

No Free Lunch: Pricing models for electronic journals

From the Director, Ginger Saha

The elevator conversation goes something like this: “I don’t get by the library very much anymore because everything I need is on the internet. Those electronic journals are great! And they’re free!!” “Glad you’re using them,” I counter, “but in most cases they aren’t *free*. It just looks that way because the Library is paying licensing fees for you. Remember that at budget time, please!” “Golly, I had no idea...” he mutters, as he heads off to the lab. In fact, electronic resources, i.e. e-journals and databases, now account for 60% of the Library’s expenditures for materials – well over \$800,000 in 2003/4! Although some journals are available online at no additional cost to individual subscribers, libraries serve more users and are charged accordingly. Libraries have always paid a higher subscription rate for print journals than an individual: *Biochemistry* costs \$474 for an individual, but \$3,182 for a library.

There are many models for pricing institutional online access to a journal. In a few cases, online access “comes with” the print subscription for no perceptible additional cost. This is most often true when a journal first launches an online edition and is anxious to “hook” users. Research has shown, however, that these “bundles” actually have a higher than normal rate of annual increase in subscription price as R&D costs are embedded in the amount charged. Once the online edition is established, additional costs for online access almost always follow. Individual subscribers then frantically contact their library to ask them to “buy” online access for the community. If the price is reasonable, and if access can be authenticated efficiently, e.g., via campus-wide IP domain, the library tries to accommodate such a request. If, however, the price for institutional online access is outrageous, or the terms of access are unacceptable, we have to find a work-around. For example, Examples of such “bad behavior” are Lippincott Williams & Wilkins restricting online access to one commercial vender, Ovid; and *Nature* imposing a 90-day embargo on some content when it first entered the electronic arena. Libraries resisted, and *Nature* lifted the embargo.

Many publishers offer institutional online access to their entire “suite” of electronic journals with payment of a surcharge based on FTEs: *Nature* and Cell Press count the entire CWRU population; the American Society of Microbiology counts only Ph.D. students, faculty and employees in life sciences. In this “suite” approach, we gain electronic access to journals we do not also receive in print. This “more bang for the buck” approach is most dramatically seen in the “big deal” contracts OhioLINK has negotiated with publishers. All of a publisher’s electronic journals are made available to all students, faculty and staff at OhioLINK institutions for a fee based on the cost of the print subscriptions OhioLINK libraries were paying at the beginning of the contract. Libraries are then locked in to paying a fixed share of the annually increasing consortium-wide cost through the term of the contract. Most of these contracts involve “flip pricing,” meaning up to 90% of the journals’ cost is considered to be for online access and is paid to OhioLINK. For instance, we just paid a one-line “Elsevier 2004” invoice for \$320,658 to OhioLINK. Only the “trailing print” costs are paid to subscription agents, and only that 10% can be cancelled in tight budget circumstances. In most non-OhioLINK instances, the cost of an “online only” subscription equals or exceeds what a “print only” subscription would be. This financial reality, along with our long-held commitment to print journals, and the ever-growing cry for “More online!” will continue to put increasing pressure on the already strained library budget.