



Virtual Academic Library Environment

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2007 VALE Cost Savings Study Report

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VALE Consortium FY 2006-07 Cost Savings Final Report – 12/15/07

Introduction:

An analysis of the cost savings derived from the VALE consortium database license agreements for the fiscal year 2006-07 has yielded significant results – as a result of the VALE consortium, 50 New Jersey academic libraries are saving over 46% on their electronic database purchases annually.

A total of 51 database and eJournal subscriptions¹ were included as part of this analysis from a large variety of database suppliers, including EBSCO, Gale, ProQuest, Elsevier, and H. W. Wilson.

Please refer to Appendix A for the complete list of VALE databases.

Methodology:

The VALE consortium provided actual spend data per institution for each vendor product. VALE supplied a spreadsheet with the data, except for Elsevier, since the individual institutions pay Elsevier directly for their subscriptions. This spreadsheet designated certain characteristics of each institution (e.g., 2 or 4 year and enrollment) but did not provide individual institution identities.

In order to calculate the cost savings of the VALE consortium license agreements, each institutional cost was mapped to an institutional list price in place for the vendor product for FY 2006-07. The list price minus the VALE cost provided per product cost savings and subsequent totals per database and per institution.

Wherever possible, the data regarding vendor list pricing was derived independently and not specifically obtained from the vendor for this project. A combination of vendor FY 2006-07 price lists, vendor published pricing on the Web (or Internet Archive pages, where applicable), and other independent sources were used to ensure valid results.

There were two exceptions to this methodology: 1) as independent data could not be obtained on ProQuest products, list pricing for each product per institution was supplied by the Regional Sales Manager of ProQuest; 2) individual costs and savings for ScienceDirect were provided by the Account Manager of Elsevier. Additionally, expenditures for ScienceDirect College Edition were excluded, as the savings for this new product will begin in 2008.

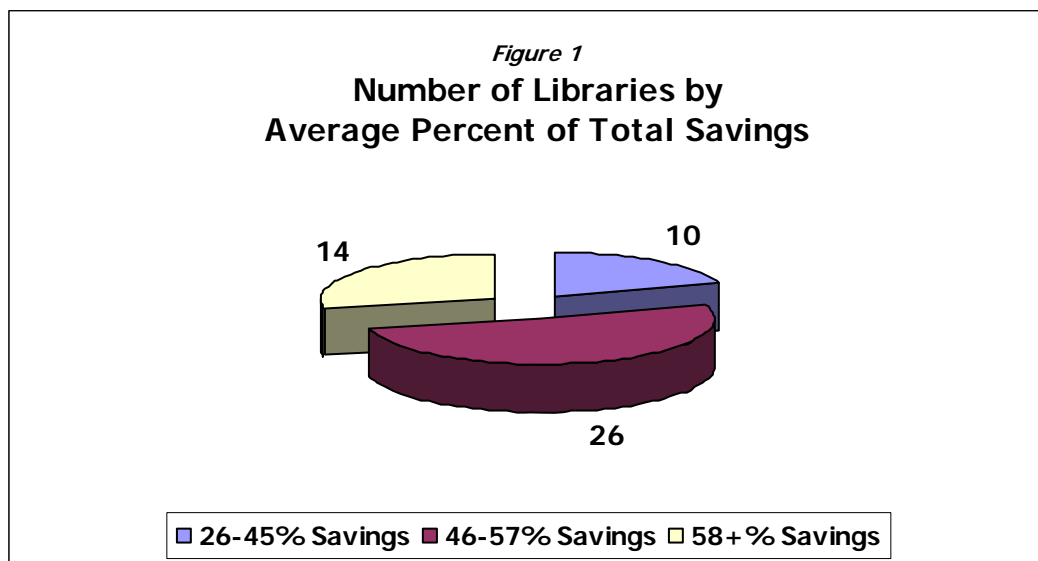
This methodology of analyzing cost savings is further clarified to include the concept of cost avoidance savings. Clearly many institutions would not have purchased some databases had the rate been at or near list price. Therefore, this analysis represents both cost savings for those institutions already subscribing, and cost avoidance savings for institutions adding new subscriptions at the VALE negotiated consortial rates.

¹ This total includes several similar databases counted individually, e.g., ABI/Inform Image and ABI/Inform Text.

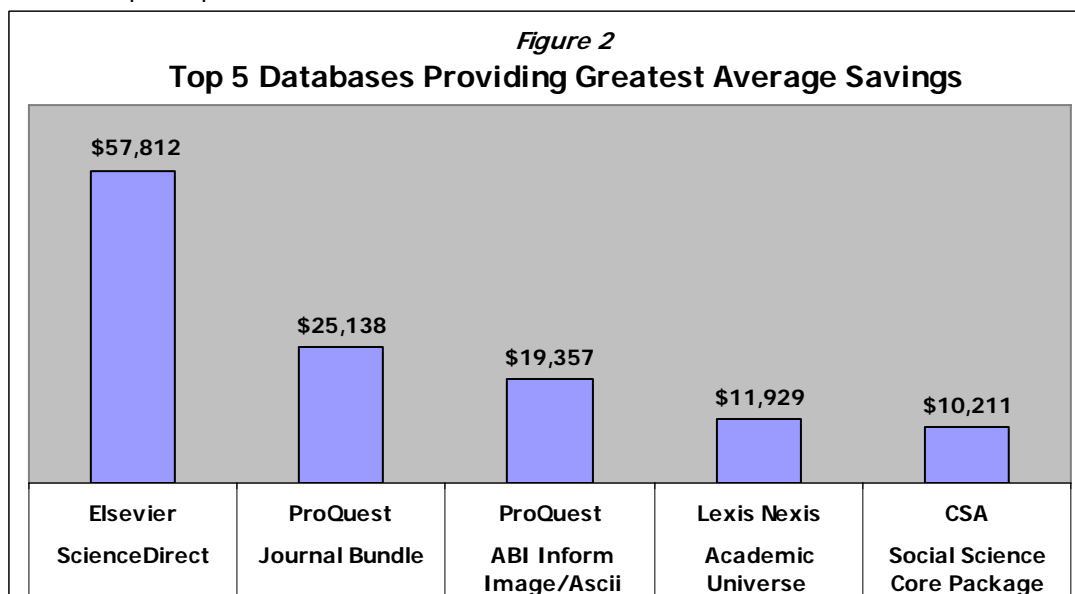
Findings:

Overall, VALE FY 2006-07 consortial license agreements saved its 50 participating members nearly \$3.5 million. This represents an overall savings of 46%.

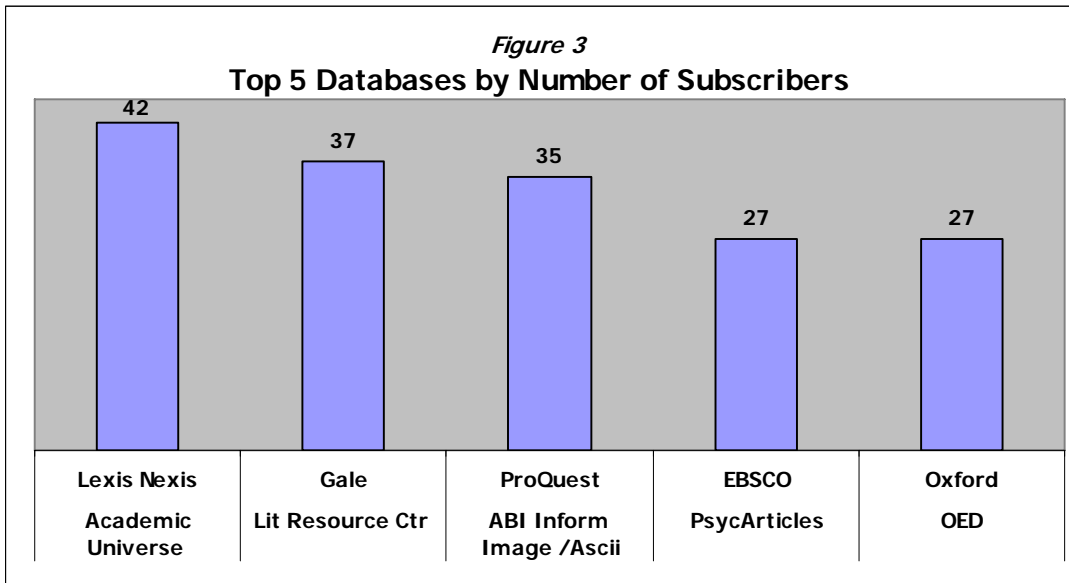
Figure 1 is a breakdown of the average savings per institution grouped into 3 ranges.² Only 10 institutions' average savings are under 46%, with 40 institutions' average savings over 46%, and 14 institutions' average savings over 58%.



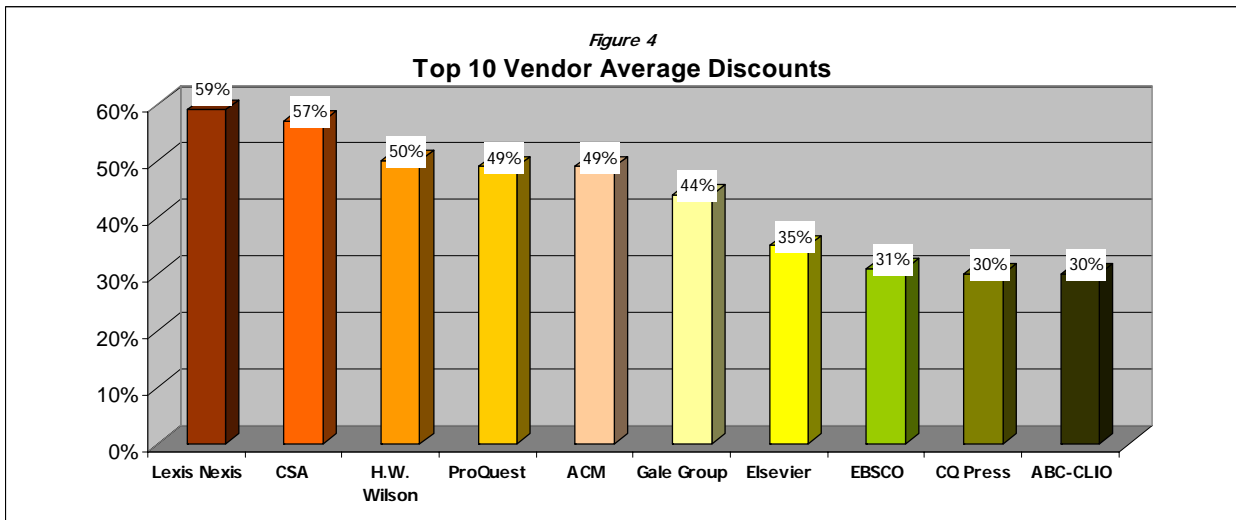
Further analysis of the data show some correlation between the number of participants in each product license and the average savings, however, it is not always the databases with the largest number of participants that generate the largest average savings or the largest percentage savings. Below are charts that summarize the top 5 databases by average participant savings and by total number of participants. The price of the database contributes heavily to the associated savings, regardless of the number of participants.



² Elsevier totals are not included in these charts as the data could not be integrated into the rest of the data set.



Beyond the view of savings per database, looking at overall vendor discounts reveal additional insight. Here are the top ten average discounts by vendor across all product licenses.



While there are variations in product discounts within vendors, it is interesting to see the average discounts for the aggregators, e.g., Wilson, ProQuest and Gale (those that provide abstracting & indexing along with licensed full text articles) are comparable. A notable exception is EBSCO; they have a large number of products, each with a wide range of discounts.

Various factors could explain other vendor discount structures; in the case of Lexis Nexis, for example, VALE's purchase of Lexis Nexis Academic Universe is part of a bigger national deal. This is also the case for ACM Digital Library, where VALE's participation is combined with another consortium to achieve higher volume savings.

In other cases, increased competition could have contributed to higher savings, as in the case with CSA when EBSCO released SocIndex to compete with Sociological Abstracts. Conversely, those products with limited competition have lower discounts (CQ Press and ABC-CLIO).

Finally, the nature of the vendor/publisher also contributes to the overall savings. Non-profit publishers tend to offer a smaller discount, perhaps due to the fact that their pricing is structured to align to cost recovery rather than generation of profit.

Conclusion:

VALE has successfully negotiated beneficial license agreements with vendors/partners which provide significant savings over what libraries would have paid if working directly with these vendors. In addition to the savings, the centralization of VALE's licensing of electronic resources offer participating libraries time savings, which, while not part of this analysis, certainly yield significant benefit to individual libraries. Additionally, the VALE negotiation has enabled many of the libraries to extend their individual database offerings, either through the application of savings to new subscriptions, or through the extended content obtained through the agreements themselves. VALE has leveraged the numerous factors that contribute to obtaining cost savings, including the number of participants, the competitive position of the product, the ability to combine with other regional or national licenses, and the negotiation itself to successfully offer its participating libraries a solid program of cost savings.

Appendix A: List of Vendors and Databases

Vendor

ABC-CLIO
ABC-CLIO
Association for Computing Machinery
Association for Computing Machinery
Bowker
Bowker
CQ Press
CQ Press
CQ Press
CSA
EBSCO
EBSCO
EBSCO
EBSCO
EBSCO
EBSCO
EBSCO
EBSCO
EBSCO
Elsevier
Gale
Gale
Gale
Gale
H.W. Wilson Company
H.W. Wilson Company
H.W. Wilson Company
H.W. Wilson Company
H.W. Wilson Company
John Wiley & Sons
LexisNexis
MLA from various vendors
Ovid Technologies
Ovid Technologies
Ovid Technologies
Oxford University Press
Oxford University Press
Oxford University Press
ProQuest
ProQuest
ProQuest
ProQuest
ProQuest
ProQuest
ProQuest
ProQuest
ProQuest
ProQuest

Database

America: History & Life
Historical Abstracts
ACM Digital Library
Computing Reviews
Books-in-Print
Global Books-in-Print
CQ Researcher
Historic Documents Online
CQ Weekly
Social Science Core Package
Alt-Health Watch
Basic Biosis
Cinahl Full Text
Communications & Mass Media Complete
Humanities International Complete
MLA International Bibliography*
PsycArticles
PsycINFO
SocINDEX
ScienceDirect
Health Reference Center
Literature Resource Center
MLA International Bibliography*
Opposing Viewpoints
Art Abstracts
Art Full Text
Art Retropective
Biography Plus
Biography Reference Bank
Encyclopedia of Life Sciences
LexisNexis Academic
MLA International Bibliography*
ATLA Religion
ATLAS Full Text
Social Work Abstracts
Grove Art
Grove Music
Oxford English Dictionary
ABI Inform
Criminal Justice Periodicals Index
Ethnic NewsWatch
Gender Watch
Historical NY Times
Literature Online
MLA International Bibliography*
PQ Education Journals
PQ Social Science Journals
PQ Journal BUNDLE

**Available from EBSCO, Gale, and ProQuest with minor price variations.*