

INTERNATIONAL COALITION OF LIBRARY CONSORTIA (ICOLC)
Statement on the Global Economic Crisis and Its Impact on Consortial Licenses
January 19, 2009

Written on behalf of the many library consortia across the world that participate in the ICOLC, this statement has two purposes. It is intended to help publishers and other content providers from whom we license electronic information resources (hereafter simply referred to as publishers) understand better how the current unique financial crisis affects the worldwide information community. Its second purpose is to suggest a range of approaches that we believe are in the mutual best interest of libraries and the providers of information services.

The ICOLC library consortia consider the current crisis of such significance that we cannot simply assume that libraries and publishers share a common perspective about the magnitude of the crisis and the best approaches to cope with it. ICOLC members have been exchanging perspectives about how the current economic recession will impact consortia and their libraries. We make the following forecasts about the impact of this crisis on libraries and library consortia.

- We expect significant and widespread cuts in budget levels for libraries and consortia: reductions unlike the sporadic or regional episodes experienced from year to year, with real and permanent reductions to base budgets. It may not be uncommon for library and consortia budgets to decline by double digits year over year. We have yet to see the full effects, as many 2009 journal and database subscriptions have already been renewed. As of late 2008, many institutions have declared significant budget cuts in all areas (content, staff, and operations) for 2009. Some consortia are experiencing significant economic impact in the current fiscal year; by calendar and fiscal 2010, the cuts will be in full force and widespread.
- These cuts will be prolonged. The public and education sectors will likely lag in funding recovery. Once funding is withdrawn over multiple years, it will be years before budgets climb back toward pre-crisis levels.
- Exchange rate fluctuations are complicating and in some cases amplifying the impact.

We encourage publishers to recognize these fundamentally different circumstances as we work together for the benefit of all parties. Library consortia are uniquely positioned to be the most effective and efficient means to preserve the customer base for publishers and create solutions that provide the greatest good for the greatest number. By working together, publishers and consortia can create the most effective pricing and renewal options and maintain the broadest base of subscribing libraries and services.

While we cannot be prescriptive where solutions are concerned, we suggest the following principles and techniques as likely to be the most effective approaches.

- **Principle 1:** Flexible pricing that offers customers real options, including the ability to reduce expenditures without disproportionate loss of content, will be the most successful. In stable times, standardized pricing and terms may work relatively well. Today, purchasers will be under heavy pressure to reduce their outlays and need solutions that let them do so while continuing

to offer as much content and service as possible. It is in the publisher's best interest that we avoid all-or-nothing, take-it-or-leave-it decisions and options, whose lack of flexibility is likely to result in far greater damage than is absolutely necessary.

- **Principle 2:** It is in the best interest of both publishers and consortia to seek creative solutions that allow licenses to remain as intact as possible, without major content or access reductions. Content, once discontinued, will be very difficult to reinstate at a later date. While there may be practical limits to this principle, publishers, authors, scholars, and libraries will be best served by those solutions that retain as much access to as much content as possible.

With these two principles in mind, we suggest the following approaches:

- Purchasers will trade features for price; that is, we can do without costly new interfaces and features. This is not a time for new products. Marketing efforts for new products will have only limited effects, if any at all. Libraries will have few if any resources to invest in new titles or more content elements. Publishers who work with the scholarly communities to understand what content is critically needed will be the most successful.
- Putting price first will help all parties, because budget pressures will drive decisions in a way never seen before. Real price reductions will be welcomed and can help to sustain relationships through the hard times.

Even increases at inflation levels will not be supportable by many groups and libraries. Other approaches and options must be considered and made available. Some options may be uniquely created to take advantage of local situations. Therefore:

- Tailoring content to need and pricing accordingly can be very helpful. For example, customized approaches that look to usage patterns as the basis for an adjustment may be equitable for all parties. In the case of tiered pricing schedules, applying this flexibly to core content packages in combination with more affordable pricing for single titles may create another affordable option. Multiple, creative options are needed so that library consortia can work with their members to fashion the optimal purchase level.
- Multi-year contracts will be possible only with clear opt-out and/or reduction clauses. As difficult as these clauses can be, the only alternative for many institutions will be year-to-year (or even shorter term) licenses. These increase the administrative overheads for all parties and may encourage further reductions. Additionally, opt-out clauses must as well recognize the need for a flexible set of reduction techniques that avoid penalizing customers in either the long or short term.
- While annual payments currently are the most prevalent payment schedule for group licenses, options will be needed for semi-annual or quarterly payment schedules, in combination with more flexible opt-out/reduction clauses and renewal cycles. Libraries and consortia may have very little warning of changes in their budgets. Payment options are a necessary precaution in light of rapidly changing financial circumstances and expectations.

In combination, we suggest these approaches as a way to advance the conversations among libraries, consortia and publishers, who all hope to preserve existing relationships, provide as much information to users, and generate as much business as budgets will allow. We believe our recommendations provide a solid foundation for the information community, including the publishers of scholarly information, to go forward together in these difficult times.

The current situation may in the long term serve as a catalyst that challenges publishers, scholars and libraries to create a system that will more efficiently produce and disseminate the growing output of global scholarship.