

Can the monograph help solve the library 'serials' funding crisis?

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Abstract

This article will argue that the limiting the hunt for solutions to the library funding crisis to the serials sector is blinkered and hinders the development of integrated e-information systems. It will demonstrate that significant savings are to be had if ICT technologies are used to publish monographs online as serials. By ignoring this possibility the publishing industry delays the advent of integrated e-information systems demanded by end users and foreseen by many information experts. The article uses the example of SourceOECD, an integrated e-information system comprising books, loose-leaf publications, journals and statistical databases, to demonstrate the significant cost savings possible right across the value chain if an integrated approach is made to e-publishing.

Introduction

I have not tried to count the number of articles, let alone the listserv traffic, about the library funding crisis and the blame attached to the economics of journal publishing. The arguments swing back and forth on the merits and counter-merits of the various solutions to the 'serials crisis', which in reality is a library funding crisis. I am sure, however, that they far outnumber those discussing the economics of specialist e-publishing as a whole, or the oft-heralded e-information systems. (A symptom perhaps of the nature of the journal business - proliferation at the expense of considered, quality, argument?)

Year 2000	Serials	Monographs
Units bought	15223	27059
Purchase cost	4431593	1657349
Processing cost @ \$55 per unit	837265	1488245
Total Purchase + Process Cost	5268858	3145594
Total Cost		8414452

Table 1: Amounts spent by ARL Libraries on acquiring and processing materials in 2000.
Source: ARL Statistics 1999-2000

Table 1 shows the relative spending by ARL libraries in 2000 on serials and monographs. Is the economic impact of journals so significant as to justify a separate examination of the issues, perhaps at the risk of a proper appraisal of the possibilities offered by ICT (Information and Communication Technology) on specialist publishing as a whole? Perhaps a solution to the library funding crisis lies elsewhere?

Unlocking savings for librarians

The following statement from the ARL holds the key to unlocking a new round of opportunity and cost savings using ICT in specialist publishing. "To the unit cost of \$248 for a serial subscription or \$48 for a monograph, a library would add processing costs of perhaps \$55 or more."¹

So it costs a library the *same* to process one book as it costs to process an average serial comprising say 8 or 12 physical issues. (This demonstrates, perhaps, one of the reasons why serials have prevailed against monographs. Since they can deliver multiple physical entities for the same processing cost as one monograph, they are inherently more cost-effective). This would argue that more serials should be created to gather up related monographs. Let's look at the same ARL figures to see what savings might be found if this were done.

Year 2000 (Scenario)	Serials	Monographs as serials	Monographs
Units bought	15223	1125	13559
Purchase cost	4431593	741375	830481
Processing cost @ \$55 per unit	837265	61875	745745
Total Purchase + Process Cost	5268858	803250	1576226
Total Cost			7648334
Potential saving			766118
in percentage of 2000 spending			9%
in percentage of 2000 monograph spending			24%

Table 2: Scenario if half of all monographs had been available on a subscription. Assumes 12 books per Monograph-serial and a 10% discount on the sum of the individual monograph purchase price. Source: Author's calculation based on ARL Statistics 1999-2000

The table assumes that half of all monographs are bundled into serials comprising 12 'issues'. I've allowed a modest 10% discount off the sum of the individual monograph prices to calculate the purchase price of these hybrid 'monograph-serials'. Assuming the processing costs remain the same, the table shows a potential 24% saving on monograph spend for ARL libraries, some \$766,000. This is a 9% saving across both serial and monograph spending.

This proves that there are some significant cost efficiencies to be gained if monograph publishers offered their books to libraries in suitable monograph-serial bundles on subscription.

However, this is just the start of the savings possible if books were to move online using the same value chain as online journals.

The current book value chain looks something like this:

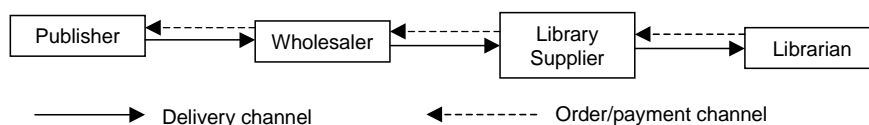


Illustration 1 - Monograph value chain from publisher to library.

It has 3 steps between the publisher and library, with each step involving dual paperwork (order processing, receipt) and dual handling (unpacking/re-packing). This, in-part, explains why it costs librarians an average \$61 per monograph*, they're paying for two sets of 'middle-men'.

By contrast the serial value chain is much simpler:

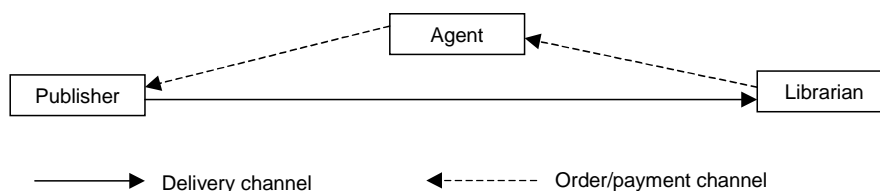


Illustration 2 - Serial value chain from publisher to library.

The physical issue is sent directly to the librarian, and the order is handled twice only. Clearly a more efficient and less costly system since there are fewer intermediaries. This suggests that there is scope for publishers to discount the sum of the monographs by more than the 10% used in the scenario above, introducing more savings into the system without affecting publisher revenues.

Other costs inherent with the current monograph system could also fall:

1. Order processing costs for publishers since one order equates to '12' books sold, rather than the more common order-to-order system where publishers have to process '12' orders to sell '12' different books.
2. Reduced sales and marketing costs since once sold, serials require lower sales and marketing efforts to be renewed annually.
3. Greater certainty in fixing print runs, since subscriptions are pre-sold it means less risk for publishers.
4. Lower warehousing costs, since subscription copies are sent out on publication.

So much for the theory. How about in practice?

In November 2000, the OECD (Organisation for Economic Co-operation and Development) launched SourceOECD², it's online library. Heralded as 'the beginning of a new trend in IGO (Inter-governmental Organisation) publishing³', it offers online access to all the OECD's books, periodicals and statistical databases. The books are available, by theme, on subscription just like the monograph-

serials outlined above. For example, a library can now subscribe to all the OECD's books on education. There are a total of 20 SourceOECD hybrid monograph-serials⁴ on offer. Each has a fixed annual subscription price for which subscribers receive online access to all the current year's monographs, the backlist to January 1998 and one copy of each of the current year's print editions. Online-only access is available at a 20% discount.

Unlike periodicals, it is not usually possible to predict in advance the number of monographs due to be published in any one year. However, it is possible to know with a margin of error, and hence arrive at a fair price. OECD does not make any statements about the number of monographs to be published in any subscription year, but subscribers can easily see the numbers published in previous years.

Another difference from true periodicals is that books can be multi-thematic, i.e. covering agriculture and the environment. To cope with this, OECD puts books into all the relevant SourceOECD monograph-serials. So the agricultural-environment title will appear in both the agriculture monograph-serial and the environment monograph-serial. (If a library subscribes to both, they will only receive one printed copy.)

Taking the Agriculture & Food monograph-serial as an example. The annual subscription price since the launch in 2000 is \$645. Had a library purchased all the books separately in 2000 it would have cost \$714, in 2001 it would have cost \$777. However, the purchase cost savings pale into insignificance if processing costs are added. Taking both costs together, a library choosing to subscribe in 2001 would have saved \$734 or 44% of their total purchase and processing costs compared with a library sticking with a traditional standing order system.

OECD Agriculture & Food Books		
	via SourceOECD subscription	if bought individually on standing order
Year 2001		
Units bought	1	16
Purchase cost	\$868	\$777
Processing cost @ \$55 per unit	\$55	\$880
Total Purchase + Process Cost	\$923	\$1,657
Saving		\$734 44%

Table 3: Comparison showing the different cost for a library between a subscription to all OECD books in agriculture and buying them individually.

For those libraries choosing to subscribe to all 20 of the SourceOECD monograph-serials, the savings are significant. In 2001 a not-for-profit library choosing to subscribe to all 20 hybrids would have saved \$3000 in purchase costs and a further \$7150 in processing costs as compared to the library choosing to buy all 150 monographs individually. This \$10,150 saving is almost equal to the \$10,650 purchase and processing cost of the all-books SourceOECD package. Note how much greater the processing cost saving is compared to the purchase cost saving.

More benefits

The benefits to the subscribing institution are of course much greater than simply the savings in purchase and processing costs. Online access at the desktop brings all the benefits seen as journals went online, among others:

- lower re-shelving costs for the librarian
- greater usage, which means better value for money
- remote access for off-site users
- 24/7 access
- multiple usage without having to buy extra copies.

One significant benefit for users is the ability to find and retrieve a single chapter from a book. This is especially useful for proceedings volumes. (Proceedings of conferences are published either in book or journal form. The same content type but in two hitherto incompatible publishing channels - illogical and unhelpful for readers!)

The beginning of an e-information portal

So far the economic benefits have been outlined. For the users, the benefits are even greater. When complete, the search engine offered within SourceOECD runs across:

- all 20 monograph-serials, comprising 150 monographs per year
- 19 OECD periodicals
- 5 loose-leaf titles
- 35 statistical database sets, comprising 200 statistics tables.

This means a general search will find books mixed in with journal articles, loose-leaf content and statistical tables. Users who want to find content from the OECD and don't know where to find it, now have a single search engine to help them, and from the results, click-through access to the full-text, regardless of publication type.

The beginning of an integrated e-information system.

Users don't even have to come to SourceOECD to do this. SourceOECD was built for the OECD by Ingenta using standard online journal architecture. So the metadata structure for the monograph-serials is compatible with all the standard journal aggregators. An Ingenta user, for example, will find OECD book titles appearing among their search results⁵, with click-through access to the full text providing a subscription is in place. Similar click-through access is also available to subscribers via other aggregators such as SWETSNet and EBSCO Online.

Yet despite the use of an identical metadata structure and business model to journals, not all aggregators are willing to add these monograph-serials to their systems. OCLC, for example, chose to include only the OECD's standard periodicals in their system. One hopes that this is a temporary phase caused by the 'shock of the new' since there is no technical or rational reason why monographs should not run alongside journals to offer users an integrated information service.

Where are the problems?

Librarians want to link from their OPACs to the OECD annuals. Currently they are 'hidden' in the monograph-serial. For example, the annual *OECD Employment Outlook*, is bundled with the other OECD titles on employment in the hybrid *SourceOECD Employment*. Equally, they would like to link to individual monographs from OPACs. Cataloguing online books published within these hybrids is not easy and OECD is exploring how to adapt the SourceOECD platform to enable links from OPACs at the level of a book or annual.

Switching value chains is not without uncertainty and risk. Some of the OECD's traditional booksellers and distributors are finding it difficult to adapt to these new subscription products. There is a risk that the business migrates to the main subscription agents leaving the OECD without a proactive sales force. Selling e-information systems to librarians requires face-to-face contact. Direct mail alone does not work. It means OECD is having to seek out new sales partners skilled in selling online-information services, such as PrioInfo in the Nordic Countries⁶ and spend time training its traditional intermediaries and convincing them of the benefits of the new system.

Is this the end of the monograph?

Absolutely not. Probably quite the reverse, these hybrids may be its salvation. With so many specialist monographs dependent for their very existence on declining library sales, this economically efficient and user-friendly publishing model should mean that more monographs become available to more users via more libraries. This is because more libraries will be able to afford to buy more of any publisher's list. A simple calculation explains why. Still using the example of the OECD's agriculture list, any institution buying in the traditional way 9 or more of the 16 titles published in 2001 would have saved money by subscribing to all 16. The OECD's experience is that this is happening as librarians switch to the SourceOECD subscription model.

With a larger base of core subscribers taking all monographs, the economic case for publishing any one title becomes less risky and therefore more titles may be commissioned. This means that those individuals and librarians wanting to buy one-off monographs will find a richer choice still via the traditional and not-so-traditional channels. OECD is still making its monographs available via the traditional channels and via some of the new ones too. OECD has a successful online bookshop and has recently made an agreement, covering a limited selection of its monographs, with Ebrary.

Having enabled online publishing of its monographs, other avenues are now available to the OECD in the battle to make this content type more accessible still: chapter-by-chapter sales alongside the article-sale business, and license arrangements to aggregators such as Infotrieve, ProQuest's KnowEurope and ISI's Emerging Markets.

Conclusion

The inherent inefficiencies in publishing and distributing monographs on a one-by-one basis cost librarians a significant sum of money. The potential savings if a serial-type business model was adopted in its place are significant, perhaps as large as 10-15% of the total library purchase and processing budget. As the experience of the OECD's SourceOECD service demonstrates, a viable and practical monograph-serials solution is possible. Aside from the savings it offers librarians, it brings a range of benefits to the end reader in terms of accessibility and ease-of-use. However, thought is needed in the area of catalogue management since these hybrid products do co-exist easily with current norms. Adopting this hybrid approach also opens a way toward integrated e-information systems, as demonstrated by SourceOECD and some aggregators such as Ingenta. Finally, the

adoption of a serials-type business model would underpin the economics of monograph publishing, reducing risk for publishers and thereby help to ensure that marginal titles would still be published.

* There is a discrepancy between the \$48.00 unit cost quoted by the ARL in its text and the \$61.00 calculated by dividing the spending on monographs by the number of units purchased. Since this discrepancy has little impact on the arguments presented in this paper, I have not asked the ARL to explain this variance.

References

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4. SourceOECD books home page, <http://www.sourceoecd.org/content/html/portal/themes/themehome.htm>
5. Try for yourself: go to <http://www.ingenta.com> and enter 'agriculture and trade liberalisation' in the 'quick search' box. Among the results you will find the OECD's 2002 monograph by the same title.
6. PrioInfo. <http://www.prioinfo.com>.