

**Canadian National Site Licensing Project
Projet canadien de licences de site nationales**

CNSLP License Procurement, 2000-2001

Objectives, Process and Outcomes

Final Report

**Submitted to CNSLP Participating Universities
March 30, 2001**

CNSLP Steering Committee

Karen Adams	Council of Prairie and Pacific University Libraries
Howard Alper (chair)	University of Ottawa
Sally Brown	Association of Universities and Colleges of Canada
Rita Campbell	Council of Atlantic University Librarians
Amit Chakma	University of Regina
Jean-Pierre Côté	Conférence des recteurs et des principaux des universités du Québec
Deb deBruijn (ex officio)	CNSLP
Richard Greene (ex officio)	University of Ottawa Library Network
Jean-Claude Guédon (ex officio)	Université de Montréal
Jacques Hurtubise	Université de Montréal and McGill University
Tim Mark (ex officio)	Canadian Association of Research Libraries
Carole Moore	Ontario Council of University Libraries
Judith Whittick	C-CORE

CNSLP Negotiations Resource Team

Faye Abrams	Ontario Council of University Libraries
Gérald Boudreau	Conférence des recteurs et des principaux des universités du Québec
Cheryl Cohen	Canada Institute for Scientific and Technical Information
Deb deBruijn	CNSLP
Hazel Fry	Council of Prairie and Pacific University Libraries
Ron MacDonald	Interuniversity Services Inc. (business advisor)
Carole Moore (chair)	CNSLP Steering Committee
Brian Owen	University of British Columbia (technical/systems advisor)
Ingrid Parent	National Library of Canada
John Teskey	Council of Atlantic University Librarians

Resource Personnel - procurement

Yves Jobin	Materials Management Services, University of Ottawa
Gordon Kyle	Partnering and Procurement, Inc.

Resource Personnel – model license agreement and legal issues

Glen Bloom	Osler, Hoskin and Harcourt
Kathryn Prud'homme	Assistant Legal Counsel, University of Ottawa

1. CNSLP Goals

The Canadian National Site Licensing Project (CNSLP) is a collaborative initiative of sixty-four universities in Canada, designed to test the concept of licensing electronic scholarly publications on a national basis. CNSLP is funded as a three-year pilot project totaling \$50M, with \$20M awarded by the Canada Foundation for Innovation (CFI) and \$30M contributed by participating universities and provincial revenue partners.

The project's goals are:

- to increase the quantity, breadth and depth of research literature available to the academic community
- to speed the transition to and foster large-scale adoption of electronic publication formats
- to leverage Canadian universities' buying power and influence in the information marketplace, and foster development of new access/business models

As a pilot project, CNSLP is deliberately focused in its initial scope so as to develop the expertise and means to extend it to a larger project over time. This initial focus is on licensing a limited but high-impact portfolio of fulltext electronic journals and research databases, primarily in science, technology and health disciplines, and on achieving superior terms of usage and pricing for all participants compared with what could be achieved on a site-by-site basis.

2. Decision making

The CNSLP Steering Committee is responsible for project policy, priorities, and resource allocation.

With regard to the electronic content license procurement process reported on here, the Steering Committee oversaw development of and gave final approval to licensing principles, overall procurement process, model license agreement, RFP evaluation results, and content budget allocation. The Steering Committee also approved negotiations strategies including the appointment of negotiators for CNSLP, and authorized the University of Ottawa, as agent for CNSLP institutions, to execute the negotiated license agreements and expend funds.

Within the policies established by the Steering Committee, the CNSLP Negotiations Resource Team was responsible for developing the statement of requirements and Request for Proposals (RFP) for CNSLP products/services, evaluating vendor bids, providing functional direction and assistance with vendor negotiations, and recommending product licenses and contract terms to the CNSLP Steering Committee.

3. License procurement process

3.1 Overview

In March 2000, the CNSLP Steering Committee approved a formal license procurement process, designed to secure a diverse portfolio of electronic content from multiple vendors. The procurement process was driven by two fundamental requirements: (a) to secure the best value of electronic content within the limited budget available, and (b) to ensure a fair opportunity for vendors.

The process was designed to break new ground with scholarly publishers, introduce as much competition as possible among vendors, and “push the envelope” on emerging service and business issues in the networked environment. At the same time, the process had to comply with interprovincial and international trade regulations, and demonstrate sound decision-making that could stand up to scrutiny by participants, funders, and vendors.

For these reasons, a two-step license procurement process was undertaken, consisting of:

- an open Pre-Qualification Bid, to elicit general content, functionality, technical and pricing information from vendors, followed by
- a detailed Request for Proposal (RFP) issued to pre-qualified vendors.

The following timeline was followed:

March – April 2000	Principles for licensing electronic resources established (see: www.uottawa.ca/library/cnslp/docs/Lic_en_princip.htm)
May – June 2000	Open invitation to vendors through a Pre-Qualification Bid
June – Aug 2000	Pre-Qualification Bids evaluated; Request for Proposal (RFP) process and model license agreement developed
Aug 2000	RFP released to vendors who met the pre-qualification criteria
Sept – Oct 2000	Evaluation of vendor responses to RFP
Oct 2000	Steering Committee approves ranked list of preferred bidders
Nov – Dec 2000	Negotiations with top-ranked preferred bidders commence; three vendors retained
Jan 2001	Negotiations continue; four vendors retained
Feb 2001	RFP officially closed; access to licensed content activated by vendors based on letters of intent
March 2001	Final contracts executed

3.2 Pre-Qualification Bid

3.2.1 Pre-qualification bid process

On May 12, 2000, CNSLP released information to vendors inviting submission of pre-qualification bids for supply of electronic content to CNSLP participants.

CNSLP employed the following mechanisms to make the bidding opportunity known to vendors, and to comply with notification requirements under interprovincial and international trade agreements:

- direct email notification to all vendors who were included on the April 1999 project proposal to the Canada Foundation for Innovation;
- announcements and news releases (in French and English) posted on library and industry listservs;
- announcements and news releases sent to academic and library colleagues in North America, Europe, and Australia;
- direct email notification to any vendors who had made an inquiry to CNSLP staff or committee members, from June 1999 on;
- posting of the opportunity on MERX (www.merx.cebra.com/), the primary electronic tendering service used by public sector and post-secondary organizations in Canada.

Mandatory information and instructions for vendors were made available on the CNSLP web site. A publicly-accessible web form was used to elicit pre-qualification bid information from vendors, and feed responses to a database on a secure server. In order to ensure receipt of information from authorized sources, vendors were required to submit a printed and signed copy of their bids, prior to the deadline of Friday June 2, 2000, 3:00 pm EDT.

A public opening of the pre-qualification bids was conducted at the University of Ottawa by Richard Greene, Chair, CNSLP Management Sub-Committee, and Gilbert Caron, Chief Administrative Officer, University of Ottawa Library Network, on June 2, 2000 at 3:30 pm EDT. The opening took place in the presence of Daniel Boivin (OCLC), Terri Tomchyshyn (RoweCom Canada), Arnald Desrochers (Bell & Howell Information and Learning) and Tim Mark (Canadian Association of Research Libraries).

3.2.2 Pre-qualification bids received

Official pre-qualification bids were received from 42 vendors, as follows. Some vendors submitted more than one bid, proposing multiple products or services.

Academic Press	Gale Group
American Chemical Society	IHS/Micromedia
American Mathematical Society	Ingenta
American Medical Association	Institute for Scientific Information (ISI)
American Physiological Society	Institute of Physics Publishing
American Society for Biochemistry & Molecular Biology)	Institution of Electrical Engineers
American Theological Library Association	John Wiley & Sons, Inc.
Annual Reviews	JSTOR
Arnold Publishers	Kluwer Academic Publishers
Bell & Howell Information and Learning	National Research Council of Canada
Bioline International	NetLibrary
BIOSIS	OCLC
Blackwell Publishers	Ovid Technologies
Blackwell Science, Inc.	Portland Press and Society for Endocrinology
CABI Publishing	RoweCom
Cambridge Scientific Abstracts	Royal Society of Chemistry
Cambridge University Press	SilverPlatter Information Inc.
EBSCO	SIRS Mandarin
Elsevier Science	Springer-Verlag
Engineering Information, Inc.	Swets Blackwell
Evolutionary Ecology, Ltd.	Turpion Ltd.

Pre-qualification bids were evaluated by the Negotiations Resource Team on June 15-16 and July 10-11, 2000. Twenty-three (23) vendors of fulltext or sole-source content were selected to proceed to a Phase I RFP; twelve (12) vendors of indexing and abstracting databases where there were potentially multiple suppliers of the same content were identified, but held for a Phase II RFP at a later date. The remaining seven vendors were informed that their submissions did not meet the pre-qualification criteria, and were eliminated from further consideration.

3.3 Request for Proposal, Phase I (RFP #200085)

3.3.1 RFP process

The Request for Proposal, Phase I (RFP #200085) was issued on August 21, 2000 to the 23 fulltext or sole-source vendors who had met pre-qualifying criteria. Preparation and distribution of the RFP was undertaken with the professional assistance of Partnering and Procurement Inc, an Ottawa-based consulting group with extensive experience in public sector procurement, and with advice and coordination from Materials Management Services, University of Ottawa.

A draft CNSLP model license agreement, developed by the Negotiations Resource Team and approved by the Steering Committee, was a critical component of the RFP. This document was based on an international model developed for academic library consortia by John Cox Associates, in conjunction with major publishers' subscription agents. CNSLP made extensive revisions to the Cox model in consultation with legal counsel, to reflect CNSLP's Principles for Licensing Electronic Content, the consortium's organizational structure, and the Canadian legal context. Inclusion of the draft model license agreement as part of the RFP requirements allowed CNSLP to evaluate bidders on how closely they were willing to comply with the model, to anticipate potentially complex license problems that would need to be resolved or mitigated, and to shorten the negotiations period following RFP evaluation.

A vendor briefing teleconference was held on August 25, 2000; all Bidders save two participated in this briefing. A summary of questions and answers from the briefing was distributed to all Bidders.

An RFP query period was open from August 21 to September 7, 2000, during which time the Bidders had the opportunity to submit questions in writing and receive clarifications. Bidder questions and the answers provided by CNSLP were documented and circulated to all Bidders, through the Materials Management Services department of the University of Ottawa.

The RFP competition closed on September 14, 2000, with proposals received from 21 of the 23 Bidders who had been invited to respond, as follows:

Academic Press (IDEAL service)	IHS/IEEE (ESDU and IEEE/IEE Electronic Library and IEEE subset)
American Chemical Society (ACS Web Editions)	Institute for Scientific Information (ISI) (Web of Science)
American Mathematical Society (MathSciNet)	Institute of Physics Publishing (IOP Journals)
American Society for Biochemistry & Molecular Biology (Journal of Biological Chemistry)	Institution of Electrical Engineers (IEE Online Journals)
Annual Reviews (Annual Reviews Online)	John Wiley & Sons, Inc. (Wiley InterScience)
Bioline International (Univ of Toronto, distributor)	Kluwer Academic Publishers (Kluwer Online)
Blackwell Science, Inc. (Synergy)	Portland Press and Society for Endocrinology
Cambridge University Press (Cambridge Journals Online)	Royal Society of Chemistry (RSC Electronic Journals)
Elsevier Science (ScienceDirect)	Springer-Verlag (LINK service)
Evolutionary Ecology, Ltd. (Evolutionary Ecology Research)	Turpion Ltd. (Turpion Journals)

Two invited Bidders, the American Physiological Society and the American Medical Association, declined the invitation to bid.

The bid opening was overseen by Deb deBruijn (CNSLP Executive Director) and Yves Jobin (Materials Management Services, University of Ottawa). No vendors were in attendance at the opening. All bids were received before the RFP closing deadline; no bids were rejected for lateness or non-compliance with submission requirements.

3.3.2 RFP bid evaluation

The CNSLP Negotiations Resource Team met from September 16-20, 2000 to evaluate the bids. They were assisted in this task by Gordon Kyle, Partnering and Procurement, Inc.

Bids were evaluated according to the formal methodology specified in the RFP. Scoring criteria included:

- vendor capability (7%)
- technical support services (7%)
- products (29%)
- licensing approach (14%)
- usage information reporting (7%)
- annual price increase limits (7%)
- demand (29%) [NB: data on institutions' demand for the products was derived from outside of the Bidder responses]

Each member of the Negotiations Resource Team reviewed and scored bids independently, in a different order, and without access to Bidders' financial proposals, to eliminate bias wherever possible. Sub-groups then met for "challenge sessions" to reach consensus on scores for each Bidder.

As indicated above, the bid evaluation formula included a measure for the demand for the products, in addition to the criteria that were scored by Negotiations Resource Team evaluators. Institutions' demand for the products was derived from ranking surveys submitted by each of the 64 CNSLP libraries, and factored into the evaluation spreadsheet following scoring of the other criteria.

Finally, financial information was added into the evaluation. A *value proposition* for each product was devised, by dividing the total proposed 3-year price of the product by the number of title-years of content, and then again by the total number of evaluation points derived from the RFP response and the institutional demand data. This resulted in a ratio for each bidder that served as a unit of comparison across products, and identified those products that could deliver the highest value per CNSLP purchasing dollar.

Prior to completion of the RFP evaluations, Bioline International withdrew its bid.

3.3.3 RFP evaluation results

All bids met the mandatory requirements as specified in the RFP, and no bids were rejected for non-compliance with other submission requirements.

Overall, the total cost of the products and services as proposed in the bids came to over \$200M over three years (exclusive of GST/PST).

The Negotiations Resource Team reported preliminary results to the Steering Committee on September 24, 2000. In response to issues raised by the Steering Committee concerning the way in which electronic content had been scored in the evaluation, the Negotiations Resource Team subsequently identified options that would allow for a more sophisticated comparison of content across Bidders, and tested the feasibility of these options with vendors.

As a result and in consultation with Materials Management Services at the University of Ottawa, CNSLP issued a formal request to Bidders to provide refined, article-level content information. This data was received from Bidders by October 12, 2000, and incorporated into the evaluation model.

The Negotiations Resource Team presented final results of the RFP evaluation to the Steering Committee on October 16, 2000. The Steering Committee approved these results in the form of a prioritized list of Preferred Bidders, in the order determined by each vendor's *value proposition*, along with a maximum budget allocation.

On the basis of the Steering Committee's decision, the RFP results and the recommended budget allocation were subsequently approved by the Administrative Committee and Board of Governors of the University of Ottawa. This approval empowered CNSLP and Materials Management Services at the University of Ottawa, as agent, to contact Bidders in priority order and initiate negotiations within the approved budget allocation.

The Steering Committee agreed that in view of the significant limitations of the CNSLP budget with respect to fulltext content acquisition, plans for a Phase II RFP for indexing and abstracting resources should be suspended. It was further agreed that this information be released when Phase I negotiations were complete.

3.4 Negotiations

3.4.1 Negotiations process

Negotiators appointed for CNSLP were Gérald Boudreau, Deb deBruijn, Yves Jobin, and Brian Owen. Faye Abrams assisted with negotiations at meetings with Elsevier Science and the Institute for Scientific Information (ISI).

Vendors' rankings on the Preferred Bidder list were held confidential to preserve CNSLP's negotiations advantage. Negotiations were opened with vendors according to the extent of content funds remaining.

Preparation for negotiations took into account the following information:

- analysis of Preferred Bidders' print subscriptions, electronic licenses and pricing models already in place in CNSLP institutions;
- current institutional spend on Preferred Bidders' products/services;
- market intelligence for specific vendor (publication plans, competitors, expectation of market growth over next three years, etc.);
- identification of "drop dead" functionality, licensing and pricing issues.

Negotiations meetings were held with vendors from November 21-29, 2000, and January 11-18, 2001. Negotiations meetings ranged from three to five hours in length, and addressed the following issues:

- relevant issues of concern from the RFP response (content, technical support, access mechanisms, etc.);
- vendor compliance with the terms and conditions of the CNSLP model license agreement;
- quoted price.

Extensive follow-up from the meetings took place via teleconference calls and email.

3.4.2 Negotiations objectives

The following objectives informed CNSLP negotiations with all vendors:

- establishing a reasonable base cost for Year 1 of the license, with discounts and economies of scale appropriate for a national deal;
- broad interpretation of authorized users;
- containment of annual cost increases during the license period;
- inclusion of all available backfiles, at low or no cost;
- inclusion of new titles added during the license period, at low or no cost;
- refunds to libraries for 2001 subscriptions already paid;
- flipped pricing model, from print-based with electronic add-on, to electronic-based with optional print add-on, at deep-discounted price;
- sustainability in Year 4, at license renewal.

3.4.3 Negotiations results

Altogether, CNSLP held negotiations meetings with 11 vendors. Agreements for 3-year licenses (2001-2003) were reached with the following 7 vendors:

- Academic Press - IDEAL service
- American Chemical Society – ACS Web Editions
- American Mathematical Society – MathSciNet
- Institute for Scientific Information (ISI) – Web of Science
- Institute of Physics Publishing – IOP Journals
- Royal Society of Chemistry – RSC Electronic Journals
- Springer-Verlag – LINK service

Negotiations meetings were also held with the American Society for Biochemistry and Molecular Biology (Journal of Biological Chemistry), Elsevier Science (ScienceDirect), IHS Canada (IEEE/IEE Electronic Library), and Institution of Electrical Engineers (IEE Online Journals). Regrettably, CNSLP was unable to reach agreement with these vendors and therefore their bids were disqualified from further consideration.

All vendors retained by CNSLP agreed to:

- sign the CNSLP model license agreement, with unique or specific amendments dealt with in separate amending letters;
- offer a three-year agreement, with fixed pricing in Canadian dollars;
- hold annual price increases significantly lower than prevailing rates;
- commit to a price increase cap in Year 4, at license renewal;
- offer an “unbundled” pricing model (i.e. unbundling print subscriptions from electronic access). Several vendors will, for the first time, implement an electronic-based pricing model, with print subscriptions treated as an optional add-on at a deep discounted rate.

3.5 RFP closed

The Steering Committee met on February 2, 2001 and reviewed the outcomes of vendor negotiations to date, which totaled approximately \$46 million including taxes and represented a reduction of 34% from vendors' bid prices. The Steering Committee approved this outcome, and directed the University of Ottawa to close RFP #200085.

The nine remaining vendors on the Preferred Bidder list subsequently were notified that their bids were no longer under consideration, and offered a debriefing session to provide information on the RFP evaluation, strengths and weaknesses of their proposals, and their relative performance vis-a-vis the other Bidders.

Five vendors (Annual Reviews, Blackwell Science, Cambridge University Press, IHS/IEEE, and Kluwer Academic Publishers) took advantage of these sessions. One-hour debriefing meetings, one per vendor, were held via teleconference and in-person on February 27, 2001, and were attended for CNSLP by Deb deBruijn, Yves Jobin, and Gordon Kyle.

On March 12, 2001, pre-qualified vendors who had been held aside for a future Phase II RFP were informed that CNSLP would not be proceeding with plans for another RFP at this time.

4. Activation of access

On the basis of official letters of intent issued by the University of Ottawa, successful vendors began activating CNSLP institutions' access to the services in February 2001, pending completion of contract paperwork and final license signing.

5. Execution of license agreements and official launch

As of the date of this report, final license agreements were signed and executed with the American Chemical Society, Institute for Scientific Information (ISI), and Institute of Physics Publishing. Contracts with the other successful vendors were in the final stages. All CNSLP institutions have full access to the services negotiated with vendors, from authorized IP addresses/ranges.

News releases aimed at campus, library and trade communities are scheduled for the week of April 9, 2001. Planning for a national launch event, organized in conjunction with the Canada Foundation for Innovation and senior government officials, is underway. Date and venue will be announced when confirmed.