

ERM Use Case - 'Managing e-resource budgets'

Developed with University of Edinburgh (24 January 2011)

Generic Description – UC15 - 'The library needs to manage their expenditure on e-journals. This may include managing both centralised and devolved budgets, calculating contributions for 'big deal' packages, managing print and electronic subscriptions together or separately, and enabling other institutional budget holders (e.g. departments) to contribute to the cost of a resource in addition to library funds.'

1 – Use Case Description – What happens?

Activity – During process of acquisition and ongoing subscription - all financial aspects, from quotes to payments need recording, predicting and reporting. Typical information required is initial cost, predicting renewal costs, actual renewal costs, how costs are spread over multi-year deals etc. This activity continues for as long as there are financial transactions associated with access to a resource. While on paper costs may be associated with packages of resources, the institution or supplier may need to record knowledge about title by title cost to enable calculations on percentage cancellation restrictions, or to enable costs to be allocated to the correct budget within an institution.

Volumes – At the University of Edinburgh there are approximately 3500 open subscriptions. However, financial information may be recorded for a larger volume of material as some subscriptions will refer to collections or packages, while costs may be associated with individual items within a collection.

The overall volume though is significantly less than the total number of individual journal titles, as many titles within a subscribed collection will not have any individual cost associated with them. The only place that a complete (as possible) title list will be recorded locally is in the link resolver 'knowledgebase', which does not deal with budget or financial information. It should be noted that the knowledgebase is not always accurate, and the contents of some collections will change continually over the course of a subscription.

The University of Edinburgh also has a hugely complex ledger which affects the volume of work. Each of the c.22 'Schools' (departments) has 6 budgets (for material purchase):

- Print monographs
- Print serials
- Print + Electronic Serials
- E only Serials
- Databases
- E-Books - title by title and collections (covers both subscriptions and one-off purchase)

This fund structure is at the request of the library, and reflects the type of reporting they need to be able to produce both internally (for Schools) and externally (e.g. for SCONUL statistics)

Actors – a wide range of staff within and outside the library are involved in recording, processing or reporting on financial transactions and budgetary information. The University of Edinburgh is split into Colleges (rather than Faculties) and then Schools:

- Liaison Librarians (who work with Schools within Colleges) - need to know funds available (dependent on information in the Library Management System)
- Acquisitions team - help with the interpretation of funds (for Liaison Librarians and other staff); responsible for placing orders
- Serials team
 - all pass invoices - plus adjusting commitments to reflect amount paid
 - line by line, or summary coding of costs to budgets by marking up paper invoices
- Collections Group (especially where cross-Collegiate resources are purchased)
- Director of Library Services, or above (where large cost items are purchased)
- Information Services Accounts team - record journal entry; batch invoices
- Corporate finance - pay invoices (need to know Cost centre; A/c code; job code); Administer any VAT Reverse charges (happens at top level of library budget)

Data involved – amounts committed; amounts paid; budget codes; time period/volumes paid for (recorded as a note in Voyager - free text); currency charged in (GBP; USD; SWF; EUR) - exchange rates

Workflows – A subscription may be requested via a Liaison Librarian, the cost of the subscription will be ascertained, current commitments checked to ascertain subscription can be purchased, if costs are over a certain amount it is necessary to involve the Director of Library Services or other senior managers, the subscription is agreed, invoices received, invoiced amounts added to library management system, any commitments on library management system should be adjusted to reflect amount paid (otherwise predictions for following year will be based on commitment not invoiced amount), invoices marked either at a summary level or on a title by title basis to allocate costs to correct part of ledger, invoices passed to Corporate finance for payment.

When renewals are due, renewal amounts are predicted using a blunt percentage increase across the board on the library management system (this is a restriction of the system).

Workflows associated with cancellations are less clear, as only one major cancellation exercise has been undertaken recently. However, it would be necessary to only offer cancellation on those titles that can be cancelled (i.e. not affected by multi-year deals or cancellation limits), and also to ensure that combinations of cancellations do not exceed any agreed cancellation limits (which is often related to a percentage spend with the publisher/supplier)

There may also be any number of reports requested on budgets at any time. These may relate to current, past or predicted future expenditure.

There are also variations around these workflows. For example in some cases the cost of a subscription maybe reclaimed from one or more Schools. In these cases the library pays the full invoice upfront, and then issues internal invoices to contributing schools. Once received, payments from schools are typically applied as a credit against the Invoice.

Current Examples – Every subscription currently paid for by the Library.

2 – Motivation – What are the pain points?

What are the current problems – Many people involved; manual work sometimes e.g. coding of invoices to budget; Exchange rate issues (amount recorded as paid on the LMS is different to the amount actually paid due to exchange rate fluctuations. Exchange rates on the LMS cannot be retrospectively updated); getting a view of ‘full-cost’ - when costs divided across multiple budgets - difficult to see all Purchase Orders together. Want to pull together multiple items together. Very difficult to relate cost to a single title within collection.

Efficiency assessment – Amount of manual work and interpretation that required mean inefficient. While a lot of information recorded it is often hard to get the information you need out of the system. e.g. adding up amounts against individual title orders to give an overall cost of a collection.

Economy assessment - Better efficiency would save money; Financial decision making improved - especially as approach year end - would enable ability to spend any remaining funds effectively.

Effectiveness assessment - Better management of costs relating to collections and individual titles may help improve collection management.

3 – Intended Benefits – What is the business case?

Library Service – Efficiency gains; exploit data available for improved decision making; enable improved financial planning.

Users – Unlikely to deliver direct benefits to end users, although opens up possibility of improving collection management.

Suppliers – Invoices paid promptly; Possibility of working with libraries to offer better tailored packages that fit need rather than arbitrary limits on collections

4 – Consequences of doing it ‘above campus’

The proposition – Common information held centrally - may apply specifically to resources priced on JISC bands. Information on which resources are in/out of a collection; Predicted price increases could be calculated across sector; Locally need to have overview of commitments across all expenditure - whether print or electronic, serial or monograph - so any financial information held ‘above campus’ would need to be easily integrated into local systems/reporting.

What will happen? - Central service will hold common (cross-institutional) data, and may offer calculations (e.g. price increases) as part of this data. Institutions would be able to record (and share as appropriate) other relevant information. Any financial information in the central service would have to be easily integrated into local systems/reporting. Would need to allow different approaches, as institutions may not wish to store financial information in shared service

Potential Risks – Too much variety in financial management approaches across institutions to work effectively

Potential Opportunities – Single point of contact for publishers; Ability to more accurately predict price increases across sector; Ability to see sector wide figures on past price

increases, and hold suppliers to account where increases at odds with economic environment (or other suppliers).

Consequences of not doing it – The status quo and the associated inefficiencies remain.

5 – Implementation Pointers

Mechanism – Operated above campus; shared data as well as infrastructure; with privacy options (financial data maybe confidential); option to store financial data locally and also option to integrate with local systems and reporting.

Inputs & Outputs – Inputs could be prices offered by suppliers; record of order and price to be paid; invoiced amounts; sector wide price increase information; exchange rates (regularly updated). Outputs could be financial reporting, cost per title information.

Standards & Protocols – EDI (ordering and invoicing)

Existing systems – Spreadsheets; LMS Financial management; Institutional finance systems

Staffing - No extra local staffing; aim to reduce local staffing (or staff time) spent on managing financial information.

6 – Challenges & Costs – Direct and indirect

Set up and Transition – This will require a minimum of a database, permissions, data entry forms, review / reporting and export capability. Possible to consider storage of high-level usage data alongside financial data (for value for money measures such as ‘cost per download’). Would need to have both shared data (common to many sites) and local data (unique to specific institution).

Ongoing - Cost of maintaining centralised/above campus data store - requires recording on financial information, regular analysis of economic environment (e.g. inflation, exchange rates), and ongoing dialogue with publishers, agents and others in the supply chain as well as institutions.