The Evolving Environment for Scholarly Electronic Monographs

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1. Introduction

Ithaka was retained by the Mellon Foundation to conduct a study of the BiblioVault initiative and how it fits into a complex and evolving electronic publishing environment. This report summarizes what we learned about the evolving environment for digital printing and electronic distribution technologies and how these are impacting the academic press community. Because we are in a period of rather dramatic change, there are a wide range of perspectives on what is happening and what needs to happen. This report attempts to weave these threads into a coherent picture of the opportunities and challenges created by digital technologies for scholarly presses. It is based primarily on interviews with press directors, other press staff, and others who offered valuable perspectives on the academic publishing industry. These sources are listed in Appendix A.

We begin the report with background on the university press environment and the development of services to support publishing of electronic monographs, with an emphasis on services supporting the creation and maintenance of electronic book files such as print on demand (POD), short run printing (SRP), digital remastering (conversion of existing print books to electronic files), and electronic repository services. We describe the leading commercial services available and what appear to us to be the major met and unmet needs of the community. We then explore the question of when it makes sense for academic presses to outsource one or more of these activities. The next section examines the demand side of the equation – specifically, the market for electronic content, issues related to e-distribution and copyright protection, and again what services are needed for the community to take full advantage of opportunities afforded by electronic distribution. Finally, we will highlight several of the major themes that emerged from this study.

2. The Evolving Environment for Scholarly Electronic Monographs

Scholarly presses have experienced decades of falling demand for monographs, and have reached a point at which many could not survive without substantial subsidies from their host institutions. Some key factors depressing demand include falling library budgets for monographs, growing number of titles published, and a more efficient used book market. In addition, most scholarly publishers are skewed toward the humanities disciplines, many of which have experienced falling enrollment, resulting in fewer instructors and thus less demand for books used in these courses. As a result of these trends, expected library sales of new university press monograph titles have dropped from the range of 1000 copies in the 1960s and 70s to 500 copies in the 1980s to approximately 200 copies today.[*] Such dramatic environmental changes call for substantial evolution of scholarly press' operating processes and distribution strategies. Concerns have been raised about the future of the scholarly monograph, as users increasingly turn to online resources for their research, where monographs have a relatively small presence, with the significant exception of online search and location resources that lead to hardcopy sales (such as the websites of Amazon and Barnes and Noble)[†].

There are potential opportunities to improve this situation. Digital print technologies have emerged that make it possible for presses to reengineer their processes, both to become more efficient and to distribute their products more broadly. On the production side, digital printing allows presses to

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[*] Nitterhouse, Denise. "Digital Production Strategies for Scholarly Publishers." University of Chicago Press, 2005, p. 7. Available online at http://www.bibliovault.org/digital_prod_strategies.pdf, accessed June 27, 2005.
[†] See Chuck Hamaker post on Lib-License email list, June 23, 2005. Available online at http://www.library.yale.edu/~llicense/ListArchives/0506/msg00149.html, accessed June 27, 2005.

substantially decrease the size of print runs, reducing costs of unsold inventory and working capital requirements. Many presses have successfully implemented short run printing (SRP) and print on demand (POD) to achieve these benefits in varying degrees. But the problem remains that presses cannot defray the administrative costs of editing, producing, distributing and marketing titles that sell so few copies with their current operating models. Smaller presses generally do not have the economies of scale to perform these tasks efficiently; in 2003 the smallest tier of presses spent about 80% of sales on production, marketing, and fulfillment, compared to 54% for the largest presses.[*] Their processes could be further reengineered by outsourcing many non-editorial tasks. Finally, scholarly presses must find ways to increase demand for their content, and electronic distribution appears to be a promising approach.

In the first part of this report we will briefly describe the ways digital technologies are employed in POD and SRP and the impact these printing innovations are having on press economics. We will then examine the services that are available to enable presses to reengineer their processes in more efficient ways, and how well these are currently addressed in the marketplace. In the second part, we will examine the opportunities in electronic distribution and, again, what services publishers need to take advantage of them.

Usage of POD/SRP

Digital printing technologies allow presses to significantly reduce the size of print runs. While the point at which digital printing becomes more economic than offset printing varies depending on a book's dimensions and other attributes (trim size, page count and finishing), digital printing generally has a lower cost for print runs below 200-500 units. Digital technology through SRP or POD can be used for initial print runs where expected demand is low, and for reprints. The ability to print small quantities economically enables publishers to reduce inventories, to keep books in print that would otherwise go out of print, and to take risks publishing books with narrow or unproven demand. Digital printing is also quicker, particularly for small print runs, enabling publishers to respond efficiently to time-sensitive demand such as when a book is unexpectedly adopted in a large course.[†]

The ability to produce short print runs can help presses to reduce working capital tied up in inventory and operating expenses. An analysis of books stored in the Chicago Distribution Center found that "87% of ISBNs had net sales of 200 or fewer units during the preceding year and had an average of 12 years of sales in inventory, most of which is unlikely to ever sell."[‡] The publisher carries these units as inventory on their balance sheets until they are written off as unsold units, at which point they are reflected as expenses on the income statement.

Some presses, especially the larger ones such as UCP, Harvard, MIT, and Princeton, are successfully employing these technologies. One university press, for example, told us that it has been able to reduce its working capital tied up in inventory to the lowest level in seven years while achieving their third record year in a row for sales. Another press has integrated its inventory management system with that of its POD printer so that orders for designated titles automatically trigger a POD run. And Harvard used digital printing for nearly 70% of backlist reprint orders in 2004.[§] According to one press's assistant director of design and production, digital printing has cut

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[*] Report produced by the American Association of University Presses.
[†] Nitterhouse, pp. 3-6.
[‡] Ibid, p. 8.
[§] Ibid, p. 12.

the warehouse space used by slow-selling backlist titles by half or more.[*] All of these presses have invested in integrating the warehouse inventory systems with print orders to streamline the decision-making process. These examples represent what is happening on the front lines, though many other presses have not yet realized these benefits.

The Supply Side: Services Supporting the Creation and Maintenance of Electronic Book Files

In order to implement POD or SRP, presses need to create digital files in an appropriate format for printing. For backlist titles, creating digital files entails scanning a book to create a TIFF file for each page and converting the TIFF files to a print-ready image (raster) PDF file. For frontlist titles, typesetters typically produce "native" (vector) PDF files, which are used for both offset and digital printing. Before being submitted to POD or SRP vendors, these need to be checked to make sure they will print cleanly. BiblioVault, for example, does this using the Agfa Apogee system, a highly advanced pre-flighting tool that many presses do not have access to on their own. These files must then be stored in a safe place, ideally such that it is easy for a printer to access them when a reprint is ordered. For exploitations of the content other than POD or SRP, including atomized manifestations of content in SRP or POD form and especially for electronic publishing platforms, other formats may be necessary. We did not uncover sound industry standardization in this area. This has been a source of difficulty for presses as they move content to digital formats and it points to a real need. According to Evan Schnittman, Vice President & Senior Director for Rights and Business Development at OUP in New York, before adopting a commercial solution from CodeMantra, it was costing OUP thousands of person-hours to prepare dozens of different versions of the same books to be sent to electronic content marketers like ebrary and NetLibrary. In order to associate book files with distribution partners, OUP had to assign multiple eISBNs to the same book, making it challenging to track activity on these books.

Digital production vendors

At the time BiblioVault was launched, there were no organizations providing digital remastering services and storage tailored for the university press community. These services are crucial to helping presses take advantage of POD and SRP, an important step in process reengineering. Today, a number of commercial vendors have begun to offer digital production services. One of the new leaders in this territory is CodeMantra, a privately owned Pennsylvania firm whose primary operations are in India. CodeMantra provides a range of services, including ebook creation; data conversion and processing; abstracting, indexing and coding; image processing; content management and delivery; and database development. Two key parts of its service offering are digital remastering, for which it charges a flat $75 per title no matter the original format – paper or electronic – and a Digital Asset Management System (DAMS), which is priced at $25,000 for an annual license plus a small per title storage fee. DAMS is a CodeMantra-hosted repository with a Web-based interface enabling publishers to view titles and send them, in appropriate formats, to a list of printers and electronic distribution outlets. CodeMantra has developed what it calls the "Universal PDF" format based on XML that is compatible with 12 leading digital content distributors (including NetLibrary, ebrary, Amazon Search Inside the Book, and Google Print), reducing work for publishers.

CodeMantra recently entered into a well-publicized arrangement with OUP North America to provide digital remastering and repository services for their entire list of 25,000 titles. Another press we consulted has outsourced a number of conversion projects to CodeMantra over the past few years and has been impressed with their quality, timeliness and prices. They are considering

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[*] Ibid, p. 13.

outsourcing additional activities to CodeMantra. CodeMantra claims to have or be in conversations with 15-20 university press clients for the DAMS service and may even offer a shared repository, reducing the initial licensing fee for participating presses. The appeal of these services notwithstanding, it is worth noting that CodeMantra offers a wide range of services at a very aggressive price point, and some have raised concerns about the stability of their business model.

TechBooks, a Virginia company whose primary operations are also in India, is the conversion vendor for BiblioVault. According to TechBooks' website, it provides "a full range of data, document and digital conversion services, including imaging, to publishers, information aggregators, professional societies, financial institutions, government agencies, universities and major corporations."[*] For BiblioVault, TechBooks scans backlist books, uses OCR to generate associated text, and tags the files with chapter-level metadata. Its relationship with BiblioVault is solely as a scanning vendor and is therefore quite different from CodeMantra's relationship with OUP. CodeMantra provides ongoing hosting and a database for OUP's titles along with a commitment to export data to a great variety of ebook outlets using the Universal PDF format, TechBooks is a more straightforward scanning vendor, and delivers files to BiblioVault as they are ready.

A number of digital remastering services (again, we use the term digital remastering to refer to the conversion of print documents to electronic files) have emerged over the past several years, and it is likely that more are to come. These include Innodata, which has a number of book-industry clients, and internal operations at Google and Amazon. Hewlett Packard has an industrial-strength solution that is targeted towards major projects (e.g., the digitization of all the academic libraries of the European Union). Some remastering houses have targeted niches – for example, litigation discovery – and we anticipate seeing other specializations in due course (e.g., microfiche conversion). In our view, remastering is a moving target, whose common elements are that labor-intensive scanning is almost always done overseas, but searchable formats continue to improve with new computer algorithms, which may be developed and processed anywhere on the globe, but most often in the U.S. The key item for the scholarly community is to identify suppliers whose operations have been optimized for the highly fragmented but quality-obsessed academic community. We suspect that scholarly publishers will have to accept trade-offs in price for quality.

Print on demand and short run printing vendors

The commercial POD/SRP book printing market is dominated by two large players, Lightning Source, Inc. (LSI) and Integrated Book Technology (IBT). LSI is a subsidiary of Ingram Book Group, the largest book wholesaler in the U.S. LSI is the pioneer in the field – it was the vendor used by Cambridge University Press, the first university press to adopt POD. It claims to be "One of the largest digital libraries in the industry with more than 100,000 orderable titles, 2,300+ publishing partners, [and] more than 10 million 'on demand' books printed to date."[†] LSI is able to reduce shipping costs for its customers, as its base in La Vergne, Tennessee, is across the street from the main Ingram warehouse. It has also developed computer systems that communicate with the Ingram inventory system.

IBT, based in New York, is another leading digital printer. It has been offering POD/SRP services to publishers since 1991 and counts John Wiley & Sons and Harvard University Press as clients. In July 2004, the trade magazine *American Printer* reported that IBT had printed 250,000 books and 100 million content pages.

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[*] See http://www.techbooks.com/Conversion.html, accessed June 24, 2005.
[†] See http://www.lightningsource.com, accessed June 24, 2005.

Edwards Brothers is the printer used by the CDC for SRP, and has a printing facility located at the CDC warehouse. Founded in 1883, Edwards Brothers is a privately held, $75 million (2004 sales), 700-employee book and journal manufacturer, specializing in short and medium run printing. Edwards is based in Ann Arbor and has four large manufacturing facilities in Michigan, North Carolina, and Kansas. It also owns six "Digital Book Centers," which employ Xerox and IBM digital print technology. The CDC's short run printing operation is one such Digital Book Center. Books produced by the Edwards Brothers shop are deposited directly on the CDC shelves, saving the publisher the cost of freight. Other publishers with warehouses that house digital printing facilities operated by Edwards include Rowman and Littlefield, The National Academies Press, and the UK-based National Book Network.

To Outsource or Not to Outsource?

SRP saves working capital, but has the potential to increase administrative costs if not handled properly. The reprint process typically requires a great deal of staff time, as production staff must track inventory for each title, review their historical sales pattern and predict future sales, make a decision about whether to order a new print run and, if so, determine a number of copies. They must obtain information from the warehouse and communicate decisions to the printers. Because SRP and POD reduce the number of copies printed and therefore the frequency with which such decisions must be made, they could actually increase the amount of staff time dedicated to this activity. In order to realize the full potential benefits of small print runs, publishers must streamline or automate digital production decision making and management.[*] This is one area in which external vendors could be helpful.

As a rule, one would expect smaller players in an industry to outsource more activities, because they do not have the scale to handle them internally. The larger a firm gets, the more likely it is to benefit from the cost savings of bringing processes in house. For small presses with limited resources, it is critical to minimize staff time spent on production and other non-editorial activities. Nevertheless, this rule does not seem to hold today in the university press world – in fact, sometimes the opposite is true. Some larger presses are outsourcing conversion and repository hosting, while smaller presses typically are not.

There are several possible explanations for this phenomenon. First, university presses are generally subsidized by their host institutions and are somewhat insulated from market pressures. One smaller press said that it purchases scanning and conversion from its SRP vendor but archives its digital files internally because this service is provided free by the university library. They are also provided with warehouse space by the university. While justifiable given the importance of university presses in disseminating scholarship, university subsidies distort the incentives and economics of the sector. The second likely reason is that very small presses do not have the management time (and in some cases the aptitude) to make and execute strategic outsourcing decisions. There are too many fires to fight to spend time on re-engineering processes to take full advantage of new technologies, and the administrative burden of forming and managing a vendor relationship creates further disincentive for overburdened managers. Finally, staff members often perform a multitude of tasks, so the benefits of outsourcing one set of activities are limited (since staff costs cannot be reduced by a quarter of a person).

The implication of the larger and more strategically sophisticated organizations outsourcing these functions is likely that these are services that should be outsourced and the smaller presses are

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[*] Nitterhouse, p.10.

simply lagging behind. This would imply that there remains an opportunity for a trusted organization providing these services to play a valuable role in encouraging and motivating smaller presses to take this decision.

The Demand Side: Distributing Electronic Content

Most presses seem to agree that electronic distribution has exciting potential for presses to create new revenue streams, but that this area requires much further development. Several directors of BiblioVault-participant presses said that their primary motivation for joining was the future potential for electronic distribution, even though this service was not clearly defined. There is still considerable uncertainty as to what form of electronic distribution holds the most promise. What is clear is that monographs will continue to lose ground in the world of scholarly communications unless they find more effective ways to exploit the online medium. In this section we will examine two approaches: one is increasing exposure and sales of books through such services as Google and Amazon; the other is making content available online in electronic format.

It is worth noting that not all presses are plunging full speed into electronic distribution. The director of one small press did not believe there would be significant demand for their backlist titles, and a couple were reluctant to take risks in this area. Another small press director said they preferred to let larger first movers experiment and arrive at better models before committing their own resources. This position may be prudent, though it is worth noting that the philanthropic sector can enable even small organizations to take risks that might otherwise be closed to them in the short term.

Increasing exposure

Both Google and Amazon enable presses to increase greatly the potential exposure of their content. In the current environment this exposure primarily helps to generate print sales, but in the future, when electronic content becomes more widely available, end users will be able to choose their preferred format. Several publishers we consulted said that they could already see an impact on print sales due to these channels. Northwestern, for example, receives 230,000 monthly hits on its website due to search engine optimization and an ad campaign with Google and Yahoo.

Of the publishers we spoke to, almost all had signed deals with Google Print's publisher program or were close to doing so. Many felt uncomfortable with the prominence Google is gaining through the Google Print program, but they said that the license terms were unrestrictive and allowed them to remove their content from the Google Print for publishers program at any time.[*]

Amazon, the other major player in this space, has a more transparent business model than that of Google. Its Search Inside the Book feature, which allows visitors to browse online versions of books' tables of contents, front matter, jacket materials, indices, and selected chapters, supports its

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[*] Google Print for libraries poses a quandary for publishers: they are uncomfortable with Google's decision to scan copyright protected books without seeking permission, but they have so far been reluctant to call Google's bluff by having their content removed from the Google Print for publishers database. At the end of the day, the publishers and the authors whose books they publish want to maximize exposure of their content. In these circumstances no publisher wants to take individual action to remove content from Google, but their collective frustration is expressed in Peter Givler's letter on behalf of the Association of American University Presses (AAUP) and Pat Schroeder's letter on behalf of the Association of American Publishers (AAP). One source of anxiety is that Google has never clarified how it intends to make money from these programs, allowing publishers to imagine the worst. A key question is whether Google has aspirations to sell content itself; while Google has generally said that it does not, community members have pointed out that Google co-founder Larry Page filed for a patent for an online pay-per-view application that could be used to develop such a service.

book sales in a more direct way. The experience mimics that of browsing a book in a bookstore. For the most part, scholarly presses welcome the opportunity to distribute monographs through Amazon and are comfortable in their relationship with the online store. A search of "University Press" on Amazon turns up a little over 230,000 search results (though some of these are trade and reference works). Amazon may also have plans to extend its digital content offerings. It already sells ebooks and offers over one million "edocs" for download from its site. In April, Amazon purchased a POD vendor called BookSurge, known for its global production network that allows it to print books in 13 countries.

Electronic content

The ebook concept has generated far more interest from venture capitalists, commercial start ups and non-profit initiatives than from actual readers. There are nearly 20 initiatives active in this space, and ebrary alone is said to have attracted $100 million in venture funding, but as of 2004 estimated annualized industry revenues were only around $13 million (according to the industry trade group the Open eBook Forum).[*] Many publishers have contributed content to these ventures, though none that we consulted are seeing a significant stream of revenues. According to a survey conducted by BiblioVault, 75 percent of their participating presses have submitted books to an ebook vendor.

The most established ebook distributor is NetLibrary, which was launched as a commercial vendor and then acquired by OCLC. According to its website, NetLibrary holds 40,000 titles from 500 publishers and has 7,800 library customers. However, librarians have reservations with NetLibrary's access model, which essentially mimics the limitations of print copies (access is limited to one reader at a time, and only one page can be printed at a time). All the press directors consulted for this project contribute books to NetLibrary, but none feel they get significant monetary benefits from it – they mostly remain involved to experiment with the electronic medium and gauge demand. One problem from the publishers' perspectives is that with print sales they receive roughly 50% of revenues before variable expenses such as royalties, paper, printing, and binding, whereas with NetLibrary their take is only around 10%, though the only cost deducted from this amount is author royalties. One small press director said they contribute "B-list" titles, to avoid cannibalizing the more profitable print sales of top titles.

Other non-profit initiatives include Oxford Scholarship Online (which distributes only OUP titles), Gutenberg-E, University Library, and the Electronic Text Center. Commercial ebook operators include ebrary, Questia, Baker & Taylor, 24x7, Ebook Library, Content Direct, Knovel, Safari, Gale Virtual Reference, and others. Appendix A provides an overview of these ventures.

A variation of ebooks which seems to have appeal is a repurposed or selected monograph content service, which would allow end users to purchase segments of a book, such as an individual chapter, in electronic format. The logic is that few users want to read an entire book online or print it locally, but individual chapters would be more comparable to journal articles (indeed, some monograph chapters are repurposed journal articles). This approach seems particularly promising for coursepacks, though the availability of free e-reserves makes some presses reluctant to pursue it (the subject of e-reserves is expanded upon below). Another concern has been voiced that distributing monograph content in smaller segments effectively negates the unique quality of the monograph format.

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[*] Fishman, Rachel. "Signs of Life for E-Books in 2004." Publishers Weekly, January 7, 2005, p. 16.

Increasing the accessibility of monographs' content online will require new technical approaches and major investments in indexing. Chuck Hamaker, Associate University Librarian at UNC Charlotte, argued that publishers need to provide "better accessibility from existing tools like catalogs, Amazon and other indexes a la the Open URL structure or fixed URL structure – a purely technical approach linking at the chapter level everywhere a chapter is mentioned in sales and finding tools" and "Massive full text indexing, with enough 'context' to let individuals know if they need to go 'get' the book wherever that is …"[*] It does not seem wise to rely too heavily upon a single vendor like Google for these types of decisions and investments.

E-Distribution and copyright protection

The Google Print for libraries program has escalated a brewing conflict between librarians and academic presses over the boundaries of Fair Use. Librarians have taken an aggressive stance in interpreting Fair Use to cover distribution of scanned copyrighted materials on e-reserves, arguing that this is no different than providing photocopied print materials on reserve.[†] Many instructors effectively apply the same interpretation when they make such materials available through online course materials. Publishers, on the other hand, contend that providing simultaneous access to multiple users from any location on the campus network goes beyond the provisions of Fair Use. These practices directly endanger revenue from coursepacks, whose primary market is thus able to access them for free. Equally alarming is the prospect of killing demand from individual buyers associated with institutions that use a single purchased copy of a book to provide free campus-wide access, a situation with a clear precedent in the journals world, where individual subscriptions have fallen off as libraries made electronic versions available via remote access.

It is difficult for publishers to enforce their rights, since most e-reserves and online courses are behind campus firewalls and thus difficult to monitor. Moreover, university presses are reluctant to take legal action against librarians, who may be part of the same institution. A test case is currently brewing at the University of California, San Diego. In October, 2004, the AAP sent a letter to UCSD asserting that the university's e-reserves library website was in violation of U.S. copyright law. The text of the letter has not been made public, but it appears the AAP objected to UCSD's relatively expansive definition of the fair use of digitized course materials.[‡] The university's e-reserves system (online at http://reserves.ucsd.edu/) apparently permits access to digital materials for all courses to the entire campus IP range, without requiring class-by-class logins and passwords. The library insists that the material posted on the e-reserves site does fall within fair use. With no side seemingly prepared to compromise, it appears likely that this dispute will end up in the courts.

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[*] See Chuck Hamaker post on Lib-License email list, June 23, 2005. Available online at http://www.library.yale.edu/~llicense/ListArchives/0506/msg00149.html, accessed June 27, 2005.
[†] The American Library Association published guidelines regarding the application of Fair Use to e-reserves, essentially arguing that this use meets all four criteria for fair use, and moreover states that "When we act in good faith, reasonably believing that our actions are fair use, in the unlikely event we are actually sued over a use, we will not have to pay statutory damages even if a court finds that we were wrong." See
http://www.ala.org/ala/washoff/WOissues/copyrightb/fairuseandelectronicreserves/ereservesFU.htm, accessed June 24, 2005.
[‡] In a statement to the UCSD student newspaper, Allan Adler, vice president for legal and government affairs for the AAP, said "We wanted UCSD to review with us the process it uses to maintain the accountability and management that ensured [that] the copyright policy was complied with… [the Academic Senate] responded to the challenge in a fairly vague and unhelpful manner. All they told us was that they made changes in the management and overseeing of the accountability of the material used. They didn't inform us of the clear copyright policy they were enforcing." See
http://www.ucsdguardian.org/cgi-bin/print?param=news_2004_10_11_03, accessed June 27, 2005.

Some publishers consulted for this study are hopeful that providing a legitimate e-reserve service, providing electronic versions of content and a copyright clearance mechanism, might be appealing enough to encourage librarians and faculty to 'do the right thing'. This is similar to the view taken by the music industry of Napster or the approach popularized by Apple and the iPod – if you cannot stop people from sharing music files, the next best thing is to provide users with a legitimate option that is more attractive than its black market alternative, while ensuring that IP holders are compensated. The Copyright Clearance Center provides a mechanism for paying a fee to copyright owners, but librarians and faculty do not seem sufficiently enticed by this service alone. If the CCC were combined with a service distributing electronic versions of content, saving librarians and faculty from the trouble of getting materials scanned, perhaps they would feel more inclined to comply. The Duke University Press Director thought the concept of a partnership between BiblioVault and CCC held great promise. Another press director, however, felt that ultimately litigation would probably be the only solution, as librarians and publishers do not share enough common ground in their views.

At least one company, called University Readers, is already attempting to meet this need, providing a digital coursepack service with fully licensed materials. This service seems targeted to faculty more than librarians, judging by the list of endorsements on their website.[*] University Readers offers two main products: free digital companions to print coursepacks, including 10 percent of the materials, and a full digital coursepack with 100 percent of the materials (excluding some content that forbids any form of digital distribution).[†] The success of ventures such as this will provide a clue as to whether there really is pent up demand for a 'legitimate' way to create e-reserves and coursepacks.

Presses also face their own copyright clearance issues in making published works available online. Author contracts that predate the ebook and Internet era do not necessarily provide for the transfer of electronic rights, though many such contracts stipulate a transfer for the use of content by means of "mechanical reproduction." Some publishers are not comfortable asserting a rights transfer based on such language, thereby necessitating burdensome requests for copyright permission from authors. Many monographs contain embedded objects, such as illustrations, for which the publisher does not have any redistribution rights, including for digital editions. Penn State Press, for example, simply blacks these out in the versions distributed on NetLibrary. In some cases journal articles are repurposed as monograph chapters, but the license from the journal publisher does not cover e-distribution. Much staff time is required to investigate each monograph separately, seek the necessary permissions, or remove unlicensed materials. This problem should decline over time as presses revise their contracts, but for now it is a major obstacle to online distribution.

What services are needed

Given the complex environment described above, it is not surprising that most presses are just beginning to experiment with different forms of electronic distribution and are unsure of what services they would need to take full advantage of this opportunity. We explored several variations.

Presses are interested in marketing services aimed at helping them drive revenue via other channels. For example, there seems to be demand for services that help presses generate content in the formats needed for various distribution channels (including non-electronic ones). JHUP has developed good workflows for dealing with digital files for its monographs. They are considering offering these services to other presses in response to strong demand. An extension of this service

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[*] See http://www.universityreaders.com/digital/, accessed June 27, 2005.
[†] Ibid.

might be a content management system that empowers publishers to push their content out to a wide variety of sales channels in appropriate formats, either as ebooks or in atomized chunks. It might also help to manage copyrights by capturing data on permissions. Finally, the service provider could further augment the value of these tools by developing relationships with distributors and facilitating the contractual agreements between publisher and sales channel.

Another concept that has generated a lot of interest is the content aggregation model. The critical question is whether an aggregation of just university press monographs offers sufficient value. We discussed the idea of a database of university press monographs with each of the press directors, and TORCH came up a number of times. Reactions were mixed. Many thought it would be valuable and worth pursuing, and were disappointed that TORCH was "shut down." Others thought it would be great in theory but difficult or impossible to implement given the divergent attitudes among presses. One press director cited other similar initiatives which have come and gone, each exacting some share of staff time and resources. And several did not believe that this aggregation of content would have much value in a world with Google and Amazon. The diversity of opinion among the relatively small sample of presses interviewed illustrates the difficulty of herding a critical mass of presses in the same direction.

One press manager thought that TORCH was "too ambitious" and should have started out by focusing on one discipline with more depth and quality, closer to the ACLS History E-Book model. He also commented that end users do not care who publishes a book, so it would be more useful to organize content by subject and, where appropriate, to include works published by commercial vendors. Another press manager pointed out that a field like political science would require content from Chicago, Cambridge and Oxford, and it is difficult to imagine these three presses working together.

One possible implication of these electronic distribution services is not revenue augmentation per se, but migration of the media mix, from the sale of print copies to the sale of digital copies, which has implications for cost reduction and improved working capital (in effect bypassing SRP).

3. Conclusions

Three broad conclusions have emerged from this report:

The environment for digital publishing and distribution is in the midst of transition
In recent years there have been many changes in the scholarly publishing landscape. The most notable changes have been new entrants in the marketplace, most obviously the emergence of Google Print and the development of commercial services providing repository hosting and digital remastering services. On the demand side of publishers' activity, Google Print (in addition to Amazon's Search Inside the Book) offers publishers a compelling service to help researchers find their books and potentially increase revenue. On the supply or production side of the equation, new commercial vendors like CodeMantra now offer repository and conversion services to help reduce the costs of managing digital files and increase the range of options for pushing electronic books through a variety of distribution mechanisms (such as NetLibrary, ebrary, etc.). This dynamic environment in which commercial players are active is very different from what existed only five years ago.

Scholarly presses can benefit from the existence of a not-for-profit production service bureau
Conversion and storage of digital files, if implemented properly, can help presses to reduce printing costs and potentially tap into new sources of demand. The benefits of restructuring have not been

realized as quickly as one might expect because: 1) the volume of work is too low to reduce headcount, at least for small presses whose staff wear many operational hats; and 2) many press decisions are distorted by institutional subsidies of one kind or another that make savings hard to realize because certain costs are hidden or services are provided "free." From the perspective of the entire community, however, it seems that the time has come for the kind of process reengineering that a centralized ebook repository can facilitate.

The original concept for BiblioVault grew out of a vision of a layered system of repositories and service providers serving scholarly presses, and we believe that this vision is just starting to come into being. Many of the people we spoke to would welcome, indeed would very much like to see a trusted not-for-profit effort serving the community by providing a range of services such as storage, digital remastering and archiving, to publishers, thereby balancing the power of the commercial players. The relatively small marketplace represented by the university press community needs diversity in vendors in order to assure competitive prices, and it needs diversity in electronic distribution formats and product types in order to reach as much of its potential market as possible. Even if it does begin a new pay-per-view service for copyrighted works, as many believe it will, Google Print will not satisfy all imaginable content needs and market niches. Finally, purely as a prudent planning, it seems unwise to rely exclusively on one company for these developments.

Presses are motivated by new revenue generating opportunities more than by cost saving ones
There is a strong perceived need for marketing services to expose university press books to more potential readers which, it is hoped, will generate more revenues. Were this to happen, there would then be obvious incentives to reengineer production processes to realize savings and efficiencies made possible through electronic publication. It appears that the production and cost savings are not by themselves sufficient to motivate presses to action. They need to see the promise of revenue generation. Nor should we overlook the fact that new marketing opportunities crop up almost daily. This does not mean that scholarly presses must collaborate in developing an aggregated database of monographs to be marketed to libraries as a "retail product." It does imply that a centralized ebook repository serving this community should play an active role marketing its content and stimulating demand. This can be conducted at the "wholesale" level by making press publications available to more channels of distribution, whether it be Google Print, NetLibrary, or ebrary, in a highly efficient way. Emphasis must be placed on thinking creatively about new marketing venues in addition to cost containment and reduction.

Appendix A: List of People Interviewed

Bill Sisler	Director, Harvard University Press
Donna Shear	Director, Northwestern University Press
Doug Armato	Director, Minnesota University Press
Ellen Faran	Director, MIT Press
Evan Schnittman	Vice President & Senior Director, Rights, Business Development, OUP-USA
Greg Britton	Director, Minnesota Historical Society Press
Joanna Hitchcock	Director, University of Texas Press
Kate Torrey	Director, University of North Carolina Press
Kathleen Keane	Director, Johns Hopkins University Press
Marlie Wasserman	Director, Rutgers University Press
Meg Fisher	Director of Domestic Rights, OUP-USA
Mike Green	Director of Publisher Relations, CodeMantra
Peter Givler	Director of the AAUP
Phil Friedman	Former Executive Director of TORCH
Sandy Thatcher	Director, Penn State University Press
Steve Cohn	Director, Duke University Press
Walter Lippincott & staff	Princeton University Press

Appendix B: Electronic Content Vendors – see attachment