



An economic analysis of the “Korean Electronic Site Licensing Initiative” (KESLI) consortium



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ABSTRACT

Libraries have a long history of cooperative purchasing. In many countries libraries have turned to national consortia in order to create efficiencies and strengthen academic libraries' buying power, resulting in enhanced service for their end users. At the same time, there is increasing need to quantify the value these consortia provide. This article measures the economic value of aggregating and integrating electronic scholarly materials through the Korean Electronic Site Licensing Initiative (KESLI). To address the benefits, the sum of the benefits recognized by its end users and participating institutions of KESLI were assessed. The economic benefit of end users was measured through the time saved by using KESLI over its alternatives. The economic value of the participating institutions was measured in two ways, namely, the amount of time end users saved by using KESLI provided content and the amount of subscription costs saved by participating institutions switching to KESLI. Data was collected in two ways including 1202 valid responses from a sampling frame consisting of 27,607 KESLI end users by email survey and 50 responses by institutional members from 358 participating institutions by telephone survey. The amount of time saved was converted to a monetary value relative to the job status of end users and institutional staffs. To arrive at the overall cost of KESLI, KESLI personnel costs, subscription subsidies, and system development and maintenance costs were applied. The benefit to cost ratio (B/C ratio) was measured at 68.99.

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1. Introduction

Electronic journals have attained a position as a core resource in current scholarly communication. As the scholarly communication environment changes, academic libraries have made efforts to form various consortia, many of which purchase subscriptions as a group in order to cut cost-effective deals with publishers.¹ Consequently, we have numerous regional, national and trans-national library consortia established specifically to bring economies of scale to the subscription of electronic scholarly content. Some of these consortia go beyond simply binding together for purposes of group discount. These consortia have developed systems and services around content that they have

licensed, as well as previously licensed by aggregating and integrating the total content.

Since the main purpose of forming consortia for subscription content is financial savings, librarians and decision makers are interested in determining the cost reductions achieved by these consortia. At first glance, one would expect that it is rather straightforward to figure out the cost savings. Depending on what kind of base price is used, however, the figures show huge fluctuations. For instance, if we compare the list price of a journal package with the negotiated consortium price, we see cost savings of more than 60–70%, sometimes reaching as high as 90% off the list price. But when we use the existing price—the price that libraries pay in individual, stand-alone subscription contracts—the cost savings shrink considerably because libraries receive discounts from the published list price. Different subscription options such as converting existing print subscriptions to e-only access may come into play as well, thus complicating the issue of exactly how much libraries are able to save. Naturally, the task of estimating the economic impact of forming an integrated information system using aggregated content from large scale subscription consortia can be quite challenging, but the task is nonetheless an important one to undertake.

Over the last decade, a great deal of research has focused on the economic benefits of library services. In 2009, Aabø (2009) conducted

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¹ Cost saving is not the only reason why libraries form consortia. Libraries collaborate on multitudes of reasons and in many different forms. However, the focus of this article deals with library consortia whose main purpose is to achieve cost reduction of subscription content.

a meta-analysis of 38 library valuation studies to produce return-on-investment (ROI) figures. In a similar fashion, Chung, Ko, Shim, and Pyo (2009) reported another meta-analysis of 42 library valuation studies in order to identify factors that affect the magnitude of ROI figures. The LibValue project, funded by the Institute of Museum and Library Services (IMLS), lists more than 900 projects and research results related to assessing the value of library services and ROI of library services in its online bibliography (LibValue, 2013). Public libraries are the most frequently evaluated. In contrast, there are only a few studies that investigate the economic impact of academic library services. Even more difficult to find are studies specifically dealing with subscription consortia and assessment of their economic value. The current study is one attempt to fill this void in the existing literature. In particular, we try to understand the economic effect of aggregating content from consortial arrangements and of creating an integrated search and retrieval system.

The Korean Electronic Site Licensing Initiative (KESLI) was formed in 1999 with approximately 70 university libraries, medical centers, and research institutes as its members (Chae, Park, & Choi, 2006). KESLI grew to a 566-member collaboration with a total of 191 consortia in 2012. The main charges of KESLI are to cope with the problem of consistently rising subscription fees, and to provide significant benefits to participating institutions by providing an online user interface that enables end users to access scholarly information collected and reproduced through KESLI.

KESLI has the largest number of members among Korean library consortia, and it is widely recognized that the licensing organization is sufficiently mature to establish a sustainable plan for the long-term. As such, there is a growing need to examine its economic efficacy in delivering what it sets out to do for its member institutions and their users. To this end, the economic value of the effect of aggregating and integrating electronic scholarly materials through KESLI is investigated herein.

Economic valuation of the effect of this type of project is a truly difficult but critical process for the participating institutions and for the funding agency of the KESLI project. Studies evaluating two major national site-licensing organizations, the Canadian Research Knowledge Network (CRKN) and the Joint Information Steering Committee (JISC) of the Higher Education Funding Council, UK (JISC Collections), are relevant to the current investigation. In 2004, The Impact Group (2004) undertook an evaluation report on the impact of the Canadian National Site Licensing Project (CNSLP). The CNSLP was a three-year digital library initiative that ran from 2000 to 2003 done by a consortium of 64 Canadian university libraries to provide access to full-text electronic journals. In April 2004, the CNSLP was incorporated into a not-for-profit organization and the CRKN. Today, the CRKN collaborates with 75 university members and continues the work of the CNSLP in licensing digital scholarly content for its members.

In 2008, a study to assess the value of the National Electronic Site License Initiative 2 (NESLi2) was performed by Conyers and Dalton (2008). The study was intended to help academic libraries of medium and small sizes recognize the overall value of NESLi2 deals, and to assess the value of a deal before making a decision to subscribe. Using the yield method and other methods, the study provides ways of calculating the “price per £” of acquiring additional unsubscribed titles in a deal, and of assessing value after purchase. NESLi2 is one of the most successful activities of the JISC Collections initiative. JISC is funded by UK funding councils to further the use and innovation of information technology for universities and colleges in the UK. JISC Collections was a subsidiary team of JISC until 2006, and is now a mutual trading company — established by JISC and funded by the funding councils. JISC Collections negotiates on behalf of all its members with publishers of online content. There are over 80 deals in place for a wide variety of resources including digital archives, geospatial material, full-text databases, abstracting and indexing databases, reference materials, and e-books.

Recently, Melo and Pires (2011) published research that measured the economic value of the Portuguese electronic scientific information consortium called b-on. In their study, the economic value of the consortium was measured in two ways, namely, the value of the time

saved by using the service and the contingent valuation method (CVM). The benefit to cost (B/C) ratios derived from both methods, 1.91 and 3.32 respectively, show that the economic impact of the consortium is well above its cost. The study also indicates a strong positive relationship between the high use of digital resources and the value of the willing to pay factor for such resources.

Researchers' increasing demand for electronic journals and the demand of library consortia for electronic journal licensing and cost containment now require more innovative and progressive strategies in order to better address and serve the needs of member institutions and their constituents. Evaluation is an ongoing, multi-faceted process, and is undertaken to demonstrate value as well as to improve performance. Evaluation of large consortial digital information programs is an emerging field. Regardless, attempts at measuring the value of the economic effects of library consortia for electronic journal licensing are rare. The research methods presented herein may be used as tools for measuring the economic efficacy of library consortia for electronic journal licensing. In addition, the results show the leverage power of the consortia initiative and offer evidence to establish a foundation for the expansion of policies and services.

2. Introduction of KESLI

KESLI's roots go back more than a decade. The Korea Advanced Institute of Science and Technology (KAIST) initiated the National Digital Science Library (NDSL) program in 1998 and KESLI in 1999. KAIST was founded under a special law with government funding and was established in 1971 as the nation's first graduate school specializing in science and engineering education and research. In 2006, the NDSL and KESLI programs were transferred from KAIST to the Korea Institute of Science and Technology Information (KISTI). KISTI is a government-funded research institute established to maximize the efficiency of science and technology research and development (R&D) and to support high-tech R&D for researchers. The goals of KESLI are to improve researchers' access to licensed electronic journals without restrictions and to preserve the content for the long term.

2.1. KESLI Model

The business model of KESLI consists of three parts, KESLI as a mediator, publishers as information producers, and participating institutions as patrons (Park & Choi, 2006). KESLI provides a unified channel for journal licensing and related activities, including contacting and negotiating with individual publishers and reaching agreements regarding terms and conditions. In comparison to some other consortia for the collective licensing of electronic journals where member libraries enjoy identical benefits under one common condition, the members of KESLI form many sub-consortia and make separate contracts with different publishers. After reviewing offers and contract conditions proposed by each publisher, participating institutions may select and subsequently apply to join as many sub-consortia as they wish within the intermediary organization (KESLI). KESLI creates sub-consortia according to products and suppliers (publishers), with examples including KESLI-Elsevier, KESLI-Blackwell, KESLI-Springer, and so on. The number of sub-consortia increased from six in the year 2000 to 141 in 2010. Participants in KESLI increased from 160 institutions in 2000 to 359 institutions in 2010, with members including academic libraries, research institutions, and corporate, medical, and public libraries.

2.2. KESLI and the NDSL Database

KESLI has built a central database of full-text journals and metadata, which are located in the NDSL system. The central database system is designed to aggregate all the meta-content of major scholarly journals and proceedings, as well as electronic journals published by multiple publishers. This comprehensive meta-content database, known as the

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