

CAP & MIKEY PRESS NEGOTIATION CASE STUDY

LIBRARY ROLE

THE SITUATION

It is September 2023, and you are Andy, the manager of acquisitions at a public, doctoral granting institution. You have just received a proposal for the renewal of a small journal package (50 journals) that you subscribe to from Cap & Mikey Press, a private publisher of society journals for the sciences and social sciences. In 2019, your library paid \$14,500 and had a total use of 1,273, providing a cost/use of \$11.39. This is the last year of a 3-year deal, where the price increased 6% each year. Exhibit 1 outlines three renewal options for a 1-year, 2-year, and 3-year deal:

Exhibit 1. Proposed Renewal Prices for Cap & Mikey Press Journal Package

Vendor Proposed Pricing	2024 Price	2024 Est \$/Use	Annual % Increase	2025 Price	2026 Price	Total Contract Price
2024 Proposed Pricing - 1 YR	\$15,950	\$12.53	10%			\$15,950
2024 Proposed Pricing - 2 YR	\$15,515	\$12.19	7%	\$16,605		\$32,120
2024 Proposed Pricing - 3 YR	\$15,225	\$11.96	5%	\$15,990	\$16,785	\$48,000

Multi-year deals are paid on an annual basis.

The proposal also includes updated terms and conditions and includes a non-disclosure agreement (NDA). This NDA presents a problem as the collections group has recently developed a new master agreement with ideal terms and guidelines for unfavorable license terms, which you are using to evaluate contracts. These guidelines include striking out non-disclosure agreements, based on the premise that you represent a public institution that is funded by taxpayer dollars. The removal of non-disclosure agreements ensures transparency in how library funds are spent.

BACKGROUND

After decades of high price increases due to the scholarly publishing industry being controlled by a few major players (an oligopoly), many educational institutions are working to strike NDAs from their licenses to ensure fair pricing. Many institutions and consortia are moving away from “Big Deals”, which have been historically purchased as large journal packages that define value by giving instant access to a large volume of published work. These “Big Deals” are predicated on the idea that the library should purchase large volumes of journals just in case scholars need access to it. However, publishers are

starting to see the writing on the wall and are now looking at new ways to recoup lost revenues from the cancellations of packages as libraries move to point of need acquisition models. One avenue that publishers have been pursuing is the move journals to open access and shift the revenue stream to charging article processing charges (APCs) to scholars and some are creating the “new even bigger deal” with transformative agreements to shift the cost back off the individual scholars and back to the library. Cap & Mikey have not made this move yet, but from what you’ve learned when attending a recent conference, it is a likely future direction, if another publisher doesn’t acquire them first.

Due to your library’s flat collection budget, you are moving towards a just-in-time acquisition model by using rapid interlibrary-loan (ILL). As a result, you are looking at all journal packages to determine the value that they present to the organization. In addition, you also need to consider that the larger collections group has also been directed by library administration to find a way to cut \$100,000 from the resource budget this year. The direction is primarily due the flat budget allocation from the university, combined with a high subscription inflation rate. Overall, after a dip in price increases for electronic resources to 3-4% during the Covid-19 pandemic, Library Journal is predicting prices to increase to 5 to 5.5% in 2024, returning closer to the averages seen (5-6%) prior to the pandemic.¹

JOURNAL PACKAGE ANALYSIS

To evaluate the offer from Cap and Mikey Press, you work with the electronic resource assistant and the resource sharing librarian to understand the costs of subscribing to the journals that are in the package in different ways. See **Exhibit 2** for this analysis. The *2024 Journal Pricing* represents the cost of subscribing to the individual title. The *2023 ILL/Cost Article* represents the cost of acquiring a single article for that journal. This cost is multiplied by the *September 2022 – August 2023 Use* to estimate what the *Total ILL Cost* could have been if that title the library hadn’t had a subscription.

¹ Bosch, S., Romaine, S., Albee, B., Elliott, C. M. (April 11, 2023), “Going for gold, deep in the red: periodical price survey 2023,” Library Journal, Accessed October 25, 2023 at <https://www.libraryjournal.com/story/going-for-gold-deep-in-the-red>

Exhibit 2. Cap & Mikey Price & Use Analysis

Title	September 2022 – August 2023 Use	2024 Journal Pricing	2024 Price/Use (Sorted by this column)	2023 ILL Cost/Article	Total ILL Cost
Journal 1	121	\$167.00	\$1.38	\$20.00	\$2,420
Journal 2	119	\$235.00	\$1.97	\$20.00	\$2,380
Journal 3	65	\$182.00	\$2.80	\$20.00	\$1,300
Journal 4	70	\$211.00	\$3.01	\$20.00	\$1,400
Journal 5	64	\$195.00	\$3.05	\$20.00	\$1,280
Journal 6	31	\$148.00	\$4.77	\$20.00	\$620
Journal 7	37	\$209.00	\$5.65	\$20.00	\$740
Journal 8	135	\$915.00	\$6.78	\$25.00	\$3,375
Journal 9	46	\$354.00	\$7.70	\$20.00	\$920
Journal 10	53	\$420.00	\$7.92	\$20.00	\$1,060
Journal 11	14	\$136.00	\$9.71	\$20.00	\$280
Journal 12	25	\$266.00	\$10.64	\$20.00	\$500
Journal 13	39	\$437.00	\$11.21	\$20.00	\$780
Journal 14	26	\$342.00	\$13.15	\$20.00	\$520
Journal 15	47	\$681.00	\$14.49	\$20.00	\$940
Journal 16	19	\$280.00	\$14.74	\$20.00	\$380
Journal 17	51	\$755.00	\$14.80	\$25.00	\$1,275
Journal 18	12	\$179.00	\$14.92	\$20.00	\$240
Journal 19	17	\$288.00	\$16.94	\$20.00	\$340
Journal 20	24	\$408.00	\$17.00	\$20.00	\$480
Journal 21	18	\$357.00	\$19.83	\$20.00	\$360
Journal 22	21	\$424.00	\$20.19	\$20.00	\$420
Journal 23	9	\$187.00	\$20.78	\$20.00	\$180
Journal 24	20	\$422.00	\$21.10	\$20.00	\$400
Journal 25	27	\$588.00	\$21.78	\$20.00	\$540
Journal 26	19	\$426.00	\$22.42	\$20.00	\$380
Journal 27	8	\$199.00	\$24.88	\$20.00	\$160
Journal 28	12	\$302.00	\$25.17	\$20.00	\$240
Journal 29	5	\$134.00	\$26.80	\$20.00	\$100
Journal 30	20	\$548.00	\$27.40	\$20.00	\$400
Journal 31	4	\$136.00	\$34.00	\$20.00	\$80
Journal 32	7	\$245.00	\$35.00	\$20.00	\$140
Journal 33	13	\$516.00	\$39.69	\$20.00	\$260
Journal 34	16	\$810.00	\$50.63	\$25.00	\$400
Journal 35	12	\$714.00	\$59.50	\$25.00	\$300
Journal 36	4	\$318.00	\$79.50	\$20.00	\$80
Journal 37	3	\$275.00	\$91.67	\$20.00	\$60

Journal 38	6	\$604.00	\$100.67	\$20.00	\$120
Journal 39	10	\$1,035.00	\$103.50	\$25.00	\$250
Journal 40	2	\$265.00	\$132.50	\$20.00	\$40
Journal 41	5	\$663.00	\$132.60	\$20.00	\$100
Journal 42	3	\$458.00	\$152.67	\$20.00	\$60
Journal 43	4	\$611.00	\$152.75	\$20.00	\$80
Journal 44	1	\$207.00	\$207.00	\$20.00	\$20
Journal 45	1	\$211.00	\$211.00	\$20.00	\$20
Journal 46	1	\$217.00	\$217.00	\$20.00	\$20
Journal 47	1	\$373.00	\$373.00	\$20.00	\$20
Journal 48	1	\$421.00	\$421.00	\$20.00	\$20
Journal 49	3	\$1,265.00	\$421.67	\$25.00	\$75
Journal 50	2	\$1,339.00	\$669.50	\$25.00	\$50
Total	1273	\$21,078.00	\$16.56		\$26,605.00
2023 Actual Package Price		\$14,500.00	\$11.39		

You meet with your Associate Dean of Collections and they ask you to look into what points it makes sense to individually subscribe to resources or use ILL versus renewing the current package. They want to understand if it is possible to either subscribe to a smaller package or if the best move is to go a la carte if the vendor won't move on pricing for the larger package. You prepare an analysis which is shown in Exhibit 3.

Exhibit 3. Analysis of Individual Subscription/ILL costs If No Package Deal is Signed

Journals to subscribe to	Cost of Individual Subscriptions	Estimated ILL Cost for Access to Remaining Journals	Estimated Total Cost
Journal 1	\$167	\$24,185	\$24,352
Journals 1-2	\$402	\$21,805	\$22,207
Journals 1-3	\$584	\$20,505	\$21,089
Journals 1-4	\$795	\$19,105	\$19,900
Journals 1-5	\$990	\$17,825	\$18,815
Journals 1-6	\$1,138	\$17,205	\$18,343
Journals 1-7	\$1,347	\$16,465	\$17,812
Journals 1-8	\$2,262	\$13,090	\$15,352
Journals 1-9	\$2,616	\$12,170	\$14,786
Journals 1-10	\$3,036	\$11,110	\$14,146
Journals 1-11	\$3,172	\$10,830	\$14,002
Journals 1-12	\$3,438	\$10,330	\$13,768
Journals 1-13	\$3,875	\$9,550	\$13,425
Journals 1-14	\$4,217	\$9,030	\$13,247
Journals 1-15	\$4,898	\$8,090	\$12,988
Journals 1-16	\$5,178	\$7,710	\$12,888
Journals 1-17	\$5,933	\$6,435	\$12,368
Journals 1-18	\$6,112	\$6,195	\$12,307
Journals 1-19	\$6,400	\$5,855	\$12,255
Journals 1-20	\$6,808	\$5,375	\$12,183
Journals 1-21	\$7,165	\$5,015	\$12,180
Journals 1-22	\$7,589	\$4,595	\$12,184
Journals 1-23	\$7,776	\$4,415	\$12,191
Journals 1-24	\$8,198	\$4,015	\$12,213
Journals 1-25	\$8,786	\$3,475	\$12,261
Journals 1-26	\$9,212	\$3,095	\$12,307
Journals 1-27	\$9,411	\$2,935	\$12,346
Journals 1-28	\$9,713	\$2,695	\$12,408
Journals 1-29	\$9,847	\$2,595	\$12,442
Journals 1-30	\$10,395	\$2,195	\$12,590
Journals 1-31	\$10,531	\$2,115	\$12,646
Journals 1-32	\$10,776	\$1,975	\$12,751
Journals 1-33	\$11,292	\$1,715	\$13,007
Journals 1-34	\$12,102	\$1,315	\$13,417
Journals 1-35	\$12,816	\$1,015	\$13,831
Journals 1-36	\$13,134	\$935	\$14,069
Journals 1-37	\$13,409	\$875	\$14,284

Value is better than 1-year deal

Value is better than 2- or 3-year deals

Journals 1-38	\$14,013	\$755	\$14,768		
Journals 1-39	\$15,048	\$505	\$15,553		
Journals 1-40	\$15,313	\$465	\$15,778		
Journals 1-41	\$15,976	\$365	\$16,341		
Journals 1-42	\$16,434	\$305	\$16,739		
Journals 1-43	\$17,045	\$225	\$17,270		
Journals 1-44	\$17,252	\$205	\$17,457		
Journals 1-45	\$17,463	\$185	\$17,648		
Journals 1-46	\$17,680	\$165	\$17,845		
Journals 1-47	\$18,053	\$145	\$18,198		
Journals 1-48	\$18,474	\$125	\$18,599		
Journals 1-49	\$19,739	\$50	\$19,789		
Journals 1-50	\$21,078	\$0	\$21,078		

ACTION NEEDED

You present the information you gather and your analysis at the monthly collections group meeting where the group will work to develop a negotiation strategy that includes:

- Determine priorities
- Identify alternatives
- Determine the BATNA (best alternative to negotiated agreement)
- Create the counteroffer
- Define the ZOPA (zone of possible agreement)
- Pinpoint concessions

After preparing this strategy you email Sara to set up a meeting to discuss the renewal for the first week of October.