Introduction

In a situation where there is only one principal supplier for a particular country, or where everybody charges nearly the same price, there might be little justification for reviewing prices on an annual basis. After all, it costs money to change one’s computerized records on the system so that any change of supplier is noted. And you need to change the system so that any claims and queries get sent to the right address of this year’s supplier and not to an address of somebody that you decided not to use any more!

Is it therefore worthwhile spending resource to conduct a review in an attempt to save money if the savings are less than the cost of the resource needed to conduct the review plus the cost of altering any
records that might need to be altered? Or should one continue to use the suppliers who are already in place because there have been no problems with them so far — the «If it ain’t bust, don’t fix it» argument?

Any review will show that «it» might not be bust, but at least 10% of the orders from any one supplier, no matter how good they are, will have some kind of problem. The problems with a good supplier are often caused by the publishers, intermediary suppliers or the postal services so that material does not reach its intended destination when it should. Other problems can be caused by banks so that the supplier does not get their money when they should — a particular historical problem with suppliers based in the former Soviet Union (FSU) and Eastern Central Europe.

As for the argument that the savings do not justify the cost of the exercise, this is patently not true when it comes to serial orders from the former Soviet Union. We are faced with a situation where there is a multiplicity of suppliers eager to grab our orders. Some of these are niche market suppliers, some are individual publishers, most fall into the area of serial agents. Most of these serial agents operate as a part of some general operation which also covers monographs and in some cases also any or all of microfiches, databases, maps, records, CDs, videotapes, library catalogue cards etc etc. There are over 30 of these who regularly try to sell us material from Russia and some more who deal only with the ‘other republics’. We will lump all of the people who are trying to sell us products for our collection under the general term of ‘vendors’.

There have been several bankruptcies in the field since the Soviet Union disappeared. Several organisations trade independently, but one can buy their products via the established vendors. With the costs of setting up and maintaining accounts, it is often easier to obtain these independent organisations’ publications via the vendors, especially as the vendors usually offer a substantial discount.

There is the additional complication with serial publications from the FSU that any one vendor seems to choose their prices at random. Any one title might be cheapest from Vendor A. The next title on a list might well be cheapest from Vendor B, and so on down the list with as many vendors as there are each having not only the cheapest price for one title, but also the most expensive for another.

This takes away the «easy option» of simply pricing the list of titles for each vendor, taking the overall sum for each vendor and placing one’s order with the vendor who has the cheapest overall price. To give a concrete example, the price which an order from just one vendor for the 2004 orders for FSU serial publications for the BL would have cost would have been:

- Vendor A $127493.95
- Vendor B $104767.70
- Vendor C $127208.31
- Vendor D $110124.37
- Vendor E $138595.00

The obvious candidate to supply our order from such an exercise would be Vendor B as their price is $5356.67 cheaper than their nearest rival. All prices throughout this report are in US Dollars, as that is the currency used for transactions in the FSU serials market. There is no point whatsoever in converting every single figure to Pounds Sterling.

This is over-simplistic because none of the vendors could supply everything which we required and we would therefore have had to fill in the gaps by using another company for some material, no matter which vendor got the main order. We have for this example also used only the five vendors who have large enough catalogues to supply most of our requirements and who met various tests like not being too expensive to even consider and who had a track record of good customer service.

But it is not only over-simplistic, it is also a wrong choice to make. By taking the cheapest price per individual title and then making the order based on individual prices rather than on an overall price, the actual cost works out at $102015.35, a saving from the cheapest single vendor «easy option» of $2752.35. What’s the point of saving $5000 if you can save $8000 with not too much extra effort? The process which takes the longest time is recording the prices, not making the decision as to who is cheapest.

The single price option of $102015.35 also covers all of the 1132 FSU titles which we require, including 77 titles that did not appear at all in any of the catalogues of the five vendors whose overall prices are listed above. The price of these 77 titles would therefore have been an additional cost on top of the $104767.70 Vendor B price if we had taken the «easy option». At an arithmetical mean price of $90.12
[$102012.35 divided by 1132], the additional cost would have been $6939.24, giving a real total for the «easy option» plus 77 of $111706.94.

By using a «single price» option instead of an «easy option», the saving is therefore $9691.59. We are also looking at a market which has its own peculiarities. The main driver in determining prices is the discount level each of the companies.

We are certainly the largest single customer of two of these vendors as they have said so themselves. Having an order list of 1132 FSU serial titles certainly gives us ‘clout’ with anybody. This is one of the reasons why we combined ordering from DSC, HSS and STI in the past. We are ordering one very large list of titles at one time, instead of three large lists. The British Library in fact orders more FSU serial titles than all of the other libraries in the UK added together.

**How to construct a model**

Once established the model for acquisitions costing is not as complex as it may appear to the uninitiated as it lends itself to process-based operations. The basic process which is described here is, of course, a simplified version as there always peripheral issues to be considered with regard to individual titles and their availability.

**Title information**

First of all we need to construct the list of titles which we wish to order. The most useful currently available computer program for doing the work is XL. The list we use is in Roman script alphabetical order. To this list we add columns for ISSN and Index Number in order to aid identification.

When compiling a list for years later than Year One, it is useful to include an extra column to indicate who was supplying that title in previous years. This gives the order history.

For the immediately previous year to the new order round [which is the current year as one is preparing the lists before the end of the year], it is essential to include the designated (current) supplier and price paid for the current subscription.

**Table one**

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**Adding Prices**

The next stage in the process is to create columns for each of the major suppliers and to add the catalogue prices for the forthcoming subscription year, for this reason we set the suppliers a deadline of September 30th for receipt of their catalogue. Any supplier failing to meet this deadline would not be considered for inclusion. Not all suppliers will offer all titles so there will be cells where no price is quoted and there will be occasional titles which are not offered by any of our major suppliers. It may be that we already receive these unlisted titles from a smaller supplier or direct from the publisher. If we cannot find a price it may be that the title is no longer being published, so where we cannot find a catalogue price we
will note «NOT» in the appropriate price cell. If a title is no longer listed by any of the suppliers we would investigate to find out if the title has ceased publication or is otherwise unavailable, this may lead to the title being declared «dead» and removed from both our acquisitions table and our library system at a future date.

Colour coding is especially useful as one is now getting to the stage where either the point size has to be reduced to minimal proportions or one has to keep flicking the screen from left to right to read across each row. Being sure that you are using the right pricing column is a lot easier with colour coding. Keeping the column width down to manageable size means that the column header title often has more characters than the longest possible entry for any other cell in that column. One therefore is tempted to align the header title vertically to make it readable. This makes the header row very tall. It therefore becomes impractical to ‘freeze’ the header row so that it appears at the top of each screen as you scroll down the worksheet. Having a header row occupying half the screen is no real help. The colour coding therefore will tell you which column is which.

**Discount levels**

The main driver in determining prices is the discount level each of the companies. We are certainly the largest single customer of two of the major suppliers, they have said so themselves. Having an order list of 1132 FSU serial titles certainly gives us ‘clout’ with anybody. This is one of the reasons why we combined ordering from DSC, HSS and STI in the past. We are ordering one very large list of titles at one time, instead of three large lists. So, we now have to calculate the prices for each title after discount and we do this by adding a column to the right of each supplier and allowing the Excel software to perform the calculations based on the discount rate offered by each supplier.

**Selection decisions**

Once this pricing information is completed it is a simple matter to work through the titles and identify the lowest stated price for each journal title. It is worthwhile putting the lowest price in bold. This saves a lot of time later as one does not have to inspect every single row every single time to work out which is the cheapest price.

Having identified the lowest price for each title, we not mark only those titles where the proposed future supplier would be different from the existing current supplier. These titles are marked with an X in a column next to the current year’s order and will form the basis of any potential changes in supplier. Most titles, however, will probably remain unchanged from one year to the next.

For the 2003 round conducted in 2002, we worked out a ‘ball-park’ estimate of how much it would cost to change a title from one vendor to another. It came to just over $60. Changing a large number of titles from just one vendor to another would generate economies of scale and lessen the cost. Making changes from multiple vendors to other multiple vendors would mean that almost every change would have to be double-checked and would therefore keep the cost of changing very close to the estimate. We therefore did not change any title if the saving would have amounted to less than $60.

The sole exception to the $60 rule was for any title which had had difficulties of supply from a vendor which did not seem to be reflected in the reported performance of other vendors.

Only those titles saving more than $60 and requiring a change of supplier are now of interest to us in this process. These titles will have the proposed future supplier marked and a list of titles will be generated. These are the titles which will be cancelled from the current vendor and will be ordered from the proposed vendor instead.

**Creating order lists for vendors**

Excel can be used to create subsets for each of the vendors and create simple order lists which we split into three separate files, continuation orders, cancellations and new orders. These three files are then passed to one of our acquisitions officers for a final check and it is most important that this is done by someone who has not been directly involved in the costing process since a «fresh pair of eyes» really does help to identify and eliminate mistakes caused by oversights and simple copying errors caused by the extensive manipulation of the Excel tables.
We then send these checked and completed lists to our vendors with instructions asking for confirmation and feedback on any titles that have been omitted from the lists. All current subscription titles should appear on one of these lists and once again it help avoid mistakes if the vendor is obliged to report back any «missing» titles.

The final stage in this process is for the library system to be amended to reflect the change of supplier status, as soon as is practical, usually in conjunction with payment of the invoice. This is a good opportunity to iron out any final anomalies caused by the process of switching vendors.

**Conclusion**

The use of this model has distinct advantages over other standard models of acquisition and if followed can undoubtedly lead to worthwhile savings, particularly in the case of institutions with large subscription orders. It is also highly beneficial from a subscriber’s viewpoint to keep vendors «on their toes» in that service levels have to be maintained at a suitably high level to avoid the vendor running the danger of losing market share in the following year’s order round.