Dear Customers,

I’d like to take this opportunity to address the many changes that are impacting your library’s ability to offer a high-quality digital lending service to your users. As the leader of our cloudLibrary solution since its 2010 inception, I have worked closely with libraries and publishers on specific issues faced by the library industry. Given recent changes that have rightly upset you, it’s important that we discuss what has led to today’s digital content landscape, what bibliotheca is doing to support libraries, and where we go from here.

First, let’s review how the digital library lending market looked in early 2012. Penguin had stopped selling digital content to libraries completely, Random House had raised its prices, and HarperCollins had changed its terms to allow only 26 checkouts per eBook. Macmillan, Hachette, and Simon & Schuster had no library lending models at all. In the beginning, we leveraged our position as 3M, a trusted company with a history of innovation, to have meaningful conversations with publishers, understand their concerns, and ultimately convince them of the benefits of partnering with libraries.

Through lengthy discussions, including a strategic partnership with NYPL, we were able to experiment, gather data, and pilot a new digital library lending model with a limited group of libraries. Owing to this hard work, we were the first library vendor to sell Penguin, Hachette, Macmillan, and Simon & Schuster eBooks. Once publishers were comfortable with the model we’d established, they opened up their terms of sale to all vendors in the market. This infusion of content into the library market resulted in the dramatic growth of digital lending that’s been well documented.

Now, fast-forward to the digital library lending market today, where we’re seeing a shift from several of the major publishing companies. Blackstone Audio is embargoing audiobook titles for 90 days, Hachette has changed from perpetual access to two-year expirations (also implemented by Penguin Random House last October), and Macmillan will limit the quantity of frontlist titles effective November 1. It’s unlikely that all of these publishers would be changing their terms without external pressures. So, where is the pressure coming from? There is evidence to suggest that in recent years, authors and agents have come to feel that the library market is eroding their revenue. I think it’s telling that Macmillan CEO John Sargent addressed his letter about the library model change to “Macmillan Authors, Macmillan Illustrators and Agents.”

This begs the next question: if authors and agents are voicing concerns about library lending, where are they getting their data from? I doubt it’s publishers, since a report on library lending is not part of an author’s royalty statement. There is only one company that has access to readers’ digital retail purchases as well as users’ digital library borrowing habits, and that is Amazon.

In 2009, Amazon created a publishing division, Amazon Publishing, which doesn’t sell any of its eBooks or audiobooks to libraries. They have teams of people talking with authors and agents trying to secure rights and make them as exclusive as possible to the Amazon ecosystem. It’s highly probable that they use the data provided by library users to argue that library lending is undercutting retail sales. This is a major concern that we need to understand and to face together as an industry.

As long as data is shared with Amazon by library users, Amazon will spin that data to create concern, and publishers will be forced to alter their digital library lending models or risk losing key authors.
Where do we go from here? I think libraries can respond in a few ways. First, they can pressure their existing vendors to terminate relationships or refuse to share data with Amazon. If Amazon won’t sell their content to libraries, then why should libraries share their data with Amazon? Second, they can appeal to ALA to engage authors the same way they engage publishers and demonstrate how digital lending contributes to the discovery and accessibility of their works. The book ecosystem starts with authors and we need to ensure that they understand the value libraries provide. It is also advisable to consider joining the efforts of the Association of American Publishers, who are currently pressuring the Federal Trade Commission to monitor Amazon.

In closing, I want to assure you that we at bibliotheca are continually working to ensure libraries have equitable access to content. We unconditionally support the ability for libraries to acquire content on publication date, and we will persist in advocating on their behalf. Our collaborative approach of open discussion with both publishers and libraries has helped create the market we have today, and I am confident we will be able to improve access again as the market evolves.

Tom Mercer
SVP of Digital Products, bibliotheca
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