

EXPANDING EBOOKS: PURCHASING AND LENDING AT CANADIAN PUBLIC LIBRARIES

CHRISTINA DE CASTELL, VANCOUVER PUBLIC LIBRARY
FOR THE ECONTENT TASK FORCE
CANADIAN URBAN LIBRARIES COUNCIL/
CONSEIL DES BIBLIOTHÈQUES URBAINES DU CANADA

AUGUST 2011



EXECUTIVE SUMMARY

At this pivotal time, libraries cannot move quickly enough to support the demands of their customers for eBooks, and are unable to spend allocated funds due to a lack of eBook titles available for sale to libraries. Libraries want to provide a full range of titles to their customers and are prepared to explore new pricing and licensing models for eBooks.

Publishers and libraries need eBook models that make sense and maintain a strong book industry in Canada. The following paper provides background to the conversation between publishers and libraries, explaining the current issues with providing eBooks in Canadian libraries and identifying areas where libraries' experience with electronic resources can assist in developing new models.

Part I explores the pricing and licensing models that libraries have used during the fifteen years that they have provided electronic information products. It includes the major players selling electronic content to libraries.

Part II explains the current state of providing eBooks in Canadian libraries, including the products being used, devices for borrowing eBooks, issues in libraries and barriers to expanding the market.

Part III identifies the size of the Canadian public library market based on the spending of members of the Canadian Urban Libraries Council. It provides spending patterns over the past ten years, including percentage of spending by material type and a comparison of spending with publishers and wholesalers.

Part IV identifies the major organizations that speak on behalf of public libraries in Canada when dealing with national or provincial issues.

The Appendix provides background on the print purchasing environment in Canadian public libraries and the areas undergoing change. Print purchasing options used by libraries demonstrate the bulk purchasing models that libraries need to function effectively.

CONTENTS

Introduction.....	4
I. Electronic Resources in Libraries	4
Licensing and Pricing Models.....	5
Vendors of Electronic Resources.....	7
II. eBooks in Libraries	8
Online eBooks	8
Downloadable eBooks.....	10
Portable Devices	11
eBook File Formats.....	12
Finding eBooks at Libraries.....	13
Issues for Library eBooks.....	14
Barriers to Expanding eBooks in Libraries	15
III. Market Size & Trends.....	18
IV. Relevant Library Organizations	20
References	21
Appendix. Print Purchasing in Libraries	22

INTRODUCTION

The public is purchasing eBook readers and arriving in libraries with devices in hand, wanting to borrow eBooks and asking for help with their readers. Across Canada, librarians must explain why fewer books are available at the library than through online retailers and why eBooks have waiting lists.

At this pivotal time, libraries cannot move quickly enough to support the demands of their customers for eBooks and are unable to spend allocated funds due to a lack of titles available for sale to libraries. Libraries want to provide a full range of titles for their customers and are prepared to explore new pricing and licensing models for eBooks. Both publishers and libraries need eBook models that make sense and maintain a strong book industry in Canada.

Libraries have worked with electronic information products for more than fifteen years, exploring pricing and licensing models, ensuring that access to content is limited to authorized users and supporting customers who have difficulty with technology. This experience can contribute to conversations with publishers as we seek new models for libraries to provide eBooks to Canadian consumers.

Like publishers, libraries depend on Canadians' demand for books. Libraries guide the public to discover new books and new authors, helping to build a vibrant community of readers and increasing demand for books.

Library activities promote books and reading and will become increasingly relevant as sales shift to eBooks and physical bookstores close. This will particularly be true for midlist authors, for whom library promotion and purchases can impact sales. Through book club sets, free space for author readings, recommendations of similar authors and library programs, libraries encourage readers to discover new authors and books.

I. ELECTRONIC RESOURCES IN LIBRARIES

Libraries have been offering online resources for more than fifteen years through onsite computers and in customers' homes via websites. Beginning with indexes of journal articles, online or electronic resources have expanded to include full text articles, statistical sources, subscription websites and online eBooks. In most cases, these resources are available both within the library and from patrons' homes, requiring patrons to log in using a library card for access.

Established electronic resource practices provide examples of licensing and pricing models that may be appropriate for eBooks. Library staff have years of experience with the issues that arise from providing access to resources online to a limited group of users under specific terms from publishers.

LICENSING AND PRICING MODELS

The following are common licensing types used for electronic content products in libraries:

Unlimited Simultaneous User

In this model, multiple users can access online content at the same time.

How it works: There is no limit on the number of people who can use the database at the same time. Authorized users are library cardholders or specific subsets of library cardholders. As with all online products purchased by libraries, library staff work with the vendor to set up authentication to ensure that only authorized users can access the content.

Pricing: Pricing is based on either the population that the library serves or the number of registered cardholders. For example, a library serving a city of 500,000+ will pay considerably more than a library serving a municipality of 10,000. The proportion of library users in a municipality varies, and some vendors base their pricing on the number of registered library cardholders rather than population.

Established library vendors like EBSCO, Gale and ProQuest use this license model for many of their products.

Limited Simultaneous User

Under a limited simultaneous user model, libraries buy access for one user at a time on an annual basis. This parallels the way that a library buys print, with one copy available to one user at a time. When libraries cannot afford unlimited use licenses, or unlimited use isn't available, libraries will buy bundles of two or more simultaneous user licenses. These licenses are common when content transitions from print to electronic format and the price and market for the product are being determined by the supplier.

How it works: If a library has purchased a license for two simultaneous users, only two people will be able to access the content at a time. Libraries ask users for their library card number when they try to access the content. When a third person attempts to access the content via the library, they receive a message that the database is busy and they should return later. Libraries monitor the use of these products and track the number of "turnaways" to identify whether they should be prioritizing buying additional licenses.

Pricing: The size of a library's population is not normally a factor in the cost of limited simultaneous user licenses. The price is per license and usually declines as the number of licensed users increases.

Library PressDisplay, which is distributed through ProQuest, is available under this type of license. Library PressDisplay contains digital images of newspapers from

around the world, available on the same day as they are published and archived for up to sixty days.

Single User

Single user models are typically found in consumer-oriented products or libraries in government, corporate and legal environments. One person purchases access to the product and that person is issued a personal ID and password to access it. The ID and password must not be shared. This most closely parallels the current consumer eBook model.

An example of a single user product is Consumer Reports Online. Individuals can purchase access for \$5.95 per month or \$26 per year. When public libraries buy this product, they usually pay for multiple simultaneous users at a much higher rate.

Premium vs. Archive

Newspaper databases often use models where recent content is bundled for purchase separately from older content.

Pricing: Libraries pay a premium to purchase access to the most recent newspaper articles and pay a separate price for access to back issues. Libraries may also be able to separately license access to an archive of historical newspapers at a lower relative price, such as publications prior to 1980.

The time range treated as premium content varies depending on demand for the content and agreements with rights holders.

Some newspaper databases use embargoes to handle same-day or recent content in public library products as a method of preventing the loss of retail sales or reducing prices. For example, many major newspapers are not available in ProQuest Canadian Newsstand until two days after publication (e.g. Montreal Gazette, Toronto Star, The Globe & Mail).

Pay per Use

Pay per use is not popular for online products in public libraries but is common in business, legal and government libraries, where use can be easily controlled, and costs can often be billed to clients.

Pricing: Under this model, organizations often pay a minimal annual access fee, and then pay for access to specific content when they use it.

ONLINE NEWSPAPER OPTIONS FROM PROQUEST

Library PressDisplay

Today's News + 60 days

Online newspapers in full page format, including photos, advertising and headlines. Includes nearly 1,900 newspapers from 95 countries, in 49 languages. Available day of publication.

Canadian Newsstand: Two days ago + 25 years

The core newspaper database for Canadian public libraries, Canadian Newsstand provides online access to the full text of most newspaper articles, with the Vancouver Sun back to 1987 and the Toronto Star to 1985.

Historical Newspapers: Archive to the 18th Century

A digital archive of more than 30 million pages that allows researchers to browse continuous runs of full-text, full-image US and international newspapers dating back to the 18th century.

Pay per use is common for newspaper articles and case law, as well as specialty journal articles. Pay per use is also common for consumer-oriented products. An example is newspaper articles in FPIInfomart, available to consumers on the day of publication at a cost of \$4.95 per article.

Deposit Accounts

Some pay per use databases use deposit accounts. Libraries deposit a fixed amount of money in advance, and the vendor applies per use charges against that deposit. In this model, the library is pre-paying for a certain amount of use, allowing charges to be monitored and controlled when there are multiple users on an account. When the funds deposited have been spent, the library is alerted and can choose to add funds or cease providing access to the content.

VENDORS OF ELECTRONIC RESOURCES

In many cases, vendors who provide electronic resources to libraries are multinational companies that started as serials aggregators and distributors and now provide a range of services to libraries. Among the electronic resources that libraries purchase journal and newspaper articles are the most common type of content; however, products include financial and statistical information, online eBooks and premium content on websites.

In Canadian public libraries, there are three major electronic resource vendors, although many vendors provide online products. These vendors either provide eBooks as a core product or have recently announced plans to provide eBooks.

EBSCO Publishing

EBSCO has served the library industry for more than sixty-five years. They offer journal article databases, print subscription services and online products. EBSCOhost integrates online access to full text databases on a wide range of subjects including art, auto repair, biography, business, education, environment, law, literature, science, sociology, sports and technology.

A provider of classic library journal article databases, many EBSCO products aggregate the content of hundreds of journals, bundled for particular library contexts. MasterFILE is an example of a product aimed at the public library market that provides the full text of nearly 2,000 reference publications and 107,000 primary source documents dating back to 1922.

EBSCO acquired NetLibrary in 2010, expanding their product offering into online eBooks and audiobooks. Most eBooks on EBSCOhost are downloadable in PDF format.

EBSCO Industries is headquartered in Birmingham, Alabama, and is a privately held corporation. Yahoo Finance reports EBSCO's 2009 revenue at \$2.4 billion.

Gale/Cengage Learning

Gale, a division of Cengage Learning, is an e-research and educational publisher for libraries, schools and businesses. Gale creates and maintains more than 600 databases published online, providing reference content as well as full-text magazine and newspaper articles.

Gale Virtual Reference Library is an online eBook platform and a core Gale product. Gale has not announced plans for downloadable eBooks.

Cengage Learning is headquartered in Stamford, Connecticut, and is a privately held corporation with annual revenue of approximately \$2 billion (<http://www.cengage.com/about/>).

ProQuest

ProQuest has been providing research knowledge for seventy years, ranging from dissertations to newspaper articles. Many Canadian public libraries purchase access to online newspapers through ProQuest, as well as library management tools and article databases.

In January 2011, ProQuest announced acquisition of ebrary, expanding their products into online eBooks. They plan to provide eBooks on portable devices.

Cambridge Information Group (CIG), a privately owned corporation, acquired ProQuest in 2007 at \$222 million (<http://www.cig.com>).

II. EBOOKS IN LIBRARIES

Some Canadian public libraries have offered eBooks online for more than ten years and downloadable audiobooks for five years. Substantial growth in interest in downloadable eBooks for portable devices began in mid-2010 in Canada's urban libraries, after the Kobo and iPad became available to Canadian consumers. In Canada, eBook adoption lags behind the United States, partially due to later release of eBook devices like the Kindle and iPad. In libraries, the lack of availability of titles has been a significant barrier to expanding collections.

At present, all public libraries that are providing downloadable EPUB eBooks in Canada work with a single vendor: OverDrive. OverDrive has been providing eBooks to libraries in Canada since 2006. Until 2010, PDF and audiobook formats were the focus of the product.

ONLINE EBOOKS

Before downloadable eBooks became common in 2010, public and academic libraries were providing online eBooks in licensed subscription databases. Customers read these eBooks directly on a computer with an Internet connection. The library catalogue includes records for each title, making it easy to find and link to the content. Online eBooks continue to be popular for reference and research

purposes and are a key part of academic library collections. Libraries purchase access to online eBooks in two primary ways:

Annual subscription model: The library pays for a specified number of users to access the product, either simultaneously or one-at-a-time. The subscription is renewed annually. If the library cancels the subscription, they no longer have access to any titles.

Ownership model: The library buys the title in electronic format, much as they would buy a print book. The library may pay an annual access fee to the vendor for providing a portal to all the content that has been purchased from that vendor. If the library stops paying the access fee, they maintain the right to the content, but would have to develop or purchase an alternative way to access it.

In Canadian public libraries, existing online eBook products include:

Books 24x7

An annual subscription provides unlimited access to titles that can be purchased in subject collections, including new content added during the subscription period. Libraries select collections based on patrons' needs. Books24x7 collections include business, engineering, finance, IT and government. Patrons can print one page at a time, but cannot download (some exceptions). *Limited use in Canadian public libraries.*

Gale Virtual Reference Library

Libraries purchase titles from Gale and publishing partners and pay an annual maintenance fee for access. Gale eBooks allow unlimited simultaneous use and the ability to print, email and download articles. Gale eBook collections include history, literature, health, medical, science and art topics. *Used by larger Canadian public libraries.*

eBooks on EBSCOhost (formerly NetLibrary)

Libraries purchase titles individually or in subject sets. Like Gale, EBSCO offers simultaneous use. EBSCO eBook collections include media & communications, careers, computer science, writing & literature and academic reference. *Used by approximately 20% of Canadian public libraries.*

ebrary

ebrary is a platform for accessing online eBook collections. Used for the pilot project Best of BC Books Online and for the Orca Press collection at Toronto Public Library, it provides unlimited simultaneous use for patrons. ebrary is a popular platform for academic materials, including the Canadian Publishers Collection on the Canadian Research Knowledge Network (CRKN). *Pilot projects in Canadian public libraries.*

Safari Books Online

Like Books 24x7, Safari Books Online is available as an annual subscription, providing access to over 13,000 books, videos and articles in PDF format. Safari

Books Online collections include technology, creative, business and management topics. *Used by approximately 30% of Canadian public libraries.*

Tumblebooks

Provides animated talking picture books for children. The collection includes 189 stories, licensed from established trade publishers. Although most content is streamed, some titles are downloadable. Tumblebooks does not integrate records into library catalogues. The primary market is elementary and middle schools.

Limited use in Canadian public libraries.

DOWNLOADABLE EBOOKS

Downloadable eBooks in EPUB format are the focus of electronic content purchasing decisions in Canadian public libraries in 2011. Typically used on an eBook reader like a Kobo or Sony, on a tablet like the iPad, or on a mobile phone, EPUB books are the format that consumers purchase from Kobo, Sony and most other online stores (excluding Amazon).

With digital rights management (DRM) applied, library EPUB books allow only one person to use them at a time. They can be borrowed for specified periods and they return themselves automatically.

OverDrive

OverDrive is the only vendor currently providing portable and downloadable EPUB eBooks to Canadian libraries. While a single supplier is problematic for libraries, it avoids the historical problems with accessing electronic content through several interfaces that has been a barrier to making electronic resources popular with library users.

Founded in 1986, OverDrive is a "full service digital distributor of eBooks, audiobooks, music and video." OverDrive offers digital rights management protection and download fulfillment services for publishers, libraries, schools and retailers. For Canadian libraries, OverDrive hosts more than 400,000 titles from over 1,000 publishers. Its distribution services are used by more than 15,000 libraries, schools and colleges. OverDrive launched downloading services for libraries in 2003.

OverDrive primarily uses the model of one reader accessing a copy at a time, although they have recently announced selected titles available for simultaneous use. Libraries purchase OverDrive titles for perpetual use, available until the library terminates its relationship with the company.

Libraries can automatically manage waiting lists using OverDrive, setting a maximum waiting list for each copy of a title. When the length of the maximum waiting list is exceeded, the library may automatically purchase an additional copy. Libraries can set up deposit accounts to fully automate purchases for waiting lists.

NEW ENTRANTS

Although OverDrive is the only established downloadable eBook vendor providing EPUB for libraries, a number of library service providers have announced that they are entering the market and are in the process of developing their services:

eBooks on EBSCOhost (formerly NetLibrary)

An established eContent provider, EBSCO purchased the online eBook platform NetLibrary in 2010. EBSCO offers downloadable PDF eBooks to nearly fifty Canadian public libraries and has announced plans to expand into EPUB in late 2011. Access models depend on publisher agreements and currently include one user, three user and unlimited use models (Kelley 2011). EBSCO currently uses an ownership model, allowing libraries to buy titles at a one-time cost with no annual or set-up fee. Forthcoming purchase models include short-term lease, patron-driven acquisition and subscriptions.

3M

Library equipment manufacturer 3M announced a new eBook lending service for libraries in May 2011. The service will include a discovery terminal for use in libraries, eBook readers for loan and a cloud-based lending service that will compete with OverDrive. Pilot programs are scheduled to begin in mid-2011 in the United States, and the program is expected to expand to Canada in 2012. Access models mirror OverDrive.

Baker & Taylor's Axis 360

A digital media circulation and management platform, Axis 360 will allow libraries to order both physical and digital content from one source. It includes content from Blio, intended for eBooks with graphic elements such as children's books, cookbooks, textbooks and travel guides. Axis 360 promotes the use of Barnes & Noble Nook devices (Publishers Weekly 2011).

myiLibrary & Whitehots

Announced at the Canadian Library Association conference in May, Whitehots is partnering with Ingram, a US library vendor, on their eBook platform. At present, MyiLibrary is an online eBook platform.

PORTABLE DEVICES

Although Canadian consumers can purchase a wide variety of eBook readers, tablets and portable devices that support eBooks, most customers of libraries use one of three devices to access library eBooks.

Sony

Of the dedicated eBook readers, Sony Readers offer the best experience for library patrons at present. The Adobe Digital Editions software authentication is incorporated into the Sony Reader software, eliminating one step in the complex borrowing process.

Sony introduced their Public Library Program in Canada in the spring of 2011, bringing display units for Sony Readers into public libraries and offering training to library staff for supporting the devices.

Kobo

Public library users in Canada also choose the Kobo for accessing library content. Compared to Sony, the process takes an additional step, as the library book must be downloaded through Adobe Digital Editions before it is transferred to the Kobo.

iPad

In January 2011, OverDrive released an app for borrowing library books on the iPhone and iPad. While options for finding a book using the app are limited, library users can borrow and open the book in fewer steps with the OverDrive app. This has greatly improved the experience of borrowing library eBooks for iPad users. Another option for library customers with iPads is the Bluefire Reader app, which allows downloading of EPUB and PDF eBooks from OverDrive or EBSCOhost.

Kindle

Kindle does not support borrowing library books in Canada. The format for Kindle content is proprietary, and it is not yet integrated with libraries' primary eBook lending system from OverDrive. Amazon has recently agreed to work with OverDrive to allow Kindle owners to borrow library eBooks. At present, work is in progress for the United States, although it is expected to expand to Canada.

EBOOK FILE FORMATS

EPUB

The EPUB format has emerged as the defacto standard for eBooks in libraries and on many devices. Short for "electronic publication," EPUB is a free and open standard from the International Digital Publishing Federation (IDPF). It is designed for reflowable and resizable text, allowing the text display to be optimized for specific devices and the settings preferred by the user. The IDPF intends EPUB to be a single format that publishers and conversion houses can use, as well as for distribution and sale of eBooks. EPUB became an official standard of the IDPF in September 2007.

EPUB format is able to incorporate digital rights management, be styled using cascading style sheets (a web display standard), embed metadata, and include inline raster and vector images. While EPUB is ideal for text, books with heavy graphical content like children's books are not well-suited to the format.

PDF

Before 2010, most libraries purchased eBooks in PDF format. Since EPUB eBooks became widely available, purchases of most eBooks in PDF have ceased at public libraries. As a fixed layout, PDF handles heavy graphical content better, making it more appropriate for graphic novels and children's books. Some materials are not

yet available to libraries in EPUB format, such as many materials in languages other than English, so libraries continue to buy these materials in PDF.

On dedicated eBook readers, many PDF files requires scrolling both side-to-side and up-and-down to read documents. Tablets like the iPad generally offer a better experience for library customers who choose PDF eBooks.

Other Formats

Some devices require proprietary file formats for eBooks. Kindle uses a proprietary format, AZW, with its own digital rights management system. Mobipocket, based on the Open eBook standard, is used on PDAs including BlackBerry and Palm devices. When books are distributed in formats other than EPUB, they require separate mechanisms for lending, making borrowing from libraries more complex.

FINDING EBOOKS AT LIBRARIES

Library customers discover books online from home or within the library, using the library catalogue or portals from electronic content vendors. While all print materials can be found through the library catalogue, integrating electronic content has been a challenge for libraries. Many online products have separate portals to access content from specific publishers or vendors.

Through the Canadian Urban Libraries Council, Canadian public libraries established a vision statement for portable and downloadable eContent. The vision statement calls for delivery platforms that will allow for lending eBooks from all publishers through a single interface, whether that is the library catalogue, a web-based portal or a mobile application. At present, Canadian libraries are limited to lending EPUB eBooks through OverDrive and can only purchase content from publishers that have agreed to distribute through OverDrive.

Catalogue Integration

Integrating lending into the library catalogue is a priority for Canadian public libraries. For a library customer, finding a book in the catalogue and downloading it directly to a device offers the simplest solution to borrowing an eBook. Catalogue integration would allow the user to benefit from the enhanced content that libraries have added to their catalogue records, such as tags to help readers find books by subject, other books by the same author, or reviews and comments by other users.

At present, library catalogue vendors are working with OverDrive to identify the steps to integrate eBook content into existing library catalogues. Priorities for libraries include:

- Display of real-time availability for eBook titles
- Display of device compatibility within the catalogue record
- Single sign-on for the library catalogue/discovery layer and the eBook distribution platform
- Borrowing and downloading directly from the catalogue to the user's device

Web Portals for Electronic Content

Until now, libraries have had only one eBook vendor: OverDrive. This results in all eBooks being retrieved through one interface, an unintended benefit for library patrons. As the number of suppliers of eBooks expands, multiple vendors could result in patrons visiting different interfaces to reach different types of content or eBooks from certain publishers. In the electronic resources environment this has presented a severe barrier to use and has prevented the widespread adoption of electronic resources by public library customers.

In the eBook environment, libraries seek a solution that will allow purchasing of eBooks from many suppliers and lending through one interface. As new vendors enter the library eBook market, libraries hope to see web portal products introduced that merge access to eBooks from all publishers, rather than exclusive deals between publishers and electronic resource vendors. Solutions that require multiple web portals would duplicate existing access barriers for library patrons.

MOBILE APPLICATIONS

With WIFI and 3G enabled devices, library patrons increasingly expect borrowing eBooks from the library to be as easy as purchasing eBooks from online retailers. The OverDrive iPhone app released in December 2010 is the first example of the simplicity possible when borrowing is integrated with a specific device. OverDrive also offers applications for Blackberry, Android and Windows phones. With portable devices expanding, the need for dedicated applications increases, since these give the most streamlined user experience.

ISSUES FOR LIBRARY EBOOKS

Lending & Holds

Public libraries usually lend books for two or three weeks at a time. Libraries have limited budgets, preventing them from purchasing the number of copies of a book that would be necessary to eliminate waiting times for popular books. They purchase quantities based on the size of their communities and the demand for a title, monitoring waitlists for popular titles.

In print, library users accept the practice of "holds," a waiting list to receive the next available copy of a book. Public libraries monitor the length of waiting lists, buying additional copies of books when the waiting lists exceed established ratios. Hold ratios vary between libraries. For print books, Vancouver Public Library usually purchases additional copies when the list reaches five customers waiting; Toronto Public Library uses six. In the eBook world hold ratios are tending to be lower, as patrons have a lower tolerance for waiting lists.

With an average loan period of three weeks and additional copies purchased for every five patrons, a patron may wait up to four months before they can read a popular print book. Vancouver Public Library owns more than 100 copies of books

like *Twilight* and *The Girl with the Dragon Tattoo*, but this does not eliminate waiting lists for these titles.

Some library customers are willing to wait. For many others, long waiting lists mean that they make the choice to purchase.

Authentication/Digital Rights Management

As part of contracts for licensed products, libraries must ensure that only members of the public with authorized access are able to use content in the products. Contracts may require that libraries limit access to a specific subset of cardholders, such as those with a home address in their municipality. Libraries work with vendors to set up authentication systems that require users to provide their library card number and password before they provide access to licensed content. In most public and academic libraries, authentication of patrons is a routine process.

Adobe Digital Editions & the Adobe eBook Platform

Adobe Digital Editions software can be used to transfer copy-protected eBooks from online sources to computers and portable devices. Digital Editions supports industry-standard eBook formats, including PDF and EPUB. It is part of a larger Adobe eBook Platform for authoring and delivering protected eBooks across devices. Over fifty dedicated readers and eBook applications use the Adobe software, including the Sony Reader, Kobo eReader and Barnes & Noble nook. OverDrive uses Adobe Digital Editions to authenticate library users borrowing eBooks.

MARC Records

When a library purchases aggregated content, such as a database containing content from hundreds of journals, it is important that users are able to find the content easily from multiple access points. Users access content in two ways: either directly, through an interface provide by the vendor, or indirectly, by discovering the journal title in the library's catalogue. Libraries use MARC records to incorporate titles into library catalogues. MARC is an international standard for the exchange of metadata used by libraries around the world. MARC records are supplied by the vendor and loaded into the library catalogue by the library. They ensure that users find the content the library owns through one integrated source, the catalogue.

BARRIERS TO EXPANDING EBOOKS IN LIBRARIES

In 2011, libraries face a number of barriers to providing downloadable eBooks in a streamlined way that meets customers' demands.

Existing Investment

Public libraries are heavily invested in providing eBooks through OverDrive. Current license agreements with OverDrive give libraries the right to lend the titles only as long as they are subscribers to the OverDrive service. If a library chooses to move to another product for eBook lending and stops paying their annual access fee to OverDrive, they risk losing access to all previously "purchased" titles.

In British Columbia, libraries subscribed to OverDrive in 2006 for downloadable audiobooks. While purchasing of downloadable EPUB began in 2010, five years of spending on audiobooks represents a significant investment in titles through OverDrive. Access to these titles would be lost if a BC library chose to cancel their subscription to OverDrive. This arrangement will present a substantial barrier to emerging eBook products in libraries and will become a greater barrier over time. If publishers work with vendors to change the eBook model to offer transferability between platforms and ownership of titles, this barrier can be eliminated.

Budget

Libraries' relatively fixed collection budgets mean that eBook purchases will often come at the expense of purchases in other categories. Libraries are deciding where funds will come from, with budgets for mass market paperbacks likely to be the first affected. It is possible in the long term that libraries will begin spending on eBooks from funds previously spent on electronic resources, but existing print spending is more likely to be affected first.

Device Proliferation

At a May 2011 Canadian library conference session, 50% of participants indicated that they were interested in lending eBook readers to patrons in the next five years; however, the pace of change in the device marketplace would make device lending very costly for libraries. So far, customers of the few libraries who are lending devices indicate that they are borrowing them to assist in purchasing decisions, rather than for access to the content.

The release of new devices every few months is placing high demands on library staff. Without adequate technical support from resellers, library customers approach the library for assistance with their devices. Libraries have begun providing training and support for eBooks, but are not able to keep up with the frequent release of new devices or the pace of adoption.

In the early part of 2011, staff at Vancouver Public Library identified a near-even split of three device types among library users: Sony, Kobo or iPad/iPhone; however, many other devices were also represented by a few questions.

Lack of Availability of Titles

Canadian libraries cannot purchase the same range of titles that are available to them in print. Two major trade publishers are not currently licensing their content through OverDrive, which prevents libraries around the world from purchasing eBooks from these publishers (Simon & Schuster and Macmillan). Consumers are confused and complain about the lack of titles available from the library.

As publishers continue to work with library eBook vendors to make rights available and as new distribution channels open, this situation promises to improve.

Downloading Complexity

At present public libraries use OverDrive to lend eBooks. OverDrive authenticates users with Adobe Digital Editions, a DRM system that ensures that the user is authorized to view the content. On dedicated eBook readers, borrowing a library book takes several steps:

1. Find an available book using OverDrive
2. Check out the book within OverDrive
3. Download the book to your computer
4. Open the file
 - a. in Sony Reader Software OR
 - b. in Adobe Digital Editions (Kobo and others)
5. Transfer the file onto the device

This process presents a significant barrier for less technical library customers and is the greatest source of frustration for librarians and their customers at present.

Consortia Purchasing

Consortia purchase on behalf of a group of libraries. Consortia have been successful models for purchasing electronic resources, since pricing for electronic resources is frequently based on the population of the service area or the number of cardholders. The consortium model saves time for the vendor, since one individual negotiates on behalf of a number of libraries. The largest examples of public library consortia in Canada are the BC libraries and the Southern Ontario Library Service. The Alberta Library is a large consortium that includes multiple library types.

Print publishers have expressed concern with consortium purchasing; however, libraries purchase based on demand within their service area, which is not affected by participating in consortia. For publishers and authors, a shift to an alternative pricing model based on population or use would alleviate issues with consortia, since pricing would scale based on the population represented.

For popular books, consortium purchasing is not likely to affect publishers' revenue. Libraries buy additional copies of books based on demand, so larger populations borrowing from the collection mean that more copies must be purchased. Libraries must control the length of waiting lists for the most popular titles. However, consortia are more likely to affect the purchasing of midlist or backlist titles, where a group of libraries can choose to purchase only one copy of a title to be shared among the group. In the case of midlist and backlist titles, population-based or circulation-based pricing models offer alternatives for consortium purchasing.

III. MARKET SIZE & TRENDS

Public libraries in Canada have relatively fixed budgets for collections purchasing. The following section uses data that members reported to the Canadian Urban Libraries Council¹ (CULC) for 2009 and 2010.

	CULC/CBUC spending (million \$)
All materials	\$92.5*
Books	\$55
Periodicals	\$7.1
eBooks	\$1.5*
Audio & Visual	\$18.2
All eMaterials**	\$9.0*

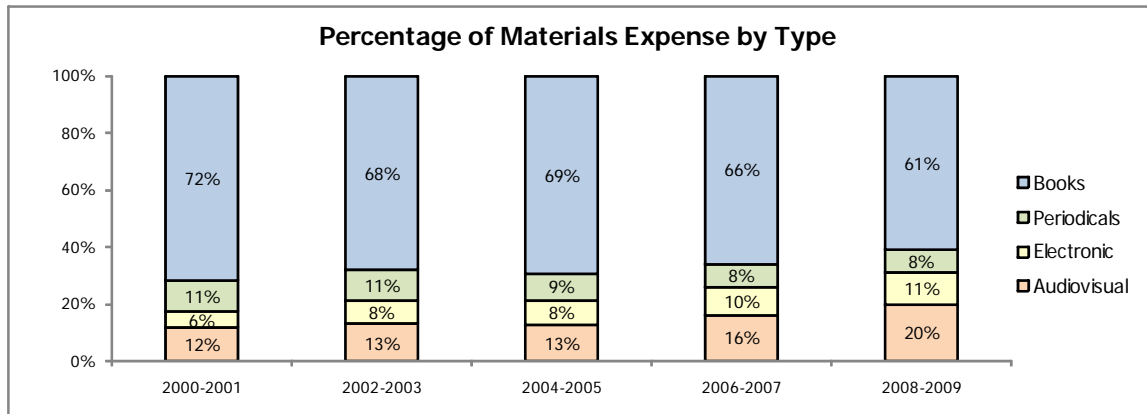
*2010 spending

**includes large consortia such as Knowledge Ontario and Southern Ontario Library Service.

In the past few years, most Canadian public libraries' budgets have been static or have seen increases only for negotiated salary adjustments. As a result, when libraries introduce a new format, they must shift spending from existing formats. Spending on print as a percentage of total spending in the last ten years has declined to accommodate the introduction of increasing audio-visual and electronic content.

- Print books accounted for 72% of materials expenditures in 2000-2001. This declined to 61% in 2008-2009. Print continues to be the largest category of materials expenditures.
- Print periodical expenditures dropped from 11% in 2000-2001 to 8% in 2008-2009.
- Electronic materials expenditures nearly doubled, from 6% in 2000-2001 to 11% in 2008-2009. This category includes electronic formats of serials, magazines, books, government documents, databases and pictures.
- Audio-visual including CDs and DVDs increased from 12% in 2000-2001 to 20% in 2008-2009.

¹ Canadian Urban Libraries Council/Conseil des Bibliothèques Urbaines du Canada members are public libraries that serve an urban region of 100,000 or more, or urban library districts with populations over 100,000.



As libraries introduce eBooks, many will shift spending from print books and serials. Larger library systems have enough flexibility to reallocate funds as needed for emerging formats. eBook funds may also come from one-time government grants or consortial buying opportunities.

In 2009 and 2010, Canadian public library spending on eBooks ranged from 0-12% of print spending. eBooks will continue to blur the lines between budgets for print and electronic collections as existing eContent vendors like EBSCO enter the eBook business. Library customers have been slow to adopt electronic content in proprietary databases, and the more rapid adoption of eBooks may result in funds being transferred from this category. This could eventually provide an opportunity for increased spending by libraries with mainstream publishers.

Spending with Publishers and Wholesalers in 2009

Some Canadian public libraries do not report spending by source. Among reporting libraries, 13% of spending was directly with publishers, compared to 87% with wholesalers. Libraries will look for bulk purchasing options for eBooks, as they do for print.

	Spending with Publishers (\$ millions)	Spending with Wholesalers (\$ millions)
Toronto Public Library	2.39	12.24
Ottawa Public Library	0.13	2.4
Edmonton Public Library	0.69	2.79
Winnipeg Public Library	0.18	2.45
Fraser Valley Regional Library	0.25	2.23
Mississauga Library System	0.21	1.73

IV. RELEVANT LIBRARY ORGANIZATIONS

The public library community does not have a single organization that speaks on its behalf. The following are the major players in Canada:

Canadian Urban Libraries Council/Conseil des Bibliothèques Urbaines du Canada
CULC/CBUC works for the betterment of urban libraries in Canada. Membership is open to public libraries that serve an urban region of 100,000 or more. Urban library districts that have populations of over 100,000 are also eligible. Historically, CULC/CBUC has participated on behalf of public libraries on issues such as Access Copyright, parallel importation laws and the Initiative for Equitable Library Access (print disabilities).

Canadian Library Association (CLA)

CLA is a national not-for-profit that serves as a voice for the library and information community. Members include librarians, library technicians, library trustees, and the organizations that employ them. Organizations include academic, public, school and special libraries. CLA has represented public libraries on issues including the Public Lending Right, Canada Book Rate and the Initiative for Equitable Library Access (print disabilities).

Provincial Library Associations

Every province in Canada has a provincial library association that serves as a voice for the province's library community. These associations typically focus on providing professional development opportunities, sharing information and speaking on provincial and national issues. In some provinces, the associations also coordinate collaborative purchasing.

Consortia and Collaborative Purchasing Groups

Several provinces have significant purchasing consortia, including British Columbia, Alberta and Ontario.

British Columbia Libraries Cooperative: A non-profit corporate body established in 2009, the BC Libraries Cooperative coordinates group licensing and purchasing of electronic content and services, as well as the implementation of technology across BC libraries. Projects include implementing the SITKA Evergreen Project (an integrated library system), Bibliocommons discover layer and database licensing.

The Alberta Library: A consortium of over 290 member libraries that includes public, university, college, technical institute and special libraries. Established in 1997, The Alberta Library licenses online products as well as coordinating projects and services among member libraries.

Southern Ontario Library Service: SOLS supports the delivery of library service across Southern Ontario and coordinates group purchases of print and electronic content on behalf of the Ontario Ministry of Tourism and Culture. Established in 1989, it serves the municipalities of almost 200 libraries from Windsor to the Quebec border and north to Muskoka.

REFERENCES

"B&T launches Axis 360 Library Media Platform at ALA," Publishers Weekly, June 24, 2011, accessed August 5, 2011. <http://www.publishersweekly.com/pw/by-topic/digital/content-and-e-books/article/47731-b-t-launches-axis-360-library-media-platform-at-ala.html>

"ProQuest acquires ebrary, January 6, 2011," ProQuest, accessed July 22, 2011. <http://www.proquest.com/en-US/aboutus/pressroom/11/20110106.shtml>

Kelley, Michael, "EBSCO Previews Remodeled Platform Integrating NetLibrary Ebooks," LibraryJournal.com, accessed August 5, 2011. http://www.libraryjournal.com/lj/newslettersnewsletterbucketacademicnewswire/889816-440/ebSCO_previews_remodeled_platform_integrating.html.csp

Rapp, David, "3M to Launch Library Ebook Lending Service at ALA Conference," LibraryJournal.com, accessed July 22, 2011. http://www.libraryjournal.com/lj/home/890729-264/3m_to_launch_library_ebook.html.csp

Whitney, Paul. *EBooks and Public Lending Right in Canada*. June 2011, accessed July 29, 2011. <http://www.plr.ca/PLR/documents/FinalreportinEnglish.pdf>

CONSULTATION

Brian Risse, Cengage Learning | Gale
 Brianne Carlon, OverDrive
 Christine Middlemass, Vancouver Public Library
 Ed Roche, EBSCO
 Gayle Gossen, Consultant
 Janet Tomkins, Vancouver Public Library
 Jefferson Gilbert, Canadian Urban Libraries Council
 Mary Beth Perrot, ProQuest
 Michael Ciccone, Hamilton Public Library
 Paul Whitney, Consultant
 Samuel Richmond, Vancouver Public Library
 Sandra Singh, Vancouver Public Library
 Scott Wasinger, EBSCO

APPENDIX. PRINT PURCHASING IN LIBRARIES

The following is an overview of traditional purchasing in Canadian public libraries. Electronic content, including eBooks, has affected these models in the past fifteen years, creating new roles and processes for electronic materials.

COLLECTION POLICIES

Libraries develop collection policies to guide purchasing, addressing issues that include demand, community needs, preservation of local materials and format choices. In public libraries, collection policies are approved by the library's board. They are implemented by individual librarians, by centralized selections groups or through contracts with library vendors.

Typical collection policies will address a library's commitment to balancing user demand for popular materials with providing material on a range of topics. They will address a library's goals of providing access to information and resources for lifelong learning. They often identify a library's commitment to reflecting the diversity of their communities through language and cultural materials.

Collection policies broadly state purchasing priorities, which usually include a commitment to collect local material "comprehensively" for both access and preservation. With limited budgets, public libraries prioritize local, regional and provincial materials. Material from nearby provinces may be purchased before material from regions across the country, and Canadian material is purchased before international resources.

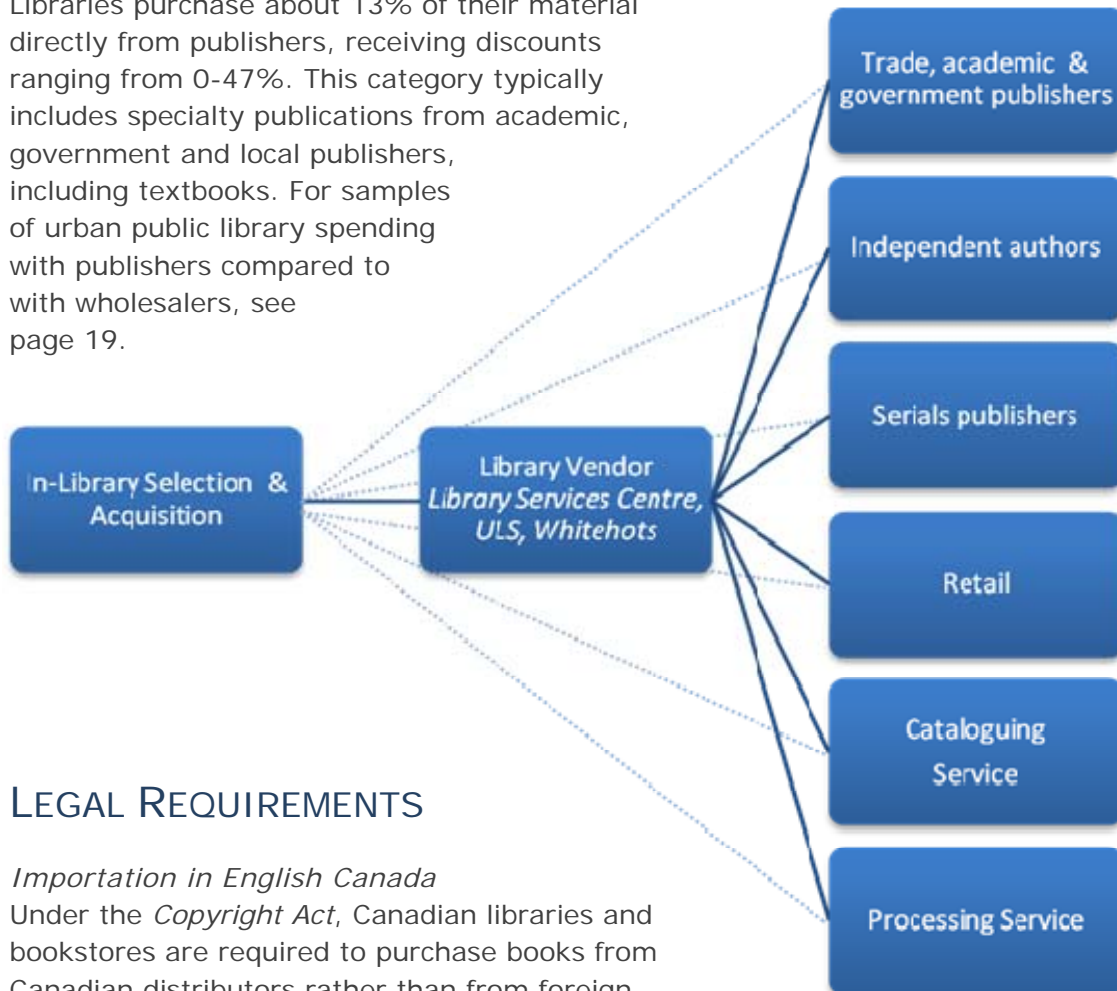
Public libraries in Canada increasingly focus on purchasing circulating materials. Circulation numbers are the primary metric used to determine the success of a library by its funders. Historically, many large urban libraries also purchased materials for specialized research use in the library (reference material). With declining or static budgets, many urban libraries have prioritized circulating material, leaving preservation and research to academic institutions.



PURCHASING

Public libraries purchase material primarily from library service providers (wholesalers) who may supply purchase alerts, cataloguing and processing services, as well as sourcing material. Libraries expect 30-40% discounts on trade titles, affected by the size of the account and exclusive arrangements. Discounts are lower on speciality materials.

Libraries purchase about 13% of their material directly from publishers, receiving discounts ranging from 0-47%. This category typically includes specialty publications from academic, government and local publishers, including textbooks. For samples of urban public library spending with publishers compared to with wholesalers, see page 19.



LEGAL REQUIREMENTS

Importation in English Canada

Under the *Copyright Act*, Canadian libraries and bookstores are required to purchase books from Canadian distributors rather than from foreign-owned suppliers when a contract for exclusive distribution rights exists. At present, purchasing of eBooks is not covered under this section of the *Copyright Act*.

Québec and Law 51

An Act respecting the development of Québec firms in the book industry, known as Law 51, regulates the book trade in Québec. Law 51 requires that public institutions, including public libraries, must purchase their books at full price from accredited bookstores in their region. The application of Law 51 to eBooks is unclear, but librarians in Quebec are attempting to work within the spirit of the law.

LIBRARY ROLES

Traditional roles in libraries are slowly changing as large libraries centralize and purchase vendor services. The following are traditional library roles in print purchasing:

Selections: Deciding which materials should be added to a library's collection. Title-by-title decisions are usually made using catalogues and based on reviews. Large libraries use services provided by library vendors, such as automatic release plans, approval plans and standing orders, described below.

Acquisitions: Ordering and receiving materials by purchase, exchange or gift. This may include negotiating with outside agencies, such as publishers, wholesalers and other library vendors, as well as budgeting and financial reporting.

Cataloguing: Describing material so that the patron can find it. Libraries may create original catalogue records, "copy catalogue" from another local library, or purchase catalogue records from a service.

Processing: Preparing the item for circulation. This may include reinforcing the binding, adding labels for call numbers, stamping for identification or adding barcodes and security tags or RFID tags.

Electronic Resources Librarians

Some large public libraries and academic libraries have introduced the role of electronic resources librarian to fill a gap in traditional library purchasing roles. These librarians provide a bridge between librarians managing traditional collections, technical staff that are needed to offer online services and vendors who provide electronic content. Large public libraries may offer more than fifty electronic resources, including online journal databases, digital newspapers and subscription websites. Electronic resources librarians' responsibilities may include the following:

- coordinating trials to evaluate new products or compare products
- negotiating licenses for products including pricing and authorized use
- liaising between subject specialists and vendors for content selection
- ensuring that authentication is set up correctly so that only authorized users can access online content
- coordinating the delivery of catalogue records for individual titles held in databases, and ensuring the records are loaded into the library catalogue
- supporting customers' use of online products from home by providing training and task-based assistance via email and telephone
- coordinating training for other library staff and the public on using electronic products

Online eBooks have been part of the portfolio of products managed by electronic resources librarians. They have been provided by the same vendors who supply other electronic resources, and they fit the database model. As a result, electronic resources librarians have been the first group dealing with downloadable eBooks and eBook readers in public libraries (along with front line staff).

SELECTION & PURCHASING SERVICES

While libraries continue to select material on a title-by-title basis using catalogues, use of vendor services has increased considerably over the last ten to fifteen years as library staffing and budgets have declined. As in the print marketplace, libraries will seek bulk purchasing services for eBooks. For print purchasing several services exist:

Standing Orders, Blanket Orders and Automatic Release Plans (ARP)

The library creates a purchasing profile that specifies the type of material to buy in a certain subject, as well as a budget. The publisher or dealer supplies the library with new titles as they are released, based on a pre-established agreement. These plans are used mainly by large public and academic libraries to reduce the amount of time staff spends on selecting and acquiring materials and to provide new materials faster. They are most effective in narrowly-defined areas, which might include travel, graphic novels, large print, or multilingual material. These purchasing plans may specify that a library receive all books published by a specific specialty or government publisher. Problems occur when sufficient books are not published in the category in the year, resulting in under-spent budgets. In some cases the library receives material "on approval," providing the option of returning unwanted material.

Lease Plans

Libraries can lease bestsellers at a fixed monthly fee to meet high demands in the initial publication period. After a prescribed period of time, or a decline in demand, the library returns copies for credit towards new books. Leased books arrive fully-catalogued and processed for circulation. Use of this service is declining.

Cataloguing

Libraries often receive electronic bibliographic records when a title is ordered. The record, in MARC format, can be loaded into the library catalogue individually or batch-processed. OCLC is the primary supplier of bibliographic records, although wholesalers may employ in-house cataloguers.

Shelf-Ready

The library receives materials that are ready for borrowing, usually at a fixed charge per item. Processing available from wholesalers may include cataloguing, identifying items with the library's ownership mark and applying labels, barcodes or RFID tags.

PRINT VENDORS

Seven dominant players operate in the public library market in Canada, providing the services for print materials described above and representing more than 90% of public library wholesale use. As privately-owned companies or subsidiaries, sales data is not available.

- Library Services Centre, Waterloo, ON. Cooperative of Ontario public libraries.
- United Library Service (ULS), Calgary, AB. Privately-held.
- Whitehots, Aurora, ON. Privately-held.
- S&B Books Limited, Mississauga, ON. Privately-held.
- Library Bound Inc., Waterloo, ON & BC. Privately-held.
- Baker & Taylor, Charlotte, NC. Privately-held.
- Coutts Library Service, US-owned, Niagara Falls-based.