

CRKN Membership Committee
Discussion Paper on Bundling of the Core Licenses

Annual General Meeting
September 2008

Background

CRKN's "core licenses" consist of five license agreements that are currently offered to members as a bundled package:

- American Chemical Society (ACS) Web Editions
- American Mathematical Society (AMS) MathSciNet
- Institute of Physics (IOP) Electronic Journals
- Royal Society of Chemistry (RSC) Electronic Journals
- Thomson Scientific Web of Science

These licenses were originally put into place under the Canadian National Site Licensing Project (CNSLP) for the 2001-2003 term. Since then, the licenses have been successfully renewed for 2004-2006 and 2007-2009.

The last decision on cost-sharing for the core licenses was made by CRKN members at the September 2005 Annual General Meeting. At that time, members ratified a cost-sharing model based on a CRKN "research metric" which utilized data on universities' faculty numbers, student FTEs, and sponsored research. This model apportioned 100% of the total costs for the five licenses among participating institutions according to the research metric.

At the point of renewal for the 2007-2009 period, 65 CRKN members participated in the agreements, and 7 members chose to opt-out of the core package (this included 5 members who withdrew from previous participation, and 2 members who had never participated.) In 2008, one of the opt-out members joined the core license arrangement.

Issue

CRKN is now at the stage to anticipate the core license renewals for the 2010-2012 term, and the cost-sharing model(s) that should apply. This will be the fourth renewal cycle for these products, and advance planning is required now and in the early months of 2009 in order to provide predictability for participants in the agreements and to inform CRKN negotiations with vendors.

The Membership Committee met on June 23, 2008 along with several members of the Negotiations Resource Team to discuss this matter. The committees noted that the cost sharing model for the core licenses had been ratified in September 2005 and CRKN had entered into negotiations with vendors on that basis. However, at the time of actual renewal during summer/fall 2006, several CRKN institutions raised serious concerns about the continued bundling of these products, particularly as the number and total dollar commitment for self-funded, opt-in/opt-out licensees continued to grow, and the prospect of another large CFI-funded project materialized.

This issue was raised at the 2006 Annual General Meeting. The Board of Directors agreed that this was an important issue, but that as members' budget planning and CRKN negotiations had been based on achieving advantage through bundling these licenses, it was not workable to revisit this decision at that time.

The Membership Committee and the Negotiations Resource Team believe that it is now an opportune time to reconsider the bundling issue, before CRKN begins renewal discussions with vendors in 2009. The issue of whether to continue bundling must be addressed before other deliberations regarding cost-sharing can proceed.

Rationale for Unbundling

The Membership Committee believes there are several compelling reasons to consider unbundling the core license package, including the following:

1. With the exception of the DCI project, all other CRKN licenses are dealt with on an individual rather than on a bundled basis. Unbundling the core licenses would allow members the needed flexibility to participate or not in specific agreements, to direct institutional funds toward products that are priorities for them, and to better manage their overall financial commitments.
2. Fairness and equity of the cost sharing model are always issues in the bundled environment. At present, 50% of the members participating in the core licenses contribute approximately 18% of the costs. Unbundling the core licenses and offering the five products individually to members would allow costs to be apportioned on a product by product basis, with the goal of reducing the disparity of costs between those who pay the most and those who pay the least. The principle that no institution should pay more for a product inside the consortium than outside, must continue to apply.
3. The marketplace has changed considerably since the core licenses were first put in place. For example, new competitors to Web of Science are now on the market. Unbundling the core licenses would permit institutions to better exercise their options in the current environment.

Implications of Unbundling

While unbundling the core licenses will have some advantages, there are also implications that will require attention as well as necessitate new decisions. Chief among these are the following implications :

1. With flexibility of participation and the ability for members to opt-in/opt-out, CRKN will need to anticipate the loss of some participants on some licenses. This may prove to be a strong negotiations point with vendors, providing motivation for them to keep prices low to avoid participant erosion. However, a significant change in participation could have an impact on CRKN's overall clout with vendors. Mechanisms to gain advance knowledge of the likely levels of participation will be important for the NRT in its preparation of strategy.

2. An important implication of unbundling is that the use of the existing research metric for cost sharing these licenses will no longer be workable. The research metric works in an environment where there is near 100% take up of the product(s), and therefore has been used primarily for “all in” rather than “opt-in/opt-out” agreements. Also, while the research metric has been used as an effective funding model for centrally-funded (i.e. CFI-subsidized) projects, no research metric or cost-sharing model will map to the pricing models used by different vendors.

For discussion

The Membership Committee invites discussion on these matters from the CRKN membership, and identification of additional issues and implications to take into account.

Input and direction from the membership will be used to inform future deliberations of the Membership Committee, the Negotiations Resource Team, and the Board of Directors with regard to negotiations strategy and license cost sharing matters.