure either for a limited time or perpetuity

Hosted by ALCTS, Association for Library Collections and Technical Services
UNIT COST IS DECISIVE IN COST CONTAINMENT

If the library is acquiring content, any content, it needs to do so at the lowest possible cost with the fewest possible restrictions on access.

It doesn’t matter if unused titles are included in packages or bundles if the highly used titles in the package have the lowest possible unit cost vs. other alternatives.
EXAMPLE OF CREATIVE BUNDLING

- Library X has a multi-year agreement with Vendor Q for a large journal package with a 4% annual price cap.

- If Library X also purchases journal archives or eBooks for Vendor Q, the library could request a discount or reduction on the annual price cap to 3, 3.25 or 3.5%. Even a small incremental decrease can lead to substantial savings on big deals.

- Library X could also request an amendment to receive a standing discount on journal archives or eBooks for 10, 15 or 25% during the length of their multi-year journal package subscription.
EXAMPLE OF SEIZING OPPORTUNITY

• Use new acquisitions as an opportunity to negotiate better terms for existing agreements. If Library X subscribes to three databases provided by Vendor Q with a 4% annual price cap, Library X could request a 3% annual price cap if they choose to subscribe to a fourth database.

• When an institutional subscription ends, consider switching to a consortial subscription with a lower annual rate and/or lower annual price cap.

• Use overlap analysis to find overlapping full-text coverage in databases. Share this data with vendors to request corresponding cost adjustments, e.g., a 25% discount for 25% of complete full-text overlap.
TIPS FOR WORKING WITH VENDORS

Ask about new products and services. Stay informed.

Frame a positive story about your library and the constituency that it serves.

Do not overshare information about the library’s finances.

Look to the future and consider the long-term ramifications of any actions or decisions.
PRACTICAL CONSIDERATIONS: THE NEGOTIATION PROCESS

- Decide who is talking to the vendor and about what.
- Gather as much information as possible in advance, but have clear lines of communication with anyone who has additional information that might be needed by the negotiators.
- Pick your battles and choose your ground. Be proactive in organizing meetings, choosing the time, location, and participants as much as possible.
- Decide on a rough timeline, but understand that achieving the best deal might require a great amount of time.
- Build your own case using evidence and be ready to argue politely but firmly in favor of the library’s interests.
- Remember that the library world is small; you will need to get along with and work with many of the same people for many years, including vendor representatives.
FURTHER CONSIDERATIONS ABOUT THE NEGOTIATION PROCESS

- Manage the timing and pace of discussions. Multiple interactions might be required to achieve your objectives. Start large scale acquisitions early.

- Whenever possible, frame the discussion on your own terms. Instead of saying “Can we have 40% off?,” why not say, “We only have so much money and it will otherwise go to another vendor, but can you help me find a way to invest in your product instead?”

- Be polite and even cordial, but do not let the vendor’s arguments stand uncontested if these are used to justify high prices. Argue your own case for lower prices and better terms.

- Get it in writing; do not assume that any terms are valid without a signed license agreement.

- Be prepared to walk away from a deal that is not essential if the terms are not sufficient to merit further investigation.
Acquiring an electronic resource is never the final verdict on its value.

Libraries need to review potential and past e-resource acquisitions in terms of cost, usage, usability, collection development priorities, and compatibility with other technologies uses by the Libraries.


THANK YOU FOR YOUR TIME!

Questions or feedback?

Please contact George Stachokas at
gorge.stachokas@auburn.edu