Agent 3.0 – a shared service provider

The information industry is now moving into the third generation of the delivery of research content to the market. End users want their content on any device, anywhere, anytime and they want to receive only the content that they need. This has implications for all players in the sector – publishers, agents, libraries, end users – and the way in which their roles will need to change.

Standing still is not an option. However, with change comes opportunity, and there are some strong opportunities for agents going forward in providing additional shared services to both publishers and customers. Helping them deal with the change while at the same time providing more effective and efficient solutions to their current challenges is a real opportunity.

DAVID MAIN
CEO
Swets

The delivery of knowledge-based/research content is rapidly moving into a third-generation business model. The first generation was the print only world. The second generation was primarily print plus online access to electronic versions of print content. The third generation will be dramatically different. Knowledge workers – researchers, authors, teachers – will drive the reshaping of the sector. The things that they can do and how they can do them in the digital-driven sectors of their personal lives will be expected or demanded for their professional lives. 'Knowledge Workers 3.0' will expect to be served equally well in their professional lives and in their personal lives. The leaders in the sector, across the whole value chain, will be the ones that adapt to new devices being used, new ways of receiving content and new tools for working with the content to meet the needs of the increasingly demanding knowledge worker.

The industry structure will change

There is no reason to assume that the academic and research publishing market will be significantly different from other media sectors, such as the music, movie or news industries. All these industries have seen many new players building leadership positions (Apple, Amazon, Netflix, Huffington Post). Linked to new entrants, there have been many established large players running into problems (HMV in the UK, Borders in the US, Blockbusters in the US, and many, many

newspapers). Existing participants in the market – publishers, agents and libraries – will have to change and adapt to continue to succeed. Existing business models will have to change. If you stand still, you will be run over!

Five inevitable directions

Over the past year, I have talked to end users, publishers and technology-focused companies in more than 15 countries, as well as reading research on the industry that many of you will also have read. It seems to me there are at least five inevitable directions of change.

Firstly, the movement to e-content will continue and in many institutions, or with many end users, will become the exclusive format. Secondly, content will need to be available anywhere, anytime and on any device. Thirdly, the market evolution will be similar to what has already happened in the music market, i.e. the market will be driven by the end user being able to buy what they want and how they want it.

As with the music sector, people wish to be able to buy content in the way they want, i.e. by the article (song) not just by the journal (album). So the current content formats, books and journals, will become more unbundled over time. In the music industry, this was reflected within iTunes, the market leader, where the dominant part of the sales volume was in the form of individual songs being sold, as opposed to albums. Re-aggregation

of content will be based on end-user needs, and not be publisher centric. This is comparable to playlists, or remixes in music. We are increasingly seeing the emergence of bespoke text books/ course packs that are built up from combinations of publishers' and other free or personal content.

Fourthly, content will become increasingly multimedia, and fifthly, as content becomes multimedia, there will be a blurring/merging of publishing and e-learning.

Market growth will be helped by respect for, and management of, digital rights

One of the key questions here is how this will affect the potential size of the market. I believe that this will not necessarily go the way of the music market, which was to decline significantly. It is important to remember that academic publishing is not a mass consumer market, but a narrower and well-defined, primarily business-to-business (B2B) market, with a higher respect for, and a better ability to manage, digital content rights. There are key growth trends that underpin market growth over the medium- to long-term at a global level. It is not clear, though, how the value in this new market will be distributed. No part of the value chain will be untouched by the changes at hand. How fast will this happen – who knows; but, fast enough that we all need to be moving forward continuously!

Gearing up for the new market

So what do these trends mean for our sector? Some of the implications are:

- Selling content will become increasingly difficult and expensive for all publishers to manage on their own. Technical knowledge and technological capabilities are difficult to understand, build, manage and afford. This suggests an increasing need for medium- and long-tail services in this area.
- The library's roles in providing and managing e-content will be harder to fulfill for smaller libraries. Having the right technological platform to manage content delivery to end users onto multi-devices and managing the digital rights properly will be beyond the stand-alone

capabilities of many libraries. The need for shared capabilities and services across libraries will grow going forward.

- End users will be increasingly active participants, driving the procurement of content and defining how they want it delivered. They are interested in content being delivered to them in the same way that they access content day to day on the web – simply, completely and not defined by a publisher.
- End users will expect new services based on new, emerging technologies. In many cases, there will be a need for intermediaries, such as libraries, to coordinate and provide these services. The needs are broad as end users often have multiple roles – they can be researchers, authors, teachers, or often a combination or all of these. In times of change, the numbers of opportunities grow!

Evolving the focus of an agent into new value-added areas

In thinking about the role of the agent going forward, I first want to define what an agent is and could be. An agent in the historic context is an intermediary between a buyer and a seller; and in the case of the publishing world, it is the buying and selling of content. The value proposition for the seller is an additional channel to market plus the provision of administrative efficiencies and services around the selling transaction. In the case of the buyer, the value proposition is the provision of a single point of purchasing and related services, rather than having to buy from a large number of suppliers with different systems, rules, licensing restrictions, payment requirements, etc. Effectively, the agent is providing an aggregated or shared service where it can provide better value to the seller and/or buyer than can otherwise be achieved.

In terms of the role of the agent going forward, the question is: are there other aggregated/shared services that could also be provided that add real value to the buyers and sellers? Under this vision of 'shared service provider', a much larger set of players are included in the market, who have found roles as intermediaries already without being specifically focused on a content purchase activity. Examples include OCLC, ProQuest and ILS providers, to list just a few.

Unbiased by the ownership of content

To date, a number of shared service suppliers, including EBSCO and ProQuest, have made significant moves to integrating with owning content. This is in line with many similar moves in other sectors where players integrate forward or backward in the value chain to claim larger shares of the 'value add'. I believe that there are equally good opportunities to service end users as an intermediary, unbiased by the ownership of content and focused on *servicing* libraries instead of selling to them. Effectively, Agent 3.0 provides an aggregated or shared service that provides better value to sellers and buyers as a 'shared service provider'.

Maintaining a neutral position

In the last few years, Swets has expanded its scope of transaction-based services while maintaining its neutral position in the market. It now has better geographic coverage of the market, and has expanded its footprint in content beyond academic journals. Globally, Swets now has the largest aggregated e-book offer. Locally, on a country-by-country basis, it responds to its customers' needs by providing other content, for example, specific, local-language content, or a print book offer.

Setting up flexible shared services

In terms of non-transaction-based services, the range of shared services that can be seen in other markets includes information services, SaaS (software as a service) services, specific technology applications that add new value and outsourced services. Interestingly, the private sector to date has been somewhat slow to respond to this opportunity. Some of these initiatives were started by governmental bodies in concert with libraries. In my view, these services should be provided by the private sector (clearly driven by the demands of customers), thus eliminating delays caused by consensus-driven decision making, enabling government institutions to get back to the basics of what they should be doing.

Cost-effective route to market

Up to this point, larger publishers have been actively outsourcing parts of their business to create a more volume-responsive structure. The challenge going forward is to find ways to really drive the top line as the leverage of sales growth in the e-world is high. For all publishers, there will be areas where agents are the more cost-effective route to market, taking all costs into consideration. There will also be countries, customer segments, or content sets where agents can provide better selling-based services. For medium and smaller publishers, it is increasingly difficult to keep up with the new and changing content delivery requirements of the market, as well as sales demands, and they will increasingly need focused help. For strong and sustained high-quality services, publishers are going to have to, in a more balanced way, share risk (in terms of up-front costs) and rewards in return for flexibility and better market reach.

One-stop shops and virtual libraries

For libraries and institutions, there are many opportunities. The corporate world is clearly quicker in wanting and responding to simpler, better and faster services for their researchers. In general, they are not worried about the legacies of their 'library services' activities like the academic institutions are. One-stop shops and virtual library services are increasingly more interesting. Corporates would prefer to have someone else figure out how to knit together all the services they require. Their skilled resources have more important things to do.

New and better services to academic end users

In general, the academic sector will evolve at a slower pace than the corporate sector; however, in some countries such as the UK and USA, the increasing economic pressures will result in an increasing need, and desire, to explore new options to provide a simpler and better service. It is important to note that it is not just about providing a more efficient service, but, equally importantly, it will be about providing new and better services to the end users.

For libraries, there is an increasing need for services around selection management (getting the best value for money in content purchases with a limited budget). They want more than just efficient processing and administration of content purchases. On the service side, the more progressive libraries want their end users to be able to find the content they require through improved research and discovery services that improve research productivity and effectiveness. And of course, that content should ideally be provided to any device with appropriate DRM controls on the delivery. What they will not want is their end users having to deal with each publisher's own solution to multiple-device delivery. Most libraries need an intermediary to solve this rather than having everyone come up with a different solution.

Some libraries will also get more involved in technology-based services which provide end users services in other roles, such as teaching services, so that the professors do not have to master the technology themselves. For example, for a distance education course, libraries could provide the skills required to create multimedia e-learning solutions with a professor's selected content. Intermediaries could have a role here.

Agent 3.0 - a healthy road forward

For agents to effectively provide a broader range of services, and for libraries to become more efficient and provide more services, I would expect to see libraries choosing fewer service providers. Buying technology solutions and having to integrate them themselves, rather than buying an integrated set of services, is a slow and costly route forward. Cherry picking always looks better on paper, but rarely is! This may also mean that a number of services may be sold separately from the purchase of content. Tendering for content is different from buying services to make the library or institution more efficient and effective.

I am confident that there is a healthy road forward for Agent 3.0, or 'shared service provider', and I am also sure that in three years' time, agents will look very different to what they are today.

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■ **David Main**
Chief Executive Officer
Swets
E-mail: dmain@nl.swets.com