

'With or without you': subscription agents and the scholarly journal supply chain

'I can't live with or without you' says the lead singer in what is arguably one of the rock band U2's most well-known songs. It might also sound familiar to subscription agents as they grapple with the demands from either side of the journal supply chain and the sometimes contradictory messages that come from their publisher and librarian colleagues. This article reflects on this potential ambivalence, why it exists and where it might lead.

There was a mixture of sadness and surprise expressed by the collective serials community when Swets ceased trading towards the end of 2014. The sadness was inevitable, and you would have to be pretty hard-hearted not to be moved at all by the demise of a company that had served libraries and publishers for over 100 years and established some long and fruitful relationships with colleagues on both sides of the fence. Should we have been so surprised, though? Let us briefly review two known knowns from that period:

- the disintermediating impact of the internet
- the emergence of consortia.



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The disintermediating impact of the internet

Sure, it is old hat now, but the disruption meted out to the scientific, technical and medical (STM) journals business was as rigorous as it was to any industry supply chain. Within five years of the arrival of online journals, over 90% of them were available online and being sold as part of a consolidated package in multi-year agreements. Publishers, who had previously rarely darkened the door of libraries, suddenly had sales teams and were forging new relationships with their hitherto distant customers.

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The emergence of consortia

The bundling of content that online access afforded, allied to the emergence of regional or national groups that negotiated access terms and conditions under a licence, meant that publishers and libraries started speaking directly to each other, which they had rarely done in the past, and three became a crowd. Having established a negotiating unit, many consortia took the next step and bolted on an administration layer which took care of the payments and support issues.

'publishers and libraries started speaking directly to each other'

The UK's academic consortium initiative, NESLI, came the closest to fully embracing the subscription agent by appointing Swets in 1998 as its managing agent, charged with leading negotiations with publishers and providing the one-stop-shop interface for accessing licensed content. The arrangement was reasonably successful and Swets benefited from having its SwetsNet service used by almost every university in the country by default as the

84 designated single platform. However, the company failed to export its success in the UK to other markets and 'anti-competitive' rumblings meant that the relationship did not extend beyond a few years. It did however show what can be achieved in partnership¹ and is a model that I am sure will be replicated in some fashion again in the future.

Today, agents and consortia mostly acknowledge each other's role in the supply chain, whilst privately questioning the cost/benefit the other brings to the table and believing they could probably do a better job. In some parts of the world, the relationship is distant and there is little interaction; in other areas, there appears to be overlap which can cause confusion to libraries and publishers over who is doing what.

Looking ahead, there are three significant known unknowns that will surely impact on the future of the agent and their services:

- the consolidation of scholarly journal publishers and titles
- the erosion in the number of staff working in academic libraries
- when, if at all, and how will a transition to open access (OA) play out?

The consolidation of scholarly journal publishers and titles

There is a long-standing acknowledgement that agents add value by managing the 'many-to-many' interactions and transactions that take place throughout the supply chain. After a seemingly quiet spell when many of the larger commercial publishers were off buying anything other than fellow publishers and their titles, and generally repositioning and rebranding themselves and figuring out how to deal with OA, acquisition and consolidation appears to be back on the table, with Springer's coming together with Nature being the most recent, high profile example.

If these increasingly bigger packages become the subject of negotiated agreements between publishers and libraries, and are administered centrally, the pool of single titles left to be managed by the agent is reduced. This is already happening of course, and, increasingly, libraries will need to decide whether they are prepared to pay the agent for the management of these titles, which will often be more problematic to handle, or do it themselves. But will they have the internal resources to do so?

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The erosion in the number of staff working in academic libraries

As more of the university budget gets spent on the core requirements that deliver student satisfaction (in the case of the library, that means ease of access to content and a modern, networked working environment) and on bringing the world's leading researchers (and their teams) to them rather than their competitors, support services at universities (which include the library) get cut. If you have to keep investing in the library as 'place' and in the content it manages, where else do you find savings other than amongst the staff? Observations from the UK suggest that swathes of highly experienced middle managers in academic libraries are disappearing and are either not being replaced, or being replaced with more junior level staff.

Universities are comfortable with the concept of outsourcing, and university libraries have shown leadership in this area, for example by using outsourced systems and services. Is it that radical now to outsource further the management of journals and related content? The supply chain, from customer service at the publisher, to customer service at the agent to the e-resource management team in the library, is already stretched and prone to miscommunication and delay. Will staffing budgets make the idea of outsourcing roles a possibility and will agents grasp that opportunity?

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85 The extent to which budgetary pressure on academic libraries continues, and the impact that has on clerical and administrative staffing levels, will have a bearing on the future role of the agent. Ten years ago, agents regularly visited librarians at big R&D corporate libraries. Today, those people are simply not there any more; the roles are now filled by various technical, legal and administrative staff, supplemented by some of the systems and staff provided by subscription agents and other intermediaries.

When, if at all, and how will a transition to OA play out?

How any transition to OA plays out, and the impact it has on subscriptions to STM journals, is probably the biggest single factor determining the future, and future direction of the subscription agent. A switch from a journal to an article economy and a move away from the bundling of content that has dominated the last 15 years would seem to offer plenty of scope for subscription agents. However, why would a CEO responsible for a high volume, low margin business invest in new systems and services – and all of the related discussions with publishers about workflows, commissions, payments and various other commercial and operational factors – when so much uncertainty remains and the number of gold OA articles is still relatively modest and geographically patchy? As with subscriptions, the added value that an agent can deliver into the world of gold OA comes with scale, complexity and managing the many-to-many and, so far, that scale appears to be some way off, even though individual libraries, certainly in some European markets, appear to be seeking help from a third party. At the moment then, all parties watch and wait and, whilst some may be in a better position to influence the direction of travel than others, none of them really knows where open access for journals is heading and when it might settle.

'How any transition to OA plays out ... is probably the biggest single factor determining the future'

The collapse of Swets and what it might mean for the supply chain

When Swets collapsed in the autumn of 2014 it left a trail of destruction behind that, today, has now largely been repaired thanks to the efforts of its competitors, and many publishers, working together. The company had been under severe stress for a number of years for a combination of reasons, not least of which were the clear tensions that have existed in the journals supply chain, wrapped up under the banner of the 'serials crisis' and exacerbated by the protracted discussions and experiments with open access. During this time, agents have been a proxy target for publishers and procurement officers and, certainly in tender-driven Europe, found it almost impossible to charge libraries for their services. Crucially, Swets did not diversify sufficiently and, where it was attempted, it did not work.

'Swets did not diversify sufficiently and, where it was attempted, it did not work.'

Librarians and publishers have now had almost a year to adjust to the loss of one of the leading journal suppliers and determine how they engage with those that are left. If nothing else, both parties will want to ensure that the agents they work with can demonstrate a healthy-looking balance sheet and a commitment to the business. For some publishers, the agent as 'sales agent' for their products and services in those markets where they do not have direct sales representation will continue to be of interest. On the reverse side, some libraries will look to their agent to be their negotiation agent, making a case for lower price increases in an age of static or declining budgets. There is still that slight split personality in the make-up of the agent and, although most librarians understand the role, some procurement staff struggle to understand who the agent is working for.

The remaining agents have similarly had time to reflect on how they want to define their operational and commercial relationships with the parties on either side. Can they be more assertive in their relationships with publishers and libraries or do they continue to dangle on the 'with or without you' hook, waiting to see if they will be thrown back into the water or

86 not. Of course, there is no one-size-fits-all approach here. Some agents might decide they can make a living in this uncertain world by continuing to do what they do now with similar financial reward. Others might decide that they are better placed investing hard won profits in other areas that offer more opportunity for growth. In classic Boston Consulting Group marketing analysis, is the agency business a cash cow or a dog?

What could agents do next and how will publishers and libraries respond?

Several years ago now, sat between a university librarian and a representative from a major commercial publisher, the latter remarked how much he enjoyed 'this industry'. The librarian struggled with the concept of scholarly publishing being an industry although, were he still around today, I think that even he could have seen the increasing commercialization forces at work. It may have certain unique features, but it is ultimately a supply chain with the same requirements for efficiency and cost-effectiveness and driven by similar competitive pressures as most others in completely different businesses.

For subscription agents to remain part of that supply chain, they need to do a number of things, none of which is rocket science, and all of which apply to the majority of middleman-type services regardless of industry type:

- offer excellent service that is responsive, intuitive, knowledgeable and personable and that demonstrates to libraries that working through agents is a more efficient model than dealing directly with lots of individual publishers
- be honest and transparent in their pricing and invoicing
- operate in a lean and highly efficient way, as befits a service organization that operates on slim margins
- be agile and prepared to experiment as publishers and libraries experiment with different types of business and outsourcing models
- demonstrate to both publishers and libraries that they are financially robust and to be trusted as the custodian, albeit for a short period, of their money
- demonstrate also the cost/benefit they bring to publishers and libraries by seeking to quantify the efficiency savings they bring across the acquisition and supply process, as many public sector organizations are required to do.

Esposito² presents the perceived business strategy of one agent as that of a gatekeeper, and, somewhat bizarrely, implies this is more of a threat to the supply chain than a small number of publishers controlling the majority of the leading journal titles.

Libraries face similar challenges to agents and they can learn from each other. If there is one thing they can attempt jointly, it is to help procurement bodies move away from obsessive and over-complex tendering for agency services. Thousands of hours are spent every year preparing, writing, reading and awarding contracts. Tendering every year, as they do in some parts of Europe, and often based on fixed pricing, *does not* save libraries money in my experience and creates a lot of unnecessary and costly work for all parties. Business continuity is a key driver in controlling costs, and libraries jumping from supplier to supplier every year or every couple of years based on a notional saving in a tender response is poor procurement practice and does a disservice to librarians. The latter should be far more robust in articulating what they want and why.

'Libraries face similar challenges to agents and they can learn from each other'

'Tendering every year ... *does not* save libraries money'

Scholarly publishers lost subscriptions when Swets collapsed. The good housekeeping and maintenance of historical subscription records is a valuable service provided by agents and one that is often overlooked. Publishers look to agents for different

87 kinds of services and reward them according to the value they attach to each. Just as agents' margins have been squeezed by the obsessive tendering described above, so too have discounts from publishers declined. This thinning of the margins will have been one of the factors that contributed to the demise of Swets, and one that those agencies left will continue to scrutinize. If, in general terms, publishers and libraries know that agents save them money, then they need to pay something for those services, not just survival rations, but to the maintenance of a robust partner that can invest in and devise value-added services for both, designed to improve the end-user experience and reduce the costs of doing so.

Final thoughts

For the first time in my 25 years in the serials industry, it is not just subscription agents whose role in the information chain is being scrutinized. Attempts in some quarters to undermine and devalue the role of the commercial STM publisher are strong, and alternative models abound, with every chance that one will break through and become a serious contender and competitor. Academic libraries are busy reinventing themselves for fear of going the way of their corporate counterparts, firstly losing their space and then finding themselves replaced by IT, marketing, finance and legal colleagues! The library profession has been locked in a debate with itself about reskilling and demonstrating its own value in the new world of corporate universities with CEOs at the helm, so now seems like a really good time to come to some conclusions.

In a recent visit to a university library that lost money as a result of the collapse of Swets, the Library Director told me of the personal anguish he felt and the extent of the post-mortem, all the way up to senior management at the institution. He went on to recount the painstaking description he had to give of the serials acquisition and maintenance process, the role of subscription agents and the value they add. He concluded by telling me that, far from suspicion and nervousness about the role of these mysterious agents, the discussion that followed his 'interrogation' ended with a recognition of the importance of these companies to the timely and cost-effective delivery of the very content that they spend so much of their budget money on! 'You've never had such exposure so high up the food chain!', he joked before I left.

Who will do what?

Publishers began showing an interest in the libraries that acquired their journals around 15 years ago. Although not necessarily love at first sight, there was a certain frisson as new relationships were established and nurtured. These relationships are now well established and publishers have begun courting others, namely authors, as new business models and services to support them emerge. As the routines associated with site licences, back-file purchases and subscriptions become less exciting, it is entirely possible that publishers will push this work back to the agents whilst they pursue other interests outside the library.

Librarians are being pulled in different directions and the support staff they rely upon to do the administrative and processing activities are simply being pulled. Who is going to manage the routines associated with licensing online content and the residue of print that will continue for some years to come?

Consortia, like librarians, are finding the current economic climate a challenge. Do the savings and related efficiencies they achieve cover their costs and can they assume that the public purse, in an age of austerity, will continue to support them? Will libraries end up paying for their services and how will this change their relationship? Is there a case to re-evaluate who does what and start playing to recognized strengths: procurement bodies with expertise in licensing content negotiate, agents take care of the back-office routines, and librarians provide access and train and support the ultimate users of all this stuff?

'Is there a case to re-evaluate who does what and start playing to recognized strengths ...?'

Where will the subscription agent fit in the future?

Subscription agency services do not feature much in the blogs of the industry analysts. It is not sexy work, but it does seek to bring order and efficiency to what is still a fragmented and changing marketplace which is currently undergoing more turbulence than at any point in its history. Of course, agents have no divine right to continue to exist and will do so only on the back of their inventiveness and relevance, and the same goes for publishers and librarians. In the fullness of time, and certainly sometime after I have ceased playing an active role in this business, it may transpire that the old adage, 'Two's company, three's a crowd', comes to fruition. But for now, however, at a time of austerity in some countries and severe financial restraint in others, I maintain that financially robust, quality service-driven subscription agents continue to add value and reduce the cost of managing the scholarly journals supply chain.

'financially robust, quality service-driven subscription agents continue to add value and reduce the cost'

Competing interests

The author writes in a personal capacity and no competing interests have been declared.

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