LIBRARIES AUSTRALIA: 2012 SECTORAL VIEW

Purpose

At the April 2012 meeting, Libraries Australia Advisory Committee (LAAC) members raised a number of questions about whether the increasing differentiation between library sectors (especially in regard to outsourcing of cataloguing, percentage of acquisitions budget devoted to electronic resources, and efforts to manage down print collections) calls into question the current Libraries Australia business model, and whether different business models are required for each sector.

Background

Under the current business model, all libraries pay a single subscription fee to access all services (with the exception of Products which are charged separately). Major subscribers were offered the option of a single subscription (rather than transaction based charges) from 1996-1997, with the single subscription model implemented for all members in 2005, based on Kinetica transactions in the previous two years. The model was revised by LAAC in 2007 with new sectoral models implemented over the following years. A set of formulae are used to calculate the per library subscription within each sector. The Advisory Committee agreed at that time (LAAC/2007/1/31), that the new models should:

- be equitable for all Libraries Australia members
- be transparent and consistently applied
- remove the impediments to use created by transaction-based charges
- maintain sufficient revenue to support Libraries Australia
- be subject to periodic increases based on the Consumer Price Index
- recognise that libraries and their users now gain value from Libraries Australia in new ways which cannot be measured simply by transaction-based charges.

The Committee may wish to consider whether these principles require revision, and whether the information provided in this paper calls the application of any of the principles into question.

Issues

This paper analyses sectoral engagement with Libraries Australia to support discussion about whether now is the right time to reconsider the ‘all you can eat’ business model.

‘Engagement’ can be roughly divided into two forms: contributions and benefits.
‘Contributions’ may be seen to include:

- Subscription revenue
- Bibliographic records added
- Holdings added
- Total holdings in the system
- LADD supplies.

‘Benefits’ may be seen to include:

- LADD requests
- Use of Libraries Australia Search
- Use of Help Desk.

This division is of course very simplistic; libraries use services such as the CBS cataloguing client and RIS to add their bibliographic records and holdings to benefit themselves and others, and for copy cataloguing, and libraries often use Search to commence other transactions, including document delivery. However, this rough division may be useful to assist Advisory Committee members to consider the validity of the current business model.

Use of ISO ILL is excluded from these graphs, although support for ISO libraries is included in the single subscription model. ISO libraries constitute 1/7 of the LADD library community, but occupy around 50% of the LADD team’s effort. Libraries implementing ISO ILL gain very significant efficiency benefits (although these benefits must be weighed against the local or hosted costs associated with implementing the service).

Use of separately charged services (including new products, product files in excess of 2000 bibliographic records and all authority record products) has been excluded from this consideration as charges are in addition to subscription revenue. Universities dominate requests for products. Redevelopment of Libraries Australia Search may make it easier for some members to gain the information they need independently. A review of Products costing will be completed for implementation in the 2013-2014 year.

Attachment A shows the breakdown of engagement with current Libraries Australia services by sector. The initial breakdown of the central pie graph is based on a notional ‘total percentage engagement’ discussed below. Individual sectors are shown with contributions and benefits grouped for clarity.

Attachment B shows the same data in different views. The percentage use of each service has been added together without weighting to arrive at a total percentage engagement with Libraries Australia. A slightly different view of the use of services
by sector was included in the 2007 Value Statement.² Weighting services in some way – either by attempting to calculate the resources required to deliver each service, or attempting to arrive at an economic value for each service – would no doubt change this calculation of ‘total engagement’ to some extent, but would require careful and resource intensive consideration and validation. Use of ISO support and separately charged Products has been excluded from these calculations.

University sector

As the attachments show, the university sector contributes 46% of revenue to the service and accounts for the same percentage of total holdings. The sector is a low contributor of bibliographic records (only marginally higher than the public and special library sectors) but a high contributor of holdings. Universities are the second highest sectoral user of Search and the second highest user of Help Desk services.

However, the sector’s most striking feature is its dominance of LADD traffic. Universities account for 61% of all LADD requests and 56% of all LADD supplies. In addition, further analysis shows that in 2011-2012, 66% of all LADD requests from universities were made to other universities, and 71.5% of all LADD supplies from universities were made to other universities. This means that 40% of all LADD supplies and requests are entirely within the university sector, benefitting university faculty and students. In addition, the university sector is the largest single beneficiary of Libraries Australia support for ISO services (27 of Australia’s 39 universities are ISO sites) which occupies approximately 50% of LADD team effort and accounts for 50% of all LADD traffic. In 2012, 89% of all ISO requests were from university libraries, and 65% of all ISO supplies were from university libraries.

Interestingly, although there was a 3% reduction in total LADD traffic in 2011-2012 compared to the previous year, university use of LADD was around the same in both years, with requests at the same level and supplies slightly higher. Because universities dominate LADD traffic and are the major contributor of revenue, the Libraries Australia team will keep a close eye on this trend.

NSLA sector

The NSLA sector contributes 15% of revenue to the service. This includes the National Library’s internal service charge (transfers from the Australian Collections and Reader Services, and Collections Management Division budgets to the Libraries Australia budget), but excludes the Library’s additional 4% contribution to the service (comprising provision and depreciation of assets, indirect costs etc). If this contribution is factored in, the NSLA sector contributes around 19% of the resources required to run the service. The sector accounts for 21% of total holdings, but contributes almost as many new holdings - 39% - as the university sector. The sector is a low LADD requestor, supplies seven times as often as it requests, supplies

around the same LADD percentage as the specials and public library sectors, and is a very low user of Help Desk services.

The NSLA sector’s most striking feature is its overwhelming dominance as a contributor of new bibliographic records to the service, with the National Library alone contributing 42% of all new records, and the State and Territory libraries contributing a total of 34% of records. This record contribution is a major benefit to all library sectors.

**Public library sector**

The public library sector contributes 19% of subscription revenue. With the university and specials sectors, it is a low contributor of bibliographic records and a modest contributor of holdings, with addition of new holdings (13%) significantly lower than its total holdings. The public library sector is the third highest user of Help Desk services, behind the specials and university libraries.

The public library’s sector’s major engagement with Libraries Australia is as the highest user of Search. This seems to be at odds with its volume of records and holdings addition, and of LADD traffic, and may require further investigation. The public library sector requests more than it supplies via LADD, but this difference is modest (19% requests, 15% supplies).

**Special library sector**

The special library sector contributes the lowest percentage of subscription revenue, at 14%. The sector adds slightly fewer bibliographic records than the university sector and slightly more than the public library sector. It is a low contributor of holdings, but its contribution of new holdings closely matches its total holdings. Like the public library sector, specials request more than they supply via LADD, with the percentages exactly matching those of the public library sector (19% requests, 15% supplies). The specials sector’s use of Search closely matches its contribution of subscription revenue (13%).

The special library sector’s most notable feature is its high use of Help Desk services, with 36% of all enquiries coming from this sector (the sector accounts for 47% of total membership by number and has the largest turnover of membership, and of library merges). Rather than leap to the conclusion that the Specials sector should bear a higher percentage of service costs, the Library would prefer to find ways to reduce Specials’ dependency on the Help Desk to a more proportionate level. Before the next LAAC meeting, the Library will analyse queries received from the Specials sector to establish whether any patterns can be ascertained, whether the number of enquiries could be reduced by providing more, different, or differently navigable content for Specials libraries, and whether any Help Desk service offered to the sector should be outside the ‘free’ service offering (e.g. libraries requesting assistance with cataloguing could be directed to a commercial provider).
**Service use over time**

Although much is changing in the Libraries Australia member community this is not currently resulting in significant changes in use of the current suite of services, including which sectors are using which services, and which service sub-components. For example, the key metrics presented as part of the Libraries Australia business review at the April 2012 LAAC meeting showed that while use of Search has risen across the system, university use of its Z39.50 and web search sub-components has remained proportionately the same; holdings updates have risen dramatically, but public library use of the client, RIS and the web has similarly remained proportionately the same.

**Conclusions**

Taken together, these breakdowns of engagement and contributions suggest that:

- All sectors are engaged with all Libraries Australia services to at least some degree, albeit with significant variations in engagement with individual services.
- The proportion of individual sectoral engagement with services and service sub-components has remained remarkably stable, even while overall use of services has risen in most cases and fallen in one (LADD).
- The NSLA sector is the single largest contributor of bibliographic records and the second largest contributor of holdings. It is a relatively low beneficiary of other services. However, the relationships between many NSLA libraries and public libraries in their states and territories mean that there is some ‘balancing’ between the state and territory libraries as ‘net’ contributors and public libraries as ‘net’ beneficiaries across the system.
- The NSLA sector supplies seven times as much as it requests via LADD. The university, specials and public library sectors all request slightly more than they supply.
- The university sector’s major contributions are in revenue and addition of new holdings. University libraries are a major beneficiary of copy cataloguing, given that they add many more holdings than they do bibliographic records. The second major benefit to the university sector is in the area of ILL and document supply. The sector is the largest beneficiary of the LADD service, with 40% of all LADD traffic essentially being ‘university library to university library’, and with the overwhelming majority of those transactions handled via the most efficient method, ISO.

The Library believes that the relationship between ‘contributions’ and ‘benefits’ is complex, that the system is relatively balanced overall, and that trying to unravel this in the form of defining and costing individual services and applying different charging models for those services would be both costly to administer (and those costs would need to be passed on to members) and may result in unintended negative consequences, including the serious consequence of introducing disincentives to use parts of the service that benefit all members.
Given that the suite of services will remain stable over the next 3-5 years, that use of most services is increasing, and that although there has been a reduction in LADD traffic in the last three years the total volume of traffic is still higher than it was in 2006-2007 (when the model was implemented), the Library recommends that the current single subscription model should be retained. The Library is of course willing to undertake further analysis in this area (including service costing) if the Committee believes this would benefit the membership community, and to undertake further sectoral analysis on request.

**Recommendation(s)**

The Libraries Australia Advisory Committee to note the report.

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