

ACES DATABASE NEGOTIATION CASE STUDY

VENDOR ROLE

Tip for analyzing this case: Don't worry about using a calculator for complex calculations. Any calculations needed for this case are provided.

THE SITUATION

You are John, a sales representative for Delta Information Resources. You have a meeting scheduled with Jane, an electronic resources librarian at a public doctoral-granting institution, to discuss the renewal of the ACES Database. You sent her an email outlining the renewal price which is a 10% increase over the prior year's price of \$20,000 after 5 years of no price increases as well as the value that the resource provides based on individual price/use. In 2021 the platform was updated to improve user experience including accessibility. See **Exhibit 1** for details on the offer.

Exhibit 1. Initial Renewal Offer – E-mail from the sales representative who supports ACES database.

Hello Jane,

The price for renewing the ACES Database for 2024 is \$22,000. This is an incredible value based on usage during the last year, where downloaded content, if acquired individually, is valued at over \$100,000 in the private sector.

Content Area*	Annual Use	Individual Price/Use	Total Value
<i>B</i>	<i>812</i>	<i>\$ 20</i>	<i>\$ 16,240</i>
<i>C</i>	<i>505</i>	<i>\$ 75</i>	<i>\$ 37,875</i>
<i>D</i>	<i>964</i>	<i>\$ 60</i>	<i>\$ 57,840</i>
<i>E</i>	<i>27</i>	<i>\$ 45</i>	<i>\$ 1,215</i>
<i>Total</i>	<i>2,315</i>		<i>\$ 113,170</i>

In addition, as you know we were recently acquired by Delta Information Resources. As a result, we have a new license agreement. I have attached this agreement for your perusal.

Please let me know what time works for you to discuss ACES, how people are using it, and your renewal. I look forward to the discussion.

Best,

John

**Note Content Area A is openly available government collected data and presents no additional value, so it is not reported by the vendor.*

BACKGROUND

ACES is a database heavily used by practitioners in public health and in a variety of other healthcare fields. The primary purchasers for this database typically are healthcare providers and government agencies. The academic market is a secondary market that purchases the database to help students learn to use the tools and resources commonly used in the field. There are three competitive products that provide similar content with some overlap: Beta, Gamma, and Epsilon. All four databases offer access to government data on health-related topics (Content Area A). **Exhibits 2 & 3** summarize additional information you gather.

Exhibit 2: Content Overlaps & Unique Attributes

Data Source	Overlapping Content Area							Unique Attributes
	A	B	C	D	E	F	G	
Government (Open)	X							None
ACES	X	X	X	X	X			Proprietary analysis, learning tools
Beta	X	X	X	X	X	X	X	Proprietary analysis
Gamma	X	X	X				X	Proprietary analysis
Epsilon	X	X		X	X	X		None

Exhibit 3: Accessibility, User Experience (Difficulty), Target User

Data Source	Accessibility	Difficulty Level	Target User
ACES	Designed for accessibility	Somewhat difficult	Professional practitioner
Beta	Not designed to support accessibility	Very difficult	Professional practitioner
Gamma	Designed for accessibility	Easy	Academic students
Epsilon	Some features are designed for accessibility	Somewhat difficult	Professional practitioner

ANALYSIS OF THE NEW LICENSE AGREEMENT

From your experience with speaking with other universities you know there are a few points in the new licensing agreement that may cause issues:

- Under the termination clause in the contract the new agreement now incorporates language that requires subscribers of the database to destroy all downloaded proprietary data upon termination of the subscription.
- A non-disclosure agreement (NDA) clause is present regarding proprietary information including pricing. Public universities often want to strike this clause.

Your manager has indicated that there is flexibility regarding the destruction of data after termination clause, especially since many universities see this as difficult to control. However, it is important to get guarantees that the data is being used for academic purposes. That said, the company views student use as strategic as they are future professional users, their primary target market. Your manager indicates that they value the NDA clause because it may prevent the easy publishing of prices in openly available e-resource transparency lists. However, he also acknowledges that it likely would not stand up to a FOIA (Freedom of Information Act) request.

PRICE & USAGE HISTORY:

Pricing has been stable for the last 5 years with no increases. The platform for ACES was updated about 10 months ago. Immediately after the update, there were several technical issues that caused the database to be unstable, though it seems like most of the technical glitches have been worked out. Before this, the interface hadn't been updated in 8 years and appeared rather dated. Since the launch of the new interface, however, usage has increased dramatically. This resource, the three competitive resources, and the government data website are also listed in the library's subject guides and course guides. **Exhibit 4** summarizes price and use history.

Exhibit 4. Price & Usage History

Year	2018	2019	2020	2021	2022	2023
Price	\$18,500	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Use	2,435	2,501	2,250	1,815	1,395	2,315
\$/Use	\$7.60	\$8.00	\$8.89	\$11.02	\$14.34	\$8.64

There has not been a price increase in 5 years. You acknowledge that with the Covid-19 pandemic budgets have become tighter. However, the database just had a significant update and use is increasing. Your manager has indicated that they are willing to come down to 7% in price for an annual agreement. However, considering budgetary instability at public universities, further discounts can be offered for multi-year agreements, especially if paid upfront. The lowest price annual price increase you are willing to offer is 1.5% for a 4-year agreement paid entirely upfront in 2022. For the past few years, there has been a drop industry wide for electronic resources to 3-4% due to the Covid-19 pandemic, but Library

Journal anticipates that prices will increase to 5-5.5% in 2024, much closer to the pre-pandemic average of 5-6%.¹

ACTION NEEDED

Jane has asked to meet to discuss the options for renewal. You need to prepare for that meeting by doing the following:

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

After preparing this strategy you meet with Jane to negotiate the renewal of Aces Database.

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>