

E-Choice option for Elsevier's Science/Direct

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If there's one thing that seems to be as reliable as the rising sun, it's that each year brings a new ScienceDirect pricing scheme from Elsevier. This might be seen in the positive context of flexibility and a willingness to adapt and/or learn. With E-Choice Elsevier has formally adopted the perspective of those institutions for which quality trumps quantity. Elsevier expresses it as "depth [4 yr. backfile] over breadth" [entire online collection]. Additionally, arguments based on use-data must have resonated so that now the phrase "libraries predetermined collection" is a marketing slogan. Nevertheless selection of E-Choice, as with all contracts, must be based on a complete and thorough evaluation of the proposal and of possible ensuing alternate proposals. To start evaluating this latest offer from Elsevier, it's best to approach it very methodically:

First, re-write the offer¹ without the marketing adjectives and modifying clauses. Second, define the nouns. Then evaluate the remaining factual information for completeness, compare with the IDEAL/ScienceDirect Integration FAQ² (IDEAL/SD FAQ) and prepare to negotiate.

The Offer, distilled from http://www.info.sciencedirect.com/index_f76.html. Minus the advertising:

ScienceDirect is launching a license option for academic libraries to gain electronic access to both Elsevier Science and Academic Press journals. E-Choice enables access via a single platform with a single license agreement. E-Choice provides a transition to an electronic collection.

Elsevier Science is integrating the Academic Press journals into Science Direct. From January 2002, an E-Choice license will cover access to journals on both ScienceDirect and IDEAL platforms. In May 2002, all IDEAL titles will be available on the ScienceDirect platform – providing an interface with full text searching supported by Lexis Nexis.

- Academic Press titles will be available via the ScienceDirect platform.
- Academic Press titles will be added to the ScienceDirect backfile program.

How does E-Choice work?

Under an E-Choice license, a base price is determined that reflects your current subscribed collection. The E-Choice license fee for electronic access to this

¹ The E-Choice offer is described in multiple places: http://www.info.sciencedirect.com/index_f6.html and http://www.info.sciencedirect.com/index_f76.html. The latter explanation posted under "Product Options" was determined to be the most formal presentation. On February 6, 2002 this link http://www.info.sciencedirect.com/index_f32.html became available.

² See: http://www.info.sciencedirect.com/index_f71.html for the IDEAL/SD FAQ

collection is charged at a percentage of the base price. Print is offered as an optional additional format at a price.

Customers familiar with IDEAL will recognize this license approach. ScienceDirect decided to add this model to its range of license options.

- E-Choice licensees gain access to four years of backfiles for titles previously held in print.
- Current ScienceDirect Inter Library Loan and archiving policy apply to E-Choice.

Specific License Issues:

License approach and options

Elsevier advertises a single agreement as an improvement and cost-saving. It is, however, the inevitable consequence of a business that ultimately functions as a monopoly.³ While change seems a long way off, keep in mind that it would be more productive for scholarly research publishing to be operating under a common legal understanding that does not require the frequent duplicative renegotiations necessitated in the current industry.

Over the years Elsevier has developed at least 4 other options for SD:

- Web Editions (12 month rolling-window free with the print subscription, for most titles) was launched 2 years ago in response to marketplace critique;
- Classic ScienceDirect (All subscribed titles for a premium over list) has evolved over the last 5 years with varying percentages ranging from 7% to 12.5% ; Portfolio and selected individual Subject Collections fees (usually additional to Classic ScienceDirect) is the latest variation in which Elsevier dropped the consortial approach for unifying collections and broadening access in favor of a one on one negotiation for electronic access to more titles;
- Limited Collection is a customized list of electronic versions of at least ten subscribed-to titles for a 25% premium over subscription price.

In addition, an undefined “Freedom Collection” subscription is mentioned in Elsevier advertising. Now Elsevier launches E-Choice, essentially a variation on the Classic ScienceDirect in which the subscription fees are “flipped” to the electronic to mimic the IDEAL model.

There are a number of IDEAL license features singularly lacking from the E-Choice approach. The IDEAL license included access to all the Academic Press titles based on the commitment to the base figure and premium. In the IDEAL/SD FAQ#20 Elsevier does seem to be saying that that agreement will not be continued. Clearly there will be some difficult negotiations to agree on “equivalent or better value.” While no mention is made of penalties for canceling titles from E-Choice, this has

³ Maarten Cornet and Ben Volland. Tackling the Journal Crisis. *CPB Working Paper* 121. March 2000. <http://www.cpb.nl/eng/pub/werkdoc/121/> (CPB Netherlands Bureau for Economic Policy Analysis, The Hague, The Netherlands) makes the case regarding the failure of scholarly publishing as a market when authors pay publishers with copyright instead of money.

been the practice in other Elsevier contracts. Of course, it was not an issue in the IDEAL license since access to all the titles was a feature of the license. If Elsevier does not intend to continue the conditions of the IDEAL licenses what is the transactional access option for titles not included in the E-Choice contract? And what will it cost? Further encroachment into customer choice is the requirement to consolidate purchases to a single contact or purchasing agent for the print copies as explained in the IDEAL/SD FAQ item #21. Finally, the wording, "Account Managers will review these licenses on a case-by-case basis," IDEAL/SD FAQ#7, constitutes a heads-up for an involved process. Apparently all licenses will be customized and it will be up to each client to achieve the best results for their institution.

Single platform and interface

The customer base should have the option of choosing which platform to consolidate on and in that way, Elsevier would gain valuable market information as to which platform and interface to continue to develop and support. Additionally, moving IDEAL titles to S/D puts the fulltext links from external A&I services such as PubMed at risk. It took Elsevier six months to restore the Cell Press links in Pubmed when it was purchased. This is indicative of the weakness of the commercial sector's involvement in scholarly publishing. Scholars do not view research articles as commodities similar to Pepsi and CocaCola that can be chosen, to the exclusion of the other based on individual taste. Libraries serve the scholars by assuring that there are comprehensive tools available for discovery of relevant material regardless of publisher and source. Therefore, to many, the availability and added cost of the discrete Elsevier database is not particularly valued except for know-item retrieval. It would be preferred to have the choice of not including that access in the license for a reduced charge.

Content

The wise Elsevier customer always prepares a detailed and specific list of titles to be included in the license. Such a list must also include title changes that are covered in the time period being addressed and volumes and years should be stated. Elsevier uses the phrase, "current subscribed collection." Does this include faculty personal subscriptions?

The backfile program is newly separated from the Classic ScienceDirect license. Previously, backruns of journals were added to the subscription access as they became available. Price information recently posted on the web site states that these files "will be priced for one-time purchase." While the IDEAL/SD FAQ states that existing agreements will be upheld, there is also a statement that Elsevier will track usage of the AP collection to provide more targeted content in the package. Therefore a selection of titles will be made. Many libraries may wish to continue the arrangement they had with IDEAL. The premium had already been negotiated once for the value. The understanding of most libraries, in purchasing the IDEAL backfiles for a one-time fee, is that that purchase was in perpetuity not limited to the duration of that license. It is also not clear how Elsevier will add IDEAL titles to the

appropriate SD subject collections already purchased. Will those titles automatically roll into the collection and be accessible at no further increase in fees? Some Elsevier titles have a longer backfile than 4-5 years, is access suddenly being cut off to those SD subscribers?

Pricing

Pricing remains the great hidden issue with Elsevier. No specific details are publicly posted regarding the criteria for establishing the base price figure. Is the base price yet another schedule in addition to the YEN, USA and EUR

<http://www.elsevier.nl/homepage/subpricelist/> pricelists? Is it based on a specific year, if so, which year? A “reduced percentage” only adds to the perplexity. Nor is it established what percentages are involved in the print cost in E-Choice. Given that the cost of the IDEAL package for each library has been decoupled from the historical print subscription list, how are the IDEAL fees going to be included in setting this base price? Will there be additional fees, such as platform, portfolio or other, included in the base price, as has been the case in other types of Elsevier licenses.

An Ownership Reality:

Little does Elsevier seem to realize that the very action of purchasing another publisher’s line, an activity with little or no retrospective impact in the print world, vividly illustrates the underlying vulnerability of the online environment for the scholarly community.

Research organizations must now re-evaluate the re-packaging, conduct a re-licensing exercise with no guarantee of either’s permanence. There are no conventions, no laws that ensure the scholarly community that the materials cannot be removed from their access.

- How will Elsevier warrant that it owns the content in E-Choice or at least owns the right to sell libraries irrevocable access and is, in fact, selling us such access?
- How will Elsevier guarantee that all the content will remain permanently available, and that Elsevier will not:
 - sell to any third party any rights in such a way that it becomes unavailable to customers without additional cost?
 - permit any third party, including even the society that sponsors the journal, to withdraw material once published?

Without some legally binding permanent guarantee, of which contract law’s capacity is highly questionable, the transition to all-electronic journals is not truly reliable.

Three Financial Realities:

Base price

The base figure from which all percentage calculations are derived is the critical budget containment tool. One percent of 100,000 will always be more than 50% of 1,000. A low percentage increase constitutes a marketing smoke screen when applied to historically inflated base figures.

Exchange rate

Elsevier does not clearly state its methodology for applying an exchange rate for calculating US\$ subscription costs from their EURO based costs in the Netherlands. EURO prices were established for 2002 subscriptions on September 1, 2001. For *Biochimica Biophysica Acta* the EURO subscription price is 11,545 EURO <http://www.elsevier.com/homepage/subpricelist/>

The interbank exchange rate on 9/1/01 for EURO to US\$ was \$0.91 (i.e. each EURO should cost 91 cents) <http://www.oanda.com/convert/fxhistory>

The posted Elsevier US\$ 2002 subscription prices for *Biochimica et Biophysica Acta* (\$12,915) calculates out to an Elsevier exchange rate of \$1.12 (i.e. each Elsevier EURO costs \$1.12). If Elsevier had used the September 1 exchange rate (\$0.91) for *BBA*, the US\$ subscription price would have been \$10,506. The difference (\$12,915 - \$10,506 = \$2,409) is a 23% exchange rate profit for Elsevier. This figure is reflected across entire collection.

Rule of 70

Also remember the Rule of 70. It provides an easy way to calculate the approximate number of years it takes for a variable growing at a constant rate to double. The formula: The approximate number of years n for a variable growing at the constant growth rate of R percent, to double is $n = 70/R$. An annual cost increase of 6.5% will double the base in 10.76 years. At 10%, it is 7 years; at 12% it is 5.83 years.

Conclusion

The E-Choice option stands far too short on details to perform a complete analysis. As an option it is distinctly lacking in the specifics that one would expect to see by now, or better, to have seen by last June, in order to have a completed and implemented the agreement by January 2002. In its time IDEAL offered an original approach to electronic access licensing. Elsevier's SD reflected another. Each presumed different market needs and values. Elsevier might have been better advised to allow a choice of "breadth over depth" instead of dictating their "better value." The E-Choice license option continues in the Elsevier mode of requiring a high investment of time and effort to clarify even the obvious details. Leave no question unanswered; no detail unspecified. Finally, gird your loins, and prepare to negotiate.