The CHARLESTON REPORT

Business Insights into the Library Market

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Libraries on the Move

The Texas State Library and Archives Commission (TSLAC) recently contracted with Amigos Library Services to write a white paper examining basic information concerning discovery services, including an overview of the major discovery vendors. Included in the final report are profiles of BiblioCommons, Blacklight, EBSCO Discovery Services, Ex Libris Primo, Innovative Encore, OCLC WorldCat Discovery, ProQuest Summon and VuFind. Also included in the report are two useful checklists covering "What to Look for in a Discovery Service," as well as "Evaluating Your Discovery Service." For an overview of the report, logon to *https://www.tsl.texas.gov/sites/default/files/public/tslac/lot/TSLAC_WP_discovery__final_executive-summary.pdf*.

Don't Miss This!

***"Competing in the Digital Space: Evolving Roles for Libraries and Publishers"* is the theme for the 17th Fiesole Retreat** which will be held in beautiful Berlin, Germany, from May 6-8, 2015. The retreat will begin with a Preconference at the Grimm Center of Humboldt University during the afternoon of Wednesday May 6, focusing on "Serving the Scholar Across Multiple Cultures and Platforms." The three main sessions on May 7 and 8 will address "New and Emerging Business Models: Beyond Open Access," "Defining the Academic Book of the Future: Opportunities and Innovations," and "Privacy: Many Paths and Pitfalls." Registration and hotel information will be available in November. For more details or to become a sponsor, contact Rebecca Lenzini at <rlenzini@charlestonco.com>.

Mark Your Calendars

February 4-6, 2015 — PSP 2015 Annual Conference, "Beyond Disruption: Publishing in the New World," Ritz Carlton Hotel, Washington, D.C. More information at *http://www.publishers.org/events/66/*.

Highlights from the Frankfurt Book Fair

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

The Frankfurt Book Fair is the largest in the world. It only ended on 12th October and the day after no attendance figures had been released. General opinion is that there were fewer footfalls — but that is always the received wisdom. Library attendance is mainly confined to German librarians who have their own corner. Another impression is that there were really fewer international academic librarians in attendance and some U.S. librarians who are regulars were missing. This short report is for those who could not come.

For academic publishers the big day is the STM annual conference the day before the Fair starts. There were more present even though members were charged — about 350 was the estimate.

There was a lot of talk (mostly behind closed doors) about the Swets collapse. There was some surprise that organizations, representing librarians who had spent money, had not come out with advice.

Open Access at the conference and at so-called hotspots during the Fair was still the big topic of interest. Open Access is no longer an experimental model for even smaller publishers with Cambridge being the latest to come out with a new program.

Also a feature of the conference were sessions on social media. A group of early career researchers confirmed what research had shown: they do not use social media professionally.

Rick Anderson (University of Utah librarian) repeated a version of his Smithsonian talk avoiding advocacy and explaining Open Access as he saw it. He argued that policy makers want a moderate and inclusive view as is shown by the America Competes Act.

By far the best of the reports on the Fair were from Andrew Albanese writing in *Publishers Weekly*. For him "digital publishing has matured."

However, digital suppliers were quieter than in previous years. Ingram are among those offering help to smaller publishers going digital. The most visible high-tech company was one of the biggest — Samsung. They were a platinum sponsor of the STM Conference and gave away a lot of mini-tablets.

There was no big company acquisition to thrill those present, though there were rumors that a major Open Access publisher was being sold.

Richard Charkin became president of the International Publishers Association. He has a long academic pedigree but is now executive director of Harry Potter publisher Bloomsbury. Harry Potter profits have gone into an innovative academic division. His central belief is that the publisher works for and with the author.

There was (as always in Europe where a new group of commissioners are coming on-stream) that at last copyright exceptions will be overhauled and increased, and that value-added tax will no longer favor print and penalize digital.

The second international Convention of University Presses took place during the Fair. Peter Berkery, AAUP executive director, stressed the problem for the many smaller companies in retaining print and publishing digital in tandem but that is what their authors want.

Check This Out! Advancing Research Communication and Scholarship: New Forum and Conference Announced

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

A new conference, "Advancing Research Communication & Scholarship (ARCS)," will offer a unique and dynamic forum for examining the scholarly communication network, building collaborations, and affecting change. Organized by a group of researchers, information professionals, librarians, and technologists, the conference will explore what is and what can be, and the values, economics, technology, and roles that influence knowledge sharing and innovation.

ARCS is partnering with FORCE11, a research-based community working in support of advancing scholarly communication, and the Digital Library Federation (DLF) of the Council on Library and Information Resources (CLIR) to organize a series of community sessions, called Future Commons, focused on articulating a shared vision for the future of scholarly communication. The exercise of discussing a shared vision and mapping expertise across diverse communities of scholars, practitioners, and service providers will inspire collaborations, and develop the groundwork for addressing goals and concerns.

The DLF will host the first Future Commons session at its annual Forum in October 2014, followed by a workshop at the FORCE conference in January 2015, and culminating at the ARCS Conference in April 2015. We are excited to be working with both organizations and are expecting fantastic conversations to develop.

The ARCS Conference will be organized around three broad themes of scholarly communication: develop, endorse, and share. In addition to accepting session proposals, we are asking for community feedback to shape the conversation of the conference. The ARCS advisory team will work to convene sessions and gather together attendees who reflect community-contributed ideas, thoughts and challenges. Our keynote speakers include William Noel, founding director of the Schoenberg Institute for Manuscript Studies and project director for the Archimedes Palimpsest, and Mónica I. Feliú-Mójer, Vice-Director and News Editor for Ciencia Puerto Rico, a grassroots organization promoting science, research, and science education. She is also manager of outreach programs at the University of Washington's Department of Biostatistics. For more information on our keynote speakers, logon to: *http://commons.pacificu.edu/arcs/keynote.html*.

Join us at ARCS 2015 if you or your organization has ever considered the following questions:

- What are the fundamental tenets of scholarly publishing? What is research data management all about?
- Are libraries a natural home for research profiling and intelligence services?
- What support do researchers want from information professionals and librarians?
- How should we measure research impact?
- What should libraries and librarians be doing to improve scholarly communication?
- What do you wish libraries knew about scholarly publishing?
- How can publishers affect research reuse and reproducibility?
- How can publishers, libraries, and researchers work together to make the transition to Open Access?

Proposals for conversation topics can be submitted at our proposal call webpage. Roundtable and workshop proposals are due November 7: *http://commons.pacificu.edu/arcs/cfp.html*.

Registration is now open and the details can be found here: *http://commons.pacificu.edu/arcs/registration.html*.

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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, <rlenzini@charlestonco.com>, Editorial Offices, 6180 East Warren Avenue, Denver, CO 80222. TEL: 303-282-9706, FAX: 303-282-9743, ISSN 1091-1863.

Short Takes

The summer 2014 issue of NISO's Information Standards Quarterly (ISQ), devoted to the topic of Open Access Infrastructure, in now available. According to the editors, "2013 seemed to have been a watershed for Open Access. Driven by a number of policy announcements from funding bodies and governments worldwide, the question is no longer whether Open Access will or should happen, but rather how will it be implemented in a sustainable way." Among the articles in the issue are "Open Access Infrastructure: Where We Are and Where We Need to Go" by Cynthia Hodgson, as well as interviews with Peter Suber, Director of the Office for Scholarly Communication (Harvard Library) and Director, Harvard Open Access Project (Berkman Center), Harvard University, and Robert Kiley, Head of Digital Services, Wellcome Trust Library. Check out the full issue at *http://www.niso.org/publications/isq/2014/v26no2/*.

TCR Op Ed: Swets Bankruptcy in Perspective

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

By now nearly everyone is aware that the second largest global subscription agent with local offices in 23 countries serving 8,000 libraries in 160 countries, a company that has been in business for over 114 years, sought bankruptcy protection on September 23, 2014 from a court in Amsterdam. Having worked in this industry for over 45 years and experienced the loss of Readmore, Faxon as well as Rowecom, I know the pain and heartache that many of the long term Swets staff is going through. I personally hired many of the Swets North American office staff in Runnemede during my Readmore days. I know it is especially hard for the talented and hardworking customer service staff that has been delivering service to their library customers for many years. None of those staff deserve to have this event as their final Swets experience. The working staff people are always the ones left with the scars from a company failure such as this and most of them had absolutely nothing to do with it. They came to work every day and delivered good service.

For years Swets was the powerhouse in Europe and Latin America, along with Blackwell in the UK and Australia and Faxon in the U.S. EBSCO benefited from the Faxon meltdown in 1994 and 2003 as well as from buying up small regional subscription agents as they became available. From 1970-1994 Faxon, Swets, and Blackwell were the big three academic agents that covered the globe. At one time they were all family-owned companies.

In the late 80's Blackwell bought Readmore. This purchase was eventually followed by the first Faxon meltdown in 1994 and a few years later Swets bought Blackwell. Rowecom bought Faxon back from Dawson and Divine bought Rowecom in 2001 followed by EBSCO picking up the pieces from the Divine/Rowecom bankruptcy in 2003. I will not bore everyone with all the reasons and inside stories that went on with all of these transactions, but it is important to understand that at the end of all this buying, merging, and consolidation, EBSCO emerged as the major global player and largest subscription agent with over a billion in sales. Swets remained the number two agent and the Swets family by this time had sold out to various venture firms. Harrassowitz ascended to third place where they remain by refusing to enter into the buying and merger mania and by emulating the energizer bunny as they just keep on providing excellent service.

So let's come up to 2014. The past few years have not been kind to any of the subscription agents. The agent business of the past has been all about controlling single orders. Agents have been struggling with the transition from print to electronic, especially finding it difficult to deal with the groundswell of publishers that have built their own sales forces. Another blow to agents has been the rise of the consortia which have taken on major publisher packages often in a direct sales relationship with the publisher and the country-wide deals which have siphoned off the best commission rich titles, leaving the agents with the more difficult subscription orders that require more staff intervention with far less revenue per line order.

Swets has had a particularly hard time in the past few years. They have been owned for the past seven years by a Dutch private equity firm, Gilde Buyout Partners. To make financial matters worse, one of their recent venture owners sold off all of their non-subscription assets in an attempt to raise some type of dividend for their investors. The testing and database service offered Swets a cushion in case the subscription business fell on hard times. Next, the venture firm demanded that they restructure and significantly reduce their R&D effort as well as reduce their IT staff to a maintenance level. While all this cost cutting improved Swets bottom line in the short term, it really set them up for the collision course that they found themselves on this summer. By the end of 2013 their sales had fallen to $695 million and an operating profit of $3.28 million, down from $10.23 million in 2012.

By this summer, Swets had breached their long-term financing covenant requirements and their bond holders decided to postpone the demand for immediate repayment as long as the sales process proceeded. Gilde had promised that they would sell Swets this summer in time for the 3rd quarter. Everything was proceeding as planned. A request for proposals was sent out this summer and there was considerable interest as over 20 firms expressed interest in acquiring Swets. Had this process continued there would not have been a bankruptcy and business would have continued as usual. There was a short list of about six firms that were selected to have in-depth discussions with one final candidate to be chosen as the new owner. However, as discussions progressed each of the finalists decided to withdraw from the process and that left Swets to face the demand for repayment from the long-term bond holders. Swets had little recourse other than to seek bankruptcy protection and an Amsterdam court granted their request on September 23, 2014.

So what does this mean for libraries?

Perhaps the first thing that libraries should consider is changing their business practices. When Faxon failed the first time in 1994, almost all libraries continued with business practices as usual. Prepayments flowed into all agents as if nothing had changed. Once again, in 2003 when Rowecom failed and many libraries lost money, very few libraries changed their business practices and prepayments flowed like water over a falls. It is no secret that Swets has been having a difficult financial time now for several years and it is only luck that the bankruptcy occurred in September. Otherwise, most libraries would once again have sent in their prepayments without any guarantee or worry. Unlike most Asia Pacific libraries which require a performance bond from their agent, the rest of the world is only too happy to send their agents millions of unsecured and unprotected money. Maybe the latest bankruptcy will serve as a wake up call to the library world.

So what should a library be doing now?

The very first thing is to stop sending payment for anything and I mean anything to Swets as your money will most likely go to the secured creditors. Inform Swets as a courtesy that you are moving to another agent.

Second thing you need to do is to get a list of all the titles that you have with Swets including the standing orders. You should be able to access SwetsWise and pull reports for all of your subscriptions and get your list in order to either give to

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another agent or to sort out the orders for the major publishers and send these for ordering direct from the publisher. The top 20 major STM publishers are more than able to handle your order direct. In the past, the top publishers received 99% of their renewals from one or more of the subscription agents and now that rate has fallen to less than 50%. Most major STM publishers have customer service and fulfillment teams ready to process your 2015 renewals.

If your library does not want to go directly to the top publishers, then choose another agent quickly as you still have time. When the Swets news hit the streets, I heard any number of serials librarians say they were waiting for Swets to tell them what to do. You need to have your list with another agent by November 15 at the latest. There is no question that the serials or acquisitions department will have some significant record clean up to complete. You will need to update your ILS and also identify any standing orders from prior years that you have not received.

If you are concerned about choosing another agent quickly look to your consortium for assistance and work with them to handle many of your major packages. Most consortia are set up to pay the publisher directly or to work through an agent.

Your next task is to identify any order that you believe you have already paid for 2015 or recent standing order. You are going to need to manage this group of titles closely. Do not expect that the publisher of any of these orders will grace you if they have not received payment. But by proving that you have paid Swets, it will help your case with the publisher and you are simply going to have to work this list publisher by publisher. Even if you have sent the money to Swets it is most likely that they will not have paid the publisher on your behalf. It all depends on the start date of your order.

The worst-case scenario is if you have indeed sent Swets your full prepayment for 2015. One can only hope that Swets has somehow protected your prepayment funds. My guess is that as a non-secured creditor your library will not be able to retrieve any of the funds and that most publishers are not likely to grace you for a full year.

So what should a publisher be doing at this time?

The major publishers were aware of the pending sale and were closely watching the progress of the sale. I know that many of the big guys that obtained an audience with the Swets management team during the late summer tried to find a way to protect their own sales. Publishers should have their fulfillment department pull out and identify all subscription orders from Swets. The publisher should communicate with each library about what the publisher's policy is going to be in the case where the library has indeed prepaid Swets for 2015 and the publisher is not likely to receive any money.

Publishers should send out a renewal list to each library with all Swets orders and enable the library to place their renewals with the agent of their choice. The publisher's information packet should provide the library with an idea of how 2015 renewals will be handled and in what time frame. Libraries need to know if the online and print publications will be graced and for how long. At a minimum, publishers should grace online access until the end of March 2015. Whatever the policy is going to be, it is important for the publisher to set the policy and to communicate with library subscribers as soon as possible.

Publishers should take special attention to obtain the final recipient access on any consolidation service order. Every agent is supposed to be able to provide a report of the final recipient. Swets operates one of the major consolidation services out of a number of their offices. Publishers need to be sure to collect the final recipient address as these orders might have to receive some extra care. I suggest you contact the local Swets office to obtain the special report in case your fulfillment system has not been collecting this information.

After the dust settles and we all get through this latest bankruptcy, perhaps some type of dialog can be initiated between the publishers, the libraries, and the agents. What is the best way forward? Should more publishers seek direct orders? Should libraries continue to send unsecured prepayments? Will the remaining agents survive on the continuing low margins? What does the future hold for the subscription industry?

By the Numbers

68%... of authors responding to a March 2014 Taylor & Francis Open Access Survey were unaware of the new U.S. legal requirement that authors funded from Federal Bureaus (with budgets exceeding $100 million per year) ensure free public Online Access to either the Accepted Manuscript or Version of Record of their articles within 12 months of publication. Read more at *http://www.tandf.co.uk/journals/explore/Open-Access-Survey-2014-Annex-A.pdf.*