



The CHARLESTON REPORT

Business Insights into the Library Market

SEPTEMBER / OCTOBER 2013

VOLUME 18, NO. 2

Libraries on the Move

The 62 member libraries of the Association of Southeastern Research Libraries (ASERL), the Boston Library Consortium (BLC), the Greater Western Library Alliance (GWLA), the Triangle Research Libraries Network (TRLN), and the Washington Research Library Consortium (WRLC) have announced the start of "Open Access Week 2013" beginning with a series of jointly-hosted webinars to explore and describe the current world of copyright, fair use, and open access. The first session will be "Copyright and Fair Use 101," hosted by ASERL and TRLN on November 13, 2013. These sessions are free and open to the public. Details can be found at <http://bit.ly/1fFKVNu>.

Short Takes

Copyright Clearance Center (CCC) has announced an added educational/instructional program Type of Use (TOU) service, where rightsholders can get multimedia rights to use content in a broad spectrum of educational products, such as interactive learning environments, digital resource libraries and Common Core-driven curriculum solutions. The rights can also be acquired to republish these materials in any format — PDF, TIF, PPT, HTML and more. Among the first publishers to grant this new type of use are Nature, Perseus Books Group and Taylor & Francis U.S. Books Group. CCC presently services more than 450 publishers in total. For more information logon to copyright.com.

Check This Out!

Digital Scholarship has released the *Altmetrics Bibliography*, which includes over 50 selected English-language articles and technical reports that are useful in understanding altmetrics. Learn more at <http://digital-scholarship.org/alt/altmetrics.htm>.

TCR Quotes

"Our users want the official version with page numbers, the headings and mark of the publisher etc. When we've supplied the Green OA links we generally get 'I could have gotten that myself, I need the published version.' What we may need is education about what that Green OA copy is, and how to properly cite it." Posted to Liblicense-l on October 3, 2013, by Collette Mak, Outreach and Scholarly Communications Librarian, Hesburgh Libraries, University of Notre Dame <cmak@nd.edu>.

TCR Preview: What to Expect at the Electronic Resources & Libraries Annual Conference 2014

... with thanks to Jill Emery, Collection Development Librarian, Portland State University Library, <jemery@pdx.edu>

The ER&L Planning Team really hope you can join us in March in Austin, Texas. The conference will be held from March 16-19, 2014 at the AT&T Conference Center. Registration is open and we're already attracting attendees from around the globe. To learn more, please see the ER&L Website: <http://www.electroniclibrarian.org/>.

In addition, the planning team members for Electronic Resources & Libraries, LLC are busy working on the programs to be offered in Austin, TX as part of South-by-Southwest Interactive (SXSWi) and The Electronic Resources & Libraries Annual Conference. Once again, ER&L will be partnering with the information partners to hold the IdeaDrop House at SXSWi. If you missed some of the fantastic discussions and interviews held last year, you can view them here: <http://www.ustream.tv/channel/ideadrop>.

Program planning is well underway for the ER&L 2014 Conference and you can submit your program proposals at the ER&L Website up until November 12, 2013. The community proposal voting will begin on November 18 for people interested in attending the conference and wanting to have a say in program development. If you are worried about attending in person, ER&L will once again provide online viewing party access to a third of the ER&L program in 2014. Check out the online and online group viewing rates at our Website.

The planning group is also working on an organizational effectiveness panel discussion with selected members of the TAIGA Forum which will be followed by an interactive session for attendees where there will be a chance to have roundtable discussions with administrative leaders in the library world. Lastly, the group is very happy to be working on the colocation planning for the Leadership, Technology, and Gender Summit. To learn more about this program, please see here: <http://www.ltgsummit.org/>. We look forward to seeing you in Austin in 2014!

Mark Your Calendars

November 14, 2013 — UKSG One-Day Conference: London, "Open Access Realities: Global Experiences of Implementing OA," 76 Portland Place (Rutherford Theatre) London. Program details and registration information available at <http://www.uksg.org/event/NOVCONF2013#>.

TCR Op Ed: Elsevier — Are They Still the Big E?

... by Dan Tonkery, President and CEO, Content Strategies, <tonkery@gmail.com>

In my consulting business I often get projects from investment banks and venture firms that are in the STM field but everything I do for those organizations is confidential and I am unable to share any data or analysis. However, last week I got a request from a friend working in a major research library which was looking for information on Elsevier and while I am not going to share all the details, I thought it might be useful to share some of the information that I was able to provide. My friend had two questions:

What percent of Elsevier's journal business is coming from my research library?

What percent of Elsevier's sales is coming from the ARL research libraries?

Every librarian working in an academic research library has a well-informed opinion of Elsevier (or Big E as they are often called). Elsevier brings a wide range of feelings to the surface. Often Big E is referred to as the Evil Empire or worse but too often I am not sure that librarians really understand Elsevier. Just how big is Big E and how do they compare to other publishers that everyone recognizes such as Wiley, Springer, and Wolters Kluwer. Does Elsevier still merit the "Big" in Big E?

In the STM publishing world Elsevier is indeed a large international company with a strong publishing business unit that is headquartered in the Netherlands. In calendar year 2012, they ended the year with revenue of \$9,724 US \$m or \$9.7 billion dollars and operating profit of \$2,159 US \$m or over \$2 billion. The company is indeed large. In general, one would have to say that the company is well run and highly profitable. At first glance they dwarf their main competitors. Just consider the results for 2012 and compare Elsevier with Springer, Wiley and Wolters Kluwer.

Total Company Performance (US \$m) *

2012	Revenue	Operating Profit
Elsevier	\$ 9,724	\$ 2,159
Kluwer	\$ 4,864	\$ 782
Wiley	\$ 1,783	\$ 196
Springer	\$ 1,323	\$ 462

*Information on all companies from their 2012 Annual Reports

The Charleston Report, *Business Insights into the Library Market* is published six times a year by The Charleston Co., 6180 East Warren Avenue, Denver, CO 80222. Subscription price per year is \$155 (U.S.) and \$170 (outside the U.S.). FAX: 303-282-9743.

The Charleston Report is written for publishers, vendors, product developers, merchandisers, and wholesalers who are interested in expanding their library market. Readers will gain insights in effective marketing to libraries, early alerts to library trends, access to library leaders' future plans, library budget projections, library strategic plans, technology directions, and publications needs.

For comments and contributions, contact Rebecca Lenzini, <rlezini@charlestonco.com>, Editorial Offices, 6180 East Warren Avenue, Denver, CO 80222. TEL: 303-282-9706, FAX: 303-282-9743, (c) Copyright 2013, The Charleston Co. All rights reserved. ISSN 1091-1863.

Contributing Editors: Corrie Marsh <cmarsh12@gmail.com>, Tom Gilson <GilsonT@cofc.edu>

Editorial Board: Rebecca Lenzini, Katina Strauch

Chief Financial Officer: Rebecca T. Lenzini

Publisher: The Charleston Co.

Graphic Design: Toni Nix • Masthead Design: Jack Thames

When comparing the total company revenue, Elsevier is still the Big E and holds the number one position. Kluwer is no.2 and Wiley is no.3 and Springer is no.4 in terms of total revenue. However, looking at top line revenue only is not sufficient as both Elsevier and Kluwer and even Wiley operate a number of diverse business units. To make more accurate comparisons among the major STM publishers it is necessary to identify and remove from the calculation business units which are unrelated to STM publishing.

STM Publishing Units Comparison among Top Publishers (US \$m)

	2012 Revenue	Operating Profit	Number of Employees	Revenue by Geography
Elsevier	\$ 3,280	\$ 1,240	7,000	52% North America
Kluwer	\$ 1,005	\$ 184	2,484	70% North America
Wiley	\$ 1,051	\$ 317	5,000	52% North America
Springer	\$ 1,323	\$ 462	7,000	24% North America

As you can see, when you are comparing just revenue of the publishing units that are producing STM products and services Elsevier is still number 1, Springer gains the number 2 position, Wiley at number 3 and in fourth is Kluwer. Now for a more in-depth look at each of our publishers and discovery of some lesser known particulars.

Elsevier — So, what else do we know about Elsevier? Yes they are the Big E; there is no question about that from their financial performance. However, that is not the whole story.

Let's take a look at Elsevier in more depth. As I said before Elsevier is not just the STM business. Elsevier's revenue comes from five separate business units and of course it should be no surprise that the STM publishing unit is a solid performer.

Elsevier Company Profile (\$US m)

	Revenue	Percent of Operating profit	Personnel
STM	\$ 3,280	45%	7,000
Risk Solutions	\$ 1,472	23%	4,100
Business Information	\$ 1,054	7%	4,800
Legal	\$ 2,569	13%	10,400
Exhibits	\$ 1,358	12%	3,200

Note: Elsevier employs over 30,000 people and over 15,000 or half of the company staff are working in North America.

If one is just comparing Elsevier's STM publishing arm to Wiley and Springer it is perhaps not surprising that Elsevier's annual revenue is larger than the combined sales of Wiley and Springer. Elsevier comes in at \$3,280 m vs. \$3,106 m for Wiley and Springer. So the Big E is indeed an appropriate name. Another fact is that Elsevier spends about \$500 million a year on various acquisitions.

continued on page 3

TCR Op Ed from page 2

Librarians might like to know some other facts about the Elsevier STM Publishing Unit. Elsevier saw a substantial rise in articles submitted for publication in 2012. After the attempted boycott by over 12,000 scientists in the prior year, Elsevier saw an 11% increase in article submissions with over 1,000,000 articles submitted in 2012. Out of the 1m articles 330,000 were published in one of their 2,000 journals. Elsevier maintains over 10,000 editors who manage the peer review and selection process. In addition, Elsevier published over 11,000 full text eBooks and an additional 1,400 new reference titles are published annually. Print revenue continues to decline and by the end of 2012 68% of their revenue came from electronic content leaving only 32% for print.

Another fact is that while paid subscriptions are still their dominate revenue generator, over 1,500 of Elsevier's journals now offer the option of the author pays open access model and Elsevier publishes 30 open access journals supported entirely by the author pay model. Their major access platforms are also sold on a subscription basis and Science Direct supported over 700 million full text downloads in 2012.

Wolters Kluwer — Kluwer is another Dutch company that is well known in our marketplace. Most librarians recognize Lippincott Williams & Wilkins, Ovid, Up to Date and other well-known medical imprints. Wolters Kluwer Health operates in three units: Clinical Solutions, Medical Research and Professional & Education. Over 2,484 employees support this division. What is perhaps surprising is that the Health division is one of the smaller units of Wolters Kluwer. Only 13% of the staff works for the Health division. The largest number of staff and 66% of Kluwer's revenue comes from their Tax & Accounting and Legal & Regulatory divisions. CCH is perhaps the best known imprint from the tax world. Kluwer is a major provider of tax, accounting and legal information to corporations and banking around the world. Unlike most European as well as American companies, this company is led by an American woman, Nancy McKinstry, who is CEO and Chairman of the Executive Board.

Wiley — Wiley is also known as Wiley-Blackwell since Wiley acquired the former Blackwell publisher in 2006. Wiley is a major STM publisher and 59% of its revenue comes from the STM and Scholarly Publishing unit. The 1500 journals bring in about 64% of the revenue for this unit. The interesting and lesser known fact is that while most publishers own their own journals outright, Wiley is the largest publisher for professional and scholarly societies. This impacts their bottom line as they have to share the revenue with the member society. At the end of 2012 Wiley owned 54% of their titles and the societies owned 46%.

Wiley still operates a major book publishing operation with their Professional Trade publishing operation and a Global Education business. In the past year or so Wiley have been divesting themselves of several consumer titles in the travel and other related industries. But never fear, the STM business is there to save the day. The STM business is highly profitable and contributes a significant amount to the profitability of Wiley. When you start with a gross margin of 73.2% and after expenses you are still able to contribute 30.5% of the revenue to the bottom line, it is a good day to be in the journal business. No wonder Frommer, Cliff Notes, and Webster's New World Dictionary were sold off. They were a distraction and taking up space. From a business perspective, they should have tossed them in the Hudson River long ago.

Springer — Springer is one of those outstanding publishers who have not been well treated by some of its recent owners. Springer has built a strong reputation as a scientific publisher. For 170 years they have grown and prospered and have transitioned from private ownership into the land of the venture firms. I first visited Springer in their New York City offices in 1970 when I was selling medical publishers on the Cataloging in Publication Program. At that time, I worked at the National Library of Medicine and I was responsible for some 100 STM publishers.

Springer has never returned to its long term corporate culture since Bertelsmann acquired them in 1999. Now they are run by Derk Haank, a former Elsevier executive. Derk has managed to survive under some of the more difficult owners. The British investors Cinven and Candover bought Kluwer Academic and Springer was merged into that group in 2004. The British venture firms did their best to refinance everything possible and when they decided to sell they had already stripped Springer's coffers bare and left Springer with a mountain of debt. Few publishers were interested in acquiring the company due to its boatload of debt. In the end EQT, a Swedish investor and GIC, the investment vehicle of the government of Singapore acquired Springer at what some considered a fire sale price. In June 2013 EQT and GIC agreed to sell Springer to BC Partners for \$3.3 billion euros. We will all be watching how this new owner manages Springer.

Even with all this turmoil in the background Springer has marched ahead and continues to deliver positive results. At this time they are in fact the number two STM publisher in the world based on revenue. Springer Link with its 2,200 hundred journals and 120,000 eBooks including over 8,000 new books is one of the leading STM platforms. In October of 2008, Springer bought BioMed Central and now publishers over 350 open access journals making Springer the leading open access publisher.

Springer Link continues to grow and last year supported over 155 million full text downloads for its journal collection and over 70 million downloads for its eBooks.

So back to the original questions ...

What percent of Elsevier's journal business is coming from my research library?

Take your total annual expenditures with Elsevier and divide that amount by Elsevier's annual STM sales of \$3,280 million. Multiply times 100 to get the percentage. For example, if your library spent \$2 million with Elsevier your percent of Elsevier's STM sales would be .06%.

What percent of Elsevier's sales are from the ARL Research Libraries?

This question is a little more difficult to answer. Elsevier's 2012 sales were \$3,280 million and let's assume that 52% of the sales are from NA. That amount is about \$1,706 million. The rest of the answer is an educated guess. Subtract out Canada at \$300 million, the ARL number should be around \$750-\$850 million. My guess is the ARL group of libraries purchases about 40%-45% of the Elsevier's North American sales or 23% of the total STM Sales.

Author's Note: All company information was taken from public documents including Annual Reports, Investor Reports and 10K Reports. The analysis and opinions are not intended to be used for investment purposes.

Highlights from the Frankfurt Book Fair

... Reported by Anthony Watkinson, CIBER, <anthony.watkinson@btinternet.com>

The biggest book fair in the world had in 2013 over 7,000 exhibitors and over 275,000 visitors — slightly down on 2012. The organisers claim that half the visitors were “international” but it seemed, as usual, that the Germans predominated more than ever (it is their country). There were suggestions in the two halls 8.0 (international including USA and UK) and 4.2 (specialist information, STM and Academic) that numbers were down — but this suggestion happens every year. The rights and licensing people and the sales and distribution people seemed as busy as ever and the fair is primarily for them.

What one can say with assurance is that there was no big event, announcement or even purchase in the academic sector. Most of the noise came from consumer books as they struggle to work out their digital role. The most flamboyant booth was the KOBO two-story palace. CONTEC Frankfurt (a conference on the day before the Fair opening) was billed as “the whole publishing experience”: it was primarily consumer and replaced Tools of Change (withdrawn by O’Reilly Media) but does not seem to have filled the gap.

The big academic publishing event remained the Annual Conference of the International Association of STM. For the program and presentations see <http://www.stm-assoc.org/events/frankfurt-conference-2013/>. Numbers were up yet again. Some themes came up which were talking points during the Fair.

There is always a presentation about copyright usually from left field. This time it was from the music industry (the canary in the coal mine for the creative industries) in the form of highly amusing and partially relevant Jim Griffin. For a good write up by Paula Gantz — see <http://publishingperspectives.com/2013/10/stm-publishing-meets-tarzan-economics/>.

Concern about publishers was however (as usual) about control of content not remuneration from rights. Discussions among publishing lawyers was on such matters as text and data mining: look to the STM site for new guidelines and white papers and suchlike.

There is of course open access. The session was actually concerned with the US scene — a pleasant change from concentration on the UK government. This was public access — the announced OSTP policy with presentations from Howard Ratner (CHORUS) and John Vaughn of the AAU on SHARE. These are rival projects but one has to assume behind the scenes discussions — otherwise someone is wasting a lot of money and effort. It was a courteous occasion and the detailed power-points are available.

At the Fair itself the Copyright Clearance Center ran a panel on open access which concentrated on practicalities for libraries, funders and publishers over author publishing charges (APCs). This was a good discussion and seems to have been filmed quite a bit — see for example <http://beyondthebookcast.com/the-force-remaking-scholarly-publishing/>. There are standards issues and standards issues can be resolved. The context was the gold policy of the UK government. In these sessions recognition of the possibilities of trust was a major point made by both “sides.”

The other big session at the STM meeting was “Shifting the Conversation: Reputation + Engagement.” This was navel gazing but positive rather than just a matter of bewailing the unfairness of the media etc. The presentations (many available) will be interesting reading for librarians who may feel that publishers are masters of communication. They do not think they are.

There seemed to be fewer visible librarians particularly from the U.S. There was a German library location which used to be an international one. See http://www.buchmesse.de/en/ffb/customer_services/for_professional_visitors/librarians/ which is remarkably vague. Sales people said there were plenty of librarians as customers but there was no involvement in the discussions that were going on at forums or hot spots. This is a pity. Thank goodness for the Charleston Conference.

Don’t Miss This!

The 16th Fiesole Retreat “Succeeding In the Next Decade” will take place on April 10-12, 2014 in Cambridge, UK. The Preconference is set for April 10 at the Cambridge University Library. Main sessions on April 11 and 12 will be held at the DoubleTree by Hilton on the River Cam. Registration information is now available at http://www.casalini.it/retreat/retreat_2014.html.

SPIE

SPIE Digital Library

SPIDigitalLibrary.org

The world’s largest collection of optics & photonics research.



Astronomy
Biomedical



Optics



Communications



Defense
& Security



Energy



Imaging



Nanophotonics



Sensors

Relevant • Timely • Comprehensive

Request your free trial today

SDInfo.org