

Review of Public Library E-Lending Models

Contents

Foreword	9
1 Executive Summary:	11
1.1 Policy matters	11
1.2 Commercial factors	11
1.3 Average cost per loan and average loan numbers	11
1.4 Library hosted platforms - Europe versus North America	11
1.5 Licensing models	12
1.6 Let a thousand flowers bloom	12
2 Introduction	13
3 Methodology	13
3.1 Sources of information	13
3.2 Geographical scope.....	14
3.3 Public library E-lending model assessment criteria	14
3.3.1 Commercial context	14
3.3.2 Policy context.....	14
3.3.3 Cultural context.....	15
3.3.4 Scope and audience of e-lending business model	15
3.3.5 Collection characteristics	15
3.3.6 Financial characteristics	15
3.3.7 Friction strategies.....	15
3.3.8 Technical specifications	15
3.3.9 User experience	15
4 Europe – Review of Public Library e-Lending Models	16
4.1 Czech Republic – eReading.cz	16
4.1.1 History and overview of e-lending model.....	16
4.1.2 Commercial context	16
4.1.3 Policy context	16
4.1.4 Cultural context.....	17
4.1.5 Scope and audience of e-lending model.....	17
4.1.6 Collection characteristics	17

4.1.7	Financial characteristics	17
4.1.8	Friction strategies.....	17
4.1.9	Technical specifications	17
4.1.10	User experience	18
4.2	Estonia – ELLU / Tallinn Central Library	18
4.2.1	History and overview of e-lending model.....	18
4.2.2	Commercial context.....	18
4.2.3	Policy context.....	19
4.2.4	Cultural context.....	19
4.2.5	Scope and audience of e-lending model.....	20
4.2.6	Collection characteristics	20
4.2.7	Financial characteristics	20
4.2.8	Friction strategies.....	20
4.2.9	Technical specifications	20
4.2.10	User experience	21
4.3	Denmark - eReolen	21
4.3.1	History and overview of e-lending model.....	21
4.3.2	Commercial context.....	21
4.3.3	Policy context.....	23
4.3.4	Cultural context.....	23
4.3.5	Scope and audience of e-lending model.....	23
4.3.6	Collection characteristics	23
4.3.7	Financial characteristics	24
4.3.8	Friction strategies.....	24
4.3.9	Technical specifications	24
4.3.10	User experience	25
4.4	Flanders, Belgium – E-boeken in de bib.....	25
4.4.1	History and overview of e-lending model.....	25
4.4.2	Commercial context.....	25
4.4.3	Policy context.....	26
4.4.4	Cultural context.....	26
4.4.5	Scope and audience of e-lending model.....	27
4.4.6	Collection characteristics	27
4.4.7	Financial characteristics	27

4.4.8	Friction strategies.....	27
4.4.9	Technical specifications	28
4.4.10	User experience	28
4.5	France – Grenoble Public Libraries (Bibook), Prêt Numérique en Bibliothèque and Numilog/BiblioAccess	29
4.5.1	History and overview of e-lending models	29
4.5.2	Commercial context	30
4.5.3	Policy context.....	30
4.5.4	Cultural context.....	31
4.5.5	Scope and audience of e-lending model.....	31
4.5.6	Collection characteristics	31
4.5.7	Financial characteristics	31
4.5.8	Friction strategies.....	31
4.5.9	Technical specifications	32
4.5.10	User experience	32
4.6	Finland – Helsinki City Library / Next Media: e-Books for Public Libraries	32
4.6.1	History and overview of e-lending model.....	32
4.6.2	Commercial context	33
4.6.3	Policy context.....	34
4.6.4	Cultural context.....	34
4.6.5	Scope and audience of e-lending model.....	35
4.6.6	Collection characteristics	35
4.6.7	Financial characteristics	35
4.6.8	Friction strategies.....	35
4.6.9	Technical specifications	36
4.6.10	User experience	36
4.7	Germany – DivBIB and Ciando	37
4.7.1	History and overview of e-lending model.....	37
4.7.2	Commercial context	37
4.7.3	Policy context.....	38
4.7.4	Cultural context.....	38
4.7.5	Scope and audience of e-lending model.....	39
4.7.6	Collection characteristics	39
4.7.7	Financial characteristics	39

4.7.8	Friction strategies.....	39
4.7.9	Technical specifications	39
4.7.10	User experience	40
4.8	Netherlands – Dutch Digital Library.....	40
4.8.1	History and overview of e-lending model.....	40
4.8.2	Commercial context	40
4.8.3	Policy context.....	43
4.8.4	Cultural context.....	43
4.8.5	Scope and audience of e-lending model.....	44
4.8.6	Collection characteristics	44
4.8.7	Financial characteristics	44
4.8.8	Friction strategies.....	44
4.8.9	Technical specifications	45
4.8.10	User experience	45
4.9	Norway – Bokhylla.no (National Platform).....	46
4.9.1	History and overview of e-lending model.....	46
4.9.2	Commercial context	46
4.9.3	Policy context.....	46
4.9.4	Cultural context.....	46
4.9.5	Scope and audience of e-lending model.....	47
4.9.6	Collection characteristics	47
4.9.7	Financial characteristics	47
4.9.8	Friction strategies.....	47
4.9.9	Technical specifications	48
4.9.10	User experience	48
4.10	Norway - Norwegian Arts Council e-Book Pilot Project.....	48
4.10.1	History and overview of e-lending model.....	48
4.10.2	Commercial context	48
4.10.3	Policy context.....	49
4.10.4	Cultural context.....	49
4.10.5	Scope and audience of e-lending model.....	49
4.10.6	Collection characteristics	49
4.10.7	Financial characteristics	50
4.10.8	Friction strategies.....	50

4.10.9	Technical specifications	50
4.10.10	User experience	50
4.11	Slovenia – Biblos Lib.....	50
4.11.1	History and overview of e-lending model.....	50
4.11.2	Commercial context	51
4.11.3	Policy context.....	51
4.11.4	Cultural context.....	52
4.11.5	Scope and audience of e-lending model.....	52
4.11.6	Collection characteristics	52
4.11.7	Financial characteristics	53
4.11.8	Friction strategies.....	53
4.11.9	Technical specifications	53
4.11.10	User experience	53
4.12	Spain – eBiblio.....	54
4.12.1	History and overview of e-lending model.....	54
4.12.2	Commercial context	54
4.12.3	Policy context.....	55
4.12.4	Cultural context.....	55
4.12.5	Scope and audience of e-lending model.....	56
4.12.6	Collection characteristics	56
4.12.7	Financial characteristics	56
4.12.8	Friction strategies.....	56
4.12.9	Technical specifications	57
4.12.10	User experience	57
4.13	Sweden – Digital Library, Stockholm Public Library (Biblioteket.se)	57
4.13.1	History and overview of e-lending model.....	57
4.13.2	Commercial context	58
4.13.3	Policy context.....	60
4.13.4	Cultural context.....	60
4.13.5	Scope and audience of e-lending model.....	60
4.13.6	Collection characteristics	60
4.13.7	Financial characteristics	60
4.13.8	Friction strategies.....	61
4.13.9	Technical specifications	61

4.13.10	User experience	61
4.14	United Kingdom, England - Arts Council e-lending pilot projects.....	61
4.14.1	History and overview of e-lending model.....	61
4.14.2	Commercial context	62
4.14.3	Policy context.....	63
4.14.4	Cultural context.....	64
4.14.5	Scope and audience of e-lending model.....	64
4.14.6	Collection characteristics	64
4.14.7	Financial characteristics	66
4.14.8	Friction strategies.....	66
4.14.9	Technical specifications	66
4.14.10	User experience	66
4.15	United Kingdom, Wales – e-Books for Wales	66
4.15.1	History and overview of e-lending model.....	66
4.15.2	Commercial context	67
4.15.3	Policy context.....	67
4.15.4	Cultural context.....	67
4.15.5	Scope and audience of e-lending model.....	68
4.15.6	Collection characteristics	68
4.15.7	Financial characteristics	68
4.15.8	Friction strategies.....	68
4.15.9	Technical specifications	68
4.15.10	User experience	68
5	North America - Review of Public Library e-Lending Models.....	69
5.1	California – CALIFA (enki).....	69
5.1.1	History and overview of e-lending model.....	69
5.1.1	Commercial context.....	70
5.1.2	Policy context.....	70
5.1.3	Cultural context.....	71
5.1.4	Scope and audience of e-lending model.....	71
5.1.5	Collection characteristics	71
5.1.6	Financial characteristics	71
5.1.7	Friction strategies.....	71
5.1.8	Technical specifications	72

5.1.9	User experience	72
5.2	Massachusetts – MA e-Book Project	72
5.2.1	History and overview of e-lending model.....	72
5.2.2	Commercial context	73
5.2.3	Policy context.....	73
5.2.4	Cultural context.....	74
5.2.5	Scope and audience of e-lending model.....	74
5.2.6	Collection characteristics	74
5.2.7	Financial characteristics	74
5.2.8	Friction strategies.....	75
5.2.9	Technical specifications	75
5.2.10	User experience	75
5.3	Quebec – PRETNUMERIQUE.CA	76
5.3.1	History and overview of e-lending model.....	76
5.3.2	Commercial context	77
5.3.3	Policy context.....	77
5.3.4	Cultural context.....	78
5.3.5	Scope and audience of e-lending model.....	79
5.3.6	Collection characteristics	79
5.3.7	Financial characteristics	79
5.3.8	Friction strategies.....	79
5.3.9	Technical specifications	79
5.3.10	User experience	80
6	Comparative Analysis	80
6.1	Quantitative analysis.....	80
6.1.1	18 Model Comparison Matrix	82
6.1.2	Figure 1: Europe - average e-book loans per month	86
6.1.3	Figure 2: Europe – average cost per loan	87
6.1.4	Figure 3: Europe – number of available e-book titles available for e-lending.....	88
6.1.5	Figure 4: Europe – percentage of commercial e-book titles available for e-lending....	89
6.1.6	Figure 5: negotiations with publishers.....	90
6.1.7	Figure 6: Implementing a buy button	91
7	Key trends and observations:	91
7.1	Policy matters – national platforms and regional pilots.....	91

7.1.1	Europe.....	91
7.1.2	North America.....	93
7.2	Other common enabling factors.....	93
7.3	Single user licensing models	95
7.4	Hybrid licensing models	96
7.5	Pay per loan /simultaneous use models.....	96
7.6	Library hosted models	98
7.6.1	Benefits	98
7.6.2	Limitations.....	98
7.7	Competing with commercial platforms	99
7.8	User experience	99
7.9	Nudging the needle.....	100
7.10	Evidence-based decision making rather than fear of the dark.....	101
7.11	Conclusion: Let a thousand flowers bloom.....	103
8	Acknowledgements	104

Supplement: E-book lending models in Flanders and the Netherlands in context

By Prof. Dr. Frank Huysmans



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Foreword

Language connects people, expands our mental horizons and facilitates opportunities for collaboration, inspiration and the sharing of information, whilst helping to bridge social and cultural divides. It is in support of these noble objectives that *Taalunie* works to unite and coordinate the efforts of the Ministries of Education and Culture in Flanders and the Netherlands in stimulating the adoption and use of the Dutch language.

In line with this goal, Stichting Bibliotheek.nl and Bibnet, leading innovators in the digital library space in the Netherlands and Flanders, began a programme in 2014 to support structured collaboration and the exchange of ideas in this important area. An important part of this programme was to carry out a comprehensive research exercise designed to benchmark the achievements of the Dutch and Flemish e-lending models (launched earlier this year) against the progress of other e-lending initiatives in Europe and North America.

Since, the development of public library e-lending models (alongside the commercial e-book market) is still in a state of relative infancy, we quickly identified the value in gathering comparative insights and data from a range of international e-lending initiatives in order to conduct a more effective evaluation of our own models. Thanks to the financial support of the *Taalunie* we were able to do so, and extend the scope of our research to cover models in other EU Member States and a selected number of North American e-lending case studies.

The Flemish and Dutch e-lending models have a number of distinguishing characteristics. For a start, in Flanders patrons pay to support the operational cost of lending e-books. At first, this was also planned for parts of the Dutch model. However, in the course of this year the Dutch model has been adjusted and moving forward all digital titles are available as a basic part of the library service for all patrons. This presents further evidence that developments in the digital domain are rapidly evolving.

In Flanders, Bibnet spent a significant initial period planning and developing the range of public-private partnerships necessary to generate the required investment in infrastructure and digital licenses (alongside gathering ad hoc financial contributions from public libraries). In contrast, Dutch libraries had the advantage of a collective budget for developing ICT-infrastructure and the purchase of e-book licenses.

At the same time both the Flemish and Dutch models also show some interesting similarities. Notwithstanding governmental support, decision making around (adopting and supporting) digital services is still to a large extent decentralised and therefore remains in the hands of individual libraries. Good relationships with publishers and authors are also crucial to the success of the e-lending model which is highly dependent on their enthusiasm and engagement. Last but not least, the common language shared by both models offers opportunities for sharing content and leveraging economies of scale through the joint-purchasing of licenses and the development of infrastructure for e-content display and reading. This demonstrates that there is ample scope for strategic collaboration and partnership between Bibliotheek.nl and Bibnet going forward.

The research shows the Flemish and Dutch e-lending models are among the most efficient and cost effective in Europe. The two models are also relatively unique (alongside a few other countries which have adopted a pay-per-loan/multiple user model) in allowing libraries to offer patrons access

to an unlimited number of simultaneous loans per e-book title. These represent encouraging results offering a strong springboard for further development and innovation.

One of the most important conclusions of the research is worth mentioning here:

'... an overarching trend across all e-lending models in Europe, that greater dialogue and communication between libraries and publishers, alongside a mutual willingness to trial or pilot a range of different licensing models and approaches is the most likely path to success. And the more data collected on usage patterns, patron discovery of backlist titles and the relationship between e-lending and e-book purchasing, the sooner future licensing and pricing model scan be constructed on the basis of mutually understood evidence'.

From the Flemish and Dutch perspective, we agree entirely with this conclusion. Indeed we have experienced this trend ourselves during our quest towards optimizing our own models.

This report supports and independently validates our efforts to deliver an e-lending model through which libraries can offer *all e-book titles available to all interested patrons*. There are now two potential roads ahead of us. One is to establish the right to lend e-books supported by new (international) legislation. The other route forward is to work in partnership with publishers to refine and develop existing e-lending models. Indeed, it can be argued that this last option remains of critical importance as even with the arrival of a recognised legal basis to underpin e-lending - cooperation with publishers will still be crucial in determining acceptable and viable licensing terms and conditions.

We like to thank *Taalunie* for its financial support for our exchange program and European Union research project. The author and researcher Dan Mount of Civic Agenda in London has exceeded our expectations with the enormous number of models analysed and well worked out report. Also thanks to Frank Huysmans for his advice, on-going support and in-depth analysis of the Flanders' and Dutch e-book lending models.

We currently exploring ways to review and refresh this benchmark research periodically to serve as a valuable resource to support both the on-going development of the Flemish and Dutch e-lending models – as well as the library community at large. With that in mind we would like to invite interested contributors from across the European library community and beyond to get in contact to assist us in continuing to drive further innovation and information sharing around this important and ground-breaking area of library service development.

Brussels / The Hague, December 10th 2014

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1 Executive Summary:

1.1 Policy matters

- The policy environment in which individual e-lending models operate has a significant impact on their scope for development and success.
- For the majority of the European models reviewed in this study, the development and creation of national e-lending programmes and regional e-lending pilots have been supported by dedicated policies, strategies and funding to promote e-lending.
- National or consortia budgets for the acquisition of e-book licenses – alongside national or consortia mechanisms to negotiate licensing terms are likely to make e-lending models more sustainable in the long term and secure more consistent/favourable licensing terms from publishers.

1.2 Commercial factors

- Nearly 70% of the e-lending models reviewed in this study report that licensing negotiations with publishers are cooperative or semi-cooperative in nature.
- Models for library e-lending which have been operating for several years tend to offer larger numbers of titles and demonstrate higher usage figures – but new models are upscaling quickly
- The integration of buy button functionality within library e-lending models appears to be proliferating, with 46% of respondents to this study reporting that they have already implemented (33%) or plan to implement (13%) a buy button.
- At least three e-lending models report plans to share a % of buy button sales with participating libraries

1.3 Average cost per loan and average loan numbers

- Based on the data available, the pay-per-loan licensing model operated by Stichting Bibliotheek.nl has the lowest average cost per loan of all the European models reviewed in this study.
- Of the European and North American e-lending models reviewed in this study, PRETNUMERIQUE.CA in Quebec has the lowest average cost per loan.
- Apart from the German divibib platform which launched in 2007, the remaining of top 3 e-lending models in Europe (based on data for average loans per month) are all pay-per-loan, simultaneous user models: the Dutch Digital Library (launched in January 2014), Denmark's eReolen (launched in 2011) and Stockholm Public Library's Digital Library.

1.4 Library hosted platforms - Europe versus North America

- In the United States there have been multiple initiatives to establish state wide e-lending platforms in California, Colorado, Kansas, Massachusetts and Arizona.
- In a context where Overdrive remains the dominant aggregator in the market – there remains considerable appetite for many of these state-wide initiatives (California, Kansas and Colorado) to develop library managed platforms to license and host e-books on their own servers.

- In Europe the only e-lending models reviewed in this study which directly host their own e-book files are the Norwegian National Library's Bokyhlla.no platform and the *E-boeken in de bib* platform operated by Bibnet in Flanders – all other European e-lending models predominantly access content hosted on third party infrastructure/servers.

1.5 Licensing models

- Pay-per-loan licensing models offer a positive e-lending experience for patrons without the restriction on simultaneous users offered by single-user license models – and yet this places a high emphasis on effective budget management and the development of predictable licensing frameworks in a context where most library systems are running physical and digital lending services in parallel.
- In principle pay-per-loan models reduce the risk of libraries investing in titles which attract low patron demand – and yet in instances when this model is combined with up-front loan payments, this benefit is significantly reduced.
- In contrast, an enduring attraction for single-user licensing models is that they allow publishers to inject a well understood element of friction into the e-lending process which can incentivise them to offer their catalogues for e-lending in situations where they are otherwise reluctant to do so.
- Library-hosted e-lending models tend to offer a greater degree of control over patron experience and afford libraries guaranteed access to digital e-book files as opposed to merely pointing to content on servers hosted by commercial suppliers or distributors. However, the costs and logistics associated with developing and maintaining a library managed content hosting platform can be expensive, and in most instances are only affordable with support of significant financial support from central or local government.

1.6 Let a thousand flowers bloom

- Flexibility will remain a key ingredient for future success across all e-lending models – some models are seeking to migrate towards more fixed licensing schemes for different categories of content based on patron usage patterns – others are migrating from initially fixed licensing terms to ad hoc agreements with different publishers to secure particularly desirable titles.
- Dialogue and communication between libraries and publishers represents the most likely path to e-lending success – and generally speaking a track record of engagement and collaboration between libraries and publishers serves as a valuable asset when establishing an e-lending service.
- Getting publishers to the negotiating table and then progressively nudging the needle towards better licensing terms and access to a wider range of titles is a strategy which has paid dividends for many of the e-lending models reviewed in this study.
- The international library community should see every e-lending model as valuable laboratory experiments – each one has the capacity to teach us something new.
- Collecting usage data and mapping the economic and behavioural realities of e-lending will help future licensing and pricing models to be built on evidence rather than overly cautious commercial risk projections.

2 Introduction

The market for e-books and digital content is continually evolving and adapting, while simultaneously becoming increasingly global in terms of its interdependence and reach. Whilst many determinants of this evolving and decentralised information environment are beyond the control of any one actor, institution or organisation - there is significant scope for libraries to act as the architects of their own future by learning from the diverse spectrum of international e-lending experiences and practices to evaluate which models (and their components) deliver the best outcomes for library users. These e-lending business models include:

- Library-managed platforms for hosting owned digital content
- Library-managed platforms for aggregating multiple sources of licensed digital content
- Third party platforms which offer either of the two services above
- Library-led licensing arrangements with publishers, authors or aggregators (either through consortia or on an individual library system basis)

This research project will seek to produce a comparative analysis of different national/regional e-lending business models to identify key environmental, political, cultural, financial and logistical factors which are capable of fostering sustainable approaches to supporting e-lending and public access to digital content. It will endeavour to map a number of actors and initiatives across the international e-lending landscape as well as the common barriers which may restrict the future development of effective e-lending business models.

Whilst the resulting report will necessarily approach the e-lending landscape from a library standpoint, it will also attempt to evaluate the benefits and drawbacks of each approach from the perspective of library users, publishers and authors – given that any viable long-term solutions in this space must effectively address the holistic concerns of all stakeholders.

3 Methodology

3.1 Sources of information

This report has drawn upon a broad range of inputs including existing commercial surveys of national and international e-book markets and existing library community publications on e-lending.

In addition, given that in many countries and regions library e-lending is often in a state of relative infancy, this study has relied upon two additional mechanisms to collect primary evidence and data:

- **Online survey** – comprised of 52 questions completed by individuals responsible for the management and administration of each e-lending model
- **Phone / Skype research interviews** – to collect direct input from 30 individuals responsible for the management and administration of each e-lending model – predominantly from the library community, but with a few exceptions.

A list of all the contributors to this report can be found in the [Acknowledgements section](#) at the end of this document.

3.2 Geographical scope

This study has reviewed 18 different e-lending models across 15 different countries in Europe and North America. In the case of Norway and the United Kingdom two different e-lending models were covered. A list of the e-lending models can be found below:

Europe:

1. [Belgium, Flanders – E-Boeken in de bib](#)
2. [Czech Republic – eReading.cz](#)
3. [Estonia – ELLU](#)
4. [Denmark – eReolen](#)
5. [France – PNB / Bibook](#)
6. [Finland – E-Books for Public Libraries / Ebib](#)
7. [Germany – divibib](#)
8. [Netherlands – Dutch Digital Library](#)
9. [Norway – Arts Council Norway e-Lending Pilot](#)
10. [Norway – Bokyhlla.no](#)
11. [Slovenia – Biblos Lib](#)
12. [Spain – eBiblio](#)
13. [Sweden – Biblioteket.se](#)
14. [United Kingdom / England – Arts Council e-Lending Pilot \(four projects\)](#)
15. [United Kingdom / Wales – e-Books for Wales](#)

North America:

1. [United States / California – enki – Califa Library Group](#)
2. [United States / Massachusetts – MA e-Book Project](#)
3. [Canada / Quebec – PRETNUMERIQUE.CA](#)

3.3 Public library E-lending model assessment criteria

In addition to providing a general overview of each selected e-lending model (covering its history, origins and key actors/organisations involved), this report will assess each e-lending initiative according to a specific set of criteria/benchmarks which are outlined below.

3.3.1 Commercial context

This section will offer a comparative analysis of the size, reach and maturity of each territory's e-book market – including where possible an assessment of the scale of library expenditure against the overall value of the domestic e-book market. It will also distinguish between different types of initiatives – such as library consortium led projects with mainstream distributors versus library developed e-lending platforms, as well as providing details of the licensing model(s) adopted by each e-lending initiative.

3.3.2 Policy context

This section will assess the role of government policy, existing legislation and financial support in the development of each e-lending business model.

3.3.3 Cultural context

This section will offer additional cultural context in relation to the population and linguistic groups served by each e-lending model – as well as details on whether libraries charge membership fees, discounted membership rates or whether library services are all free at the point of use.

3.3.4 Scope and audience of e-lending business model

This section will identify the target audience for each e-lending business model (e.g. the percentage of the library members/population served) as well as differentiating between national, regional and single library system initiatives.

3.3.5 Collection characteristics

This section will provide a description of the size, scope and composition of the collection offered by each e-lending model – including whether this includes fiction, non-fiction, front list titles, back list titles and out of copyright works.

3.3.6 Financial characteristics

This section will analyse the comparative budgets and related costs and revenue streams associated with each e-lending business model.

3.3.7 Friction strategies

This section will identify key elements of friction in each e-lending model, along with any specific publisher strategies which are deemed to have contributed to this (e.g. withholding titles for e-lending or specific licensing restrictions).

3.3.8 Technical specifications

This section will review the technical infrastructure and delivery/discovery mechanisms associated with each e-lending business model. This will include the hardware and software used for library-hosted e-book platforms or for the development of library-based discovery layers which aggregate multiple sources of external digital content. It will also review how these technical characteristics define the e-lending experience from the user perspective, such as whether titles are available for streaming or downloading, the digital format(s) of available titles, whether DRM is applied, and the system used for user access/authentication.

3.3.9 User experience

This section will review and assess the user experience facilitated by each e-lending model based on the qualitative and quantitative data available.

4 Europe – Review of Public Library e-Lending Models

4.1 Czech Republic – eReading.cz

In the autumn of 2013, [Albatross Media](#), the largest publisher in the Czech Republic launched its e-lending service across two library systems offering patrons access to 1,200 e-book titles. The e-lending service operates via the eReading.cz platform - one of the largest commercial/retail portals for consumers purchasing e-books in the Czech Republic. The current terms of this e-lending service require public libraries to purchase a subscription which entitles them to a defined number of loans across any of the available selection of titles. Library users are permitted to borrow up to three titles simultaneously for a loan period of 21 days.

4.1.1 History and overview of e-lending model

In April 2014 [Albatross Media](#), the largest publisher in the Czech Republic launched a new e-lending service for users of the Research Library of South Bohemia in Ceske Budejovice offering patrons access to 1,200 e-book titles. Since April the e-lending service has been extended to three additional libraries – the Central Bohemian Research Library in Kladno, Tabor Municipal Library and Sedlcany Municipal Library. The e-lending service operates via the eReading.cz platform which is the largest commercial/retail portal for consumers purchasing e-books in the Czech Republic.

The current terms of this e-lending service require public libraries to purchase a subscription which entitles them to a defined number of loans across any of the available selection of titles. Library users are permitted to borrow up to two titles simultaneously for a loan period of 21 days. The costs of developing the public library e-lending module which integrates the library ILS with the eReading.cz platform and catalogue were funded by the ILS suppliers [Cosmotron](#) and [Lanius](#).

4.1.2 Commercial context

In 2012-13 the Czech Republic's commercial e-book market was worth around €3.2 million with a total of 9,000 available titles¹ - representing around 0.8% of the commercial print book market.

eReading.cz offers a subscription model where participating libraries pay an upfront fee of €740 (20,000 CZK) which provides them with 400 e-book loans from a selection of 1,200 titles (the range of e-book titles available for commercial purchase via eReading.cz is around 6,000). This equates to about €1.80 (49 CZK) per e-book loan. It is hoped that once more public libraries starting using the eReading.cz e-lending platform there will be scope to negotiate lower upfront license fees. It should also be noted that since October 2013 customers have also able to borrow individual e-books directly from the eReading.cz platform with prices starting at €1.80 (49 CSK) per title.²

4.1.3 Policy context

The Czech Government allocates an annual budget of €13 million (360 million CZK) for purchasing/licensing e-books across all libraries. Currently most of this is spent on acquiring English language e-books from other platforms although generally speaking public library users tend to be more interested in accessing Czech language e-books.

¹ [Global eBook Report 2014, page 53](#)

² [eReading.cz, Press Release, October 7th 2013](#)

The Czech National Library also has a digitization project which is supported by EU funds (€11.5 million budget over five years). 30-40 other libraries are also digitizing books and journals. If this material is out of copyright then libraries can make it available online - but if not, it can only be made available for users to read on machines or devices at the library itself.

4.1.4 Cultural context

The Czech Republic has a population of 10.5 million. The total number of Czech e-books is estimated to be around 9,000 of which 5% have been translated from other languages.

Public library membership in the Czech Republic costs around €3.5 per year. Discounted membership rates are offered to children and the elderly but not the unemployed or the socially disadvantaged. There are currently no supplementary patron charges for e-book lending - although there is scope for considering this in the future as there are no legal restrictions which would prevent libraries from doing so.

4.1.5 Scope and audience of e-lending model

Currently the eReading.cz e-lending platform can only be accessed by registered members of the participating libraries. The eReading.cz e-lending service only started in April 2014 so precise user data has yet to be collected. However, it is anticipated that there would be no major technical obstacles to this platform being rolled out across all Czech public libraries.

4.1.6 Collection characteristics

eReading.cz offers participating libraries access to 1,200 titles. Within this selection of titles there is no price difference between licensing front list and back list titles.

4.1.7 Financial characteristics

The costs of the hosting infrastructure and cataloguing of e-book titles on the eReading.cz is covered by Albatross Media Group (same system as it uses to sell e-books to consumers). The cost of integrating library catalogues and discovery layers with the content provided by eReading.cz and developing the library e-lending module was paid for by the library ILS suppliers. The eReading.cz app used by patrons to access titles on the eReading.cz platform is the same version of the retail app used by consumers to access purchased e-books.

4.1.8 Friction strategies

By and large Czech publishers see e-lending as valuable additional source of income based on the upfront license fees they charge libraries through the eReading.cz platform. Detailed information is limited given this e-lending model is in its infancy, but thus far there seem to be few efforts by publishers to impose across the board embargos or similar restrictions on front list titles when it comes to e-lending. However, on an individual basis some publishers do persist in restricting the availability of certain front list titles – and some continue to refuse to offer any titles for e-lending.

4.1.9 Technical specifications

The eReading.cz platform offers library users remote access to 1,200 titles, providing their library has sufficient loans remaining in its subscription package. DRM protected e-books can be downloaded directly devices and tablets using the eReading.cz app or to the eReading.cz e-ink reader. Registered library users are authenticated to access the eReading.cz platform using Shibboleth institutional

login (a standards based, open source software system for single sign-on across or within organisations), or an eReading.cz account paired with their library account via their email address. Titles are available in PDF, ePUB or mobi format.

4.1.10 User experience

As previously suggested a large proportion of the Government funded budget for libraries to license e-books is currently spent on accessing English language titles – despite most public library users being more interested in Czech e-books. The eReading.cz e-lending subscription service is in its initial phase of development, but as the platform is rolled out to more libraries it is hoped that users will gain access to a broader range of Czech titles and that participating libraries will be better placed to negotiate lower license fees. Currently around 20 libraries in the Czech Republic and Slovakia are working to launch future e-lending services via the eReading.cz platform.

4.2 Estonia – ELLU / Tallinn Central Library

4.2.1 History and overview of e-lending model

Tallinn Central Library (TCL) is a public library with 17 branch libraries which served 72,600 registered users in 2013. In April 2011 TCL launched a public procurement for bids to supply the software and infrastructure behind a new e-lending service. The procurement was won by the [Estonian Digital Book Centre](#) (ERDK) which is the largest retail supplier and manufacturer of e-books in Estonia. The architecture of the resulting platform, designed by ERDK, is fully integrated with TCL's Millennium ILS. The initial platform development costs were funded by the Ministry of Culture and Gambling Tax Council – though TCL has since invested additional resources in further development of the platform. On the 31st January 2012 TCL launched its new e-lending service for registered library users via the [ELLU platform](#) (online lending and reading environment). TCL is currently the only library in Estonia lending non-academic e-books (e.g. contemporary fiction titles) to its patrons.

TCL has an agreement with the Estonian Publishers Association (which only applies to participating publishers) under which e-book titles can be licensed for 20 individual loans (no simultaneous users unless additional licenses are purchased for a particular title). In practice this means that the library purchases an average of 2-3 licences for each e-book title to offer simultaneous loans to patrons. Currently the ELLU loan period is set for a maximum period of 21 days and users can borrow a maximum of three titles simultaneously (licenses permitting). Once the loan period expires, patrons are not permitted to renew the same e-book immediately – but are allowed to borrow it again after a 24 hour period. The ELLU platform currently offers 922 Estonian e-book titles (of which 125 are copyright free titles).

4.2.2 Commercial context

Provisional estimates from the Estonian Publishers Association (official 2013 figures have yet to be finalised) suggest that the Estonian commercial market for print books is around €23 million per year – and that e-book sales represent roughly 1.5% of that total (€34,500).³

In 2013 TCL spent nearly €535,000 on printed books, and €6,095 on e-book licenses (nearly double the e-book budget for the previous year). TCL has an agreement with the Estonian Publishers

³ Estimate provided by Estonian Publishers association

Association which means that the price of a 20 loan e-book license is the same as the retail/consumer price for purchasing that title. In 2013, the average retail price of an e-book in Estonia is €10.17.

The Estonian Digital Book Centre (ERDK) offers e-book titles from 90% of all Estonian publishers for library purchase. TCL submits requests for new e-book titles to ERDK who will then liaise with the relevant publishers/authors to secure consent.

So far in 2014 TCL requested access to license 144 new e-book titles from the ERDK – of which 122 licenses were granted and 22 refused. TCL also sought to renew licenses to 68 additional titles – of which 66 were approved and 2 denied.

Currently the second largest supplier/manufacture of Estonian e-books, DIGIRA, refuses to license its titles to public libraries. Negotiations between TCL and DIGIRA to secure licensed access to 371 e-book titles via the ELLU platform have so far not met with success.

4.2.3 Policy context

The Estonian copyright framework adopts the guidelines provided by the EU Information Society Directive of 2001⁴ which categorises e-books as a service (as opposed to a product) and means that authors and publishers can refuse to sell e-book titles to libraries if they so desire.

The Estonian Public Library Act requires that all core library services (e.g. onsite document use, home lending service...etc) must be free of charge. Whether library e-lending charges might be legally permissible in the future will depend on whether e-book lending is seen as part of the library's core service – or a supplementary service. At present no such charges are in place.

The Estonian Government currently funds the digitization of out of copyright literature – with more than 160 titles currently available via the Digital Archive of the Estonian National Library (DIGAR) which are also available via the ELLU e-lending platform.

Estonian public libraries receive 50% of their collection budget from central government and the remaining 50% from local government or city municipality. Since 2014 public libraries have been allowed to use central government money to purchase e-book licenses. Aside from the Estonian National Library and university library digitization initiatives – there is no national or centralised budget for the acquisition of e-book licenses for public libraries.

4.2.4 Cultural context

Estonia has a population of just under 1.3 million of which around 900,000 are Estonian citizens. Over 100,000 Estonian speakers live outside Estonia. In 2012 the Estonian Ministry of Culture announced a cultural diversity and integration programme under which the Ministry would support the translation and publishing costs of Estonian children/youth literature in Russian e-book formats. So far two titles have been selected for this initiative at a collective cost of €2,560.

At TCL library membership is free of charge to Estonian citizens who register with their national ID card. If not the fee for library card is €1.00. The charge for discounted library card for children under 18, university students and the retired is €0.50. The charge for a discounted library card for preschool children, first grade students of Tallinn, children from families of three or more children,

⁴ [EU Directive 2001/29/EC, 22nd May 2001, L 167/12, Section 29](#)

the disabled or people on disability pensions, the unemployed or individuals looking for work is €0.05. There are currently no plans to introduce supplementary charges for e-book lending.

4.2.5 Scope and audience of e-lending model

TLC currently has 72,000 registered library users. In 2012-2013 the ELLU platform had over 2,400 users who conducted over 14,000 e-book loans. Although TLC is a municipal public library which serves the residents and visitors of Tallinn – registered users of the ELLU platform can access it from anywhere in the world. In addition, the ELLU platform has been made accessible to Estonian schools overseas with students and teachers a broad range of locations (including New York, Washington, Dublin, Bologna, Köln, Munich, Stockholm, Shanghai and Taiwan) signing up to access electronic book titles.

Initial figures suggest that ELLU audience is wider than just younger library users. In 2013, 42% of ELLU users were aged 4-28 years old, 36% were between 29-43 years old and 19% were between 44-63 years of age. Interestingly 74.8% of all ELLU users were female.

4.2.6 Collection characteristics

The ELLU platform currently offers access to 922 e-book titles of which 125 are out of copyright works. Of these, 32 titles (3.5%) are foreign language e-books and around 314 titles (34%) are foreign language e-books translated into Estonian.

4.2.7 Financial characteristics

The first version of the ELLU platform (before authentication using the Estonian ID card or Mobile ID was introduced) was developed at a cost of €47,316 – of which €20,564.81 was financed by Tallinn Central Library, €20,563.81 came from the Estonian Ministry of Culture, and €6,391 was funded by the Gambling Tax Council. The ELLU platform will be hosted by the Estonian Digital Book Centre until 2017 – after which Tallinn Central Library will need to consider purchasing dedicated servers to continue running the platform.

4.2.8 Friction strategies

Under the agreement between the ELLU platform and the Estonian Publishers Association, publishers have the right to impose an embargo of 3-6 months on new digital titles – but few have taken up this option thus far. In most instances publishers decide not to offer titles for e-lending because of author imposed restrictions. However, there has been recent pressure from the publishers participating in the ELLU platform to cut the number of loans per license from 20 to 8.

4.2.9 Technical specifications

The ELLU platform offers titles for e-lending in ePUB format, compatible with IE9, Firefox, Chrome and Safari browsers – as well as iOS and Android mobile browsers/e-reading applications. E-book reading devices which support HTML5 and Javascript are also able to access titles via ELLU.

The ELLU platform is fully integrated with TLC's Millennium ILS – which checks whether users have any outstanding physical book loans on their record and prevents them borrowing e-books until the print books are returned to the library. ELLU users are authenticated using a user name and password which is linked to their Library ID or their Estonian National ID card. Registered users can borrow e-books at any time of day and from any location.

ELLU does not use DRM to encode/protect its ePUB files. Instead a soft DRM or watermarking approach has been implemented for customer e-book purchases. In the case of e-lending the e-book files are streamed to devices via a live internet connection (instead of downloaded in entirety to the device) which means the scope for duplicating the entire file is limited (e.g. text selection is disabled within the online reading environment which makes copying content difficult). TCL is also currently investigating a further option where an encrypted version of the file can be fully downloaded to devices using the ELLU e-lending app which then disappears at the end of the loan period.

4.2.10 User experience

So far initial user feedback has been very positive, perhaps a reflection of the fact that TCL's ELLU platform is the only library led project which offers modern Estonian e-book titles for lending. General comments from users include requests to download the e-book files (currently they are only streamed to devices) and to access a greater range of titles. In October 2013 TCL reviewed the records of 670 e-book titles hosted on the ELLU platform. Based that particular basket of titles – 58.7% of all e-book loans took place outside the library's opening hours. 36.8% of loans took place on Sundays, and 58% of loans were made after 8:00pm at night and before 8:00am in the morning. These usage statistics alone certainly suggest that user experience of e-lending is positive given that it satisfies a demand for accessing content which would simply not have been possible in a traditional print book library environment.

4.3 Denmark - eReolen

4.3.1 History and overview of e-lending model

The eReolen national public library e-lending platform was originally launched in the autumn of 2011, funded by the National Development Programme for Public Libraries managed by the Danish Agency for Culture. During its first 12 months of operation eReolen enjoyed the participation of all seven major Danish publishers (as well as over 100 small/medium publishers), with access to both back list and front list titles on a pay per click licensing system. All 98 municipal public libraries in Denmark also signed up to the service.

The primary motivation behind the development of the eReolen project was that no other major e-book lending platform existed in Denmark. The initiative also benefited from the fact that the Danish Agency for Culture was exploring ways to migrate access to cultural and creative content towards digital channels as part of a mainstream policy thrust. eReolen serves as an interface for participating municipal public libraries to access titles offered for e-lending via a third party platform operated by Publizon (the largest commercial e-book platform in Denmark owned by several major publishers).

4.3.2 Commercial context

2013 figures suggest that the Danish commercial book market is valued at €540 million – of which e-books represent 1% of transactions⁵. Other sources suggest that total revenue from Danish Publishers was €241 million in 2012, of which 5% (€12 million) came from digital publications. Based

⁵ [Global e-Book Market Report 2013, page 44](#)

on the latter figures, public library expenditure currently represents about 11% (€27.4 million) of annual publishing revenue and an estimated 13% (€1.53 million) of e-book revenue.⁶

The eReolen platform operates on pay-per-loan license model. E-book titles licensed according to three fixed price categories:

- **Titles aged 0-6 months** are licensed at 14.50 DKK (€1.95)
- **Titles aged 7-24 months** are licensed at 13 DKK (€1.74)
- **Titles aged over 24 months** are licensed at 10.50 DKK (€1.41)

Each e-book loan transacted through this model requires an additional fee of €0.20 which is paid directly to Publizon and a further €0.20 contribution towards the upkeep and maintenance costs of eReolen (which in practice adds an additional €0.40 to the cost of each e-book loan).

For its first 12 months of operation, the eReolen platform offered access to 4,171 e-book titles at a library cost of €2 per loan from 127 Danish publishers (681,000 loans from November 2011 – November 2012)⁷. Current estimates suggest that the average loan cost per title paid by public libraries via the eReolen system is around 12.81 DKK (€1.72).

4.3.2.1 Major publishers withdraw from eReolen after disappointing summer e-book sales

Following the launch of eReolen in 2011, in late 2012 seven of the largest Danish publishers took the decision to withdraw from the platform – allegedly because of a drop in their summer sales figures and concern that the platform was cannibalising the sales of front list titles. In January 2013 these major publishers launched an alternative lending platform eBib.dk, which offered a model of four loans per e-book licence (after which the licence must be renewed). This initially secured the tentative engagement of several large Danish public libraries.

Nevertheless, despite the availability of front list bestsellers via the eBib.dk platform, public library demand for this service trailed off towards the end of 2013 and the large publishers are expected to discontinue this project by the end of 2014. This was partially due to the less desirable licensing model and the costs of engaging with both platforms (eReolen and eBib) in parallel – as well as the superior literary content (including author biographies and book reviews) offered by the library-maintained eReolen platform.

4.3.2.2 Fresh negotiations with publishers resume

Later in 2013, the major publishers entered into fresh talks with the Danish Public Libraries Joint-Negotiation Secretariat to re-host their catalogue on the eReolen platform – although obstacles remain as to the best licence model to apply to popular front list titles. Ultimately, the library position is that even if 1% of available e-book titles are restricted, this should not prevent the library system adopting sensible models which secure on-going access to the remaining 99% of titles. As a result eReolen's approach is increasingly focused on highlighting areas of common interest with participating publishers. For example, eReolen is seeking to reassure publishers that it would be too expensive for libraries to seek to establish themselves as the primary means of access to bestselling front list titles under the existing pay-per-loan licensing model. A further objective for these

⁶ Figures provided by Jakob Heide Petersen, Director of Copenhagen Libraries – translated from 2012 statistics released by Danish Publishers

⁷ [2012 A breakthrough for e-books in Denmark, Helen Niegaard, The Danish Library Association](#)

negotiations is for eReolen to secure more control and achieve greater flexibility around current e-lending restrictions. Ideally this would allow the possibility of restricting the heaviest users of the e-lending platform, so that available library purchasing budgets can cover more loans for new users.

4.3.2.3 Digitisation pilot agreement

A separate set of negotiations is also taking place with one major publisher to establish a Private-Public Partnership agreement whereby public libraries will agree to digitize 1,200 backlist titles from 2000-2011 and host them on the eReolen platform (subject to the relevant rights being cleared). These titles will be offered on a 15 loans per licence model with a set library cost per licence (the cost of the first 15 loans to be payable by libraries upfront, followed by a pay per click licence model thereafter).

4.3.3 Policy context

The original development costs for eReolen were financed by the Ministry of Culture's National Development Programme for public libraries. eReolen continues to receive smaller allocations of funding for ad hoc technical development projects, but is expected to fund the remaining operating and administration costs from its own resources. In 2014 the Danish Digital Library secured €1-2 million in support grants from the European Commission's Horizon 2020 programme – which presents an opportunity for eReolen to apply for additional funding.

4.3.4 Cultural context

There are 98 municipal public libraries in Denmark serving a population of 5.5 million inhabitants. Danish public library legislation requires that all services provided to patrons must be free of charge – which means that the introduction of supplementary patron charges to finance e-lending is not viable option. Interestingly current library expenditure on audio books is over double that spent on licensing e-books with library spending on audio books representing about 60% of the commercial audio book market.

4.3.5 Scope and audience of e-lending model

Access to eReolen is permitted on the basis of municipal library membership, so Danish citizens living abroad are unable to borrow e-books from the platform. There are 1.8 million active library users in Denmark which adds up to around half the adult population. In the last year eReolen has attracted around 21,000 active users to its e-book lending service – compared to 27,000 active users for online audio book services.

4.3.6 Collection characteristics

eReolen offers participating libraries access to 4,500 e-book titles and 3,400 audio book titles. In contrast the leading publisher-led e-lending platform eBib.dk offers access to some 6,000 titles. However, it should be noted that eBib.dk has experienced difficulties attracting sufficient numbers of customers and is widely expected to close down by the end of 2014. According to the 2014 Global e-Book Report the total number of commercially available trade e-books in Denmark is 13,000 based on figures published in January 2013.⁸

⁸ [2014 Global E-Book Report, page 44](#)

Publizon is also the main commercial platform for selling e-books in Denmark – so when a publisher uploads a title to this platform they submit the EPUB file, associated metadata and then decide whether that e-book should be made available for library lending as well as for customer purchase. The public library selection team then reviews the titles available and confirms which will be added to the eReolen platform. This mechanism can also be used by authors to submit self-published e-book titles to the eReolen platform, providing their works are available through any of the self-publishing platforms connected to Publizon (e.g. Saxo.com) although whether they are successful will often depend on evidence of positive reviews...etc.

Current usage figures show that 29% of all eReolen loans are for titles aged between 0-6 months, 48% are for titles aged between 7-24 months, and 23% are for titles older than 24 months.

4.3.7 Financial characteristics

To date the platform development and operating costs for eReolen are estimated to be in the region of €3 million. The eReolen Association has an annual budget of around €320,000 and is governed by a Board and Annual General Assembly. Daily operations are supervised by a series of working groups composed of librarians and library director appointees – covering a range of areas including content selection, technical/IT support, editorial work and executive operations.

4.3.8 Friction strategies

Some publishers participating in the eReolen platform operate an embargo on new e-book titles of up to 6 months – although this practice is becoming increasingly less common. More often publishers simply decide not to list certain titles on the platform. Given the potentially uncapped cost of eReolen's pay-per-loan licensing system, participating libraries are afforded a range of options to keep expenditure within budget. One method used by many public libraries is to limit the number of simultaneous title loans. Most elect to impose a limit of three simultaneous title loans – although one participating library offers unlimited simultaneous loans.

A second approach is to temporarily suspend the e-lending service towards the end of the month if the number/cost of loans has reached maximum budget capacity for that month. The e-lending service can then be resumed at the start of the following month. This approach allows libraries to spread costs out across the year whilst maintaining a semi-continuous service. Alternatively, libraries may also take the decision to extend the budget cap in order to keep the e-lending service running throughout the month on the expectation that subsequent months may see reduced patron demand.

4.3.9 Technical specifications

The eReolen library user-facing interface is based on platform independent architecture designed to facilitate successful integration with existing public library user interfaces. The content delivered by eReolen is hosted on a third party platform, Publizon, which is owned by a consortium of the larger publishers. Licensed e-book titles are currently streamed to laptops, desktops and tablets or downloaded as an EPUB or PDF file for offline use on smartphones and e-readers using a dedicated library developed app (compatible with both iOS and Android devices).

Users are authenticated by a PIN code which is linked to their municipal library membership profile and social security number. Instead of using DRM, eReolen employs security measures embedded within the dedicated e-reading app to prevent the file being copied and ensure that the file

disappears from your device once the loan period expires. Downloaded files can be accessed offline, but only after the user has authenticated their credentials by logging into the eReolen app using a live internet connection (required each time the app is started).

4.3.10 User experience

Feedback from users on e-lending through eReolen is positive, although patron demand for accessing a greater range of newer titles continues to pose a challenge for on-going negotiations. It can also be argued that the fact that eReolen's main commercial e-lending competitor (eBib.dk) is likely to be discontinued due to lack of customer interest is further validation of eReolen's comparative appeal and ease of use. However, further challenges exist in the form the new "Spotify for e-books" streaming service operated by Mofibo which offers customers access to 7,000 e-books in return for €11 per month – and enjoys the support of all the main Danish publishers. One Danish telecommunications operator also offers a consumer service subscription bundle which includes combined access to cable television, a selection of journals and the Mofibo e-book streaming service.

In relation to the current eReolen service, some patrons have commented that they would like to be able to use other e-reading applications (e.g. Bluefire Reader) and that they would prefer not to have to login via a live internet connection before accessing titles downloaded using the eReolen e-reading app.

4.4 Flanders, Belgium – E-boeken in de bib

4.4.1 History and overview of e-lending model

In May 2014, Bibnet launched their Flemish/Dutch-language e-lending platform "*E-boeken in de bib*" (E-books in the Library) offering 415 titles across 216 participating public libraries in Flanders. The conceptual planning and prototyping process which led to the development of the e-lending platform took place from 2010-2013 supported by a grant from the Flemish Government's innovation fund. The e-lending platform is run by Bibnet, an agency established by the Flemish Government in 2009 to develop infrastructure and services across all public libraries in Flanders.

During the early stages of the e-lending project development, Bibnet sought to secure a comprehensive e-book licensing solution with [Boek.Be](#) – the umbrella organisation which represents both the Flemish Publishers Association and the Flemish Association of Booksellers. However, these initial discussions were eventually terminated due to concerns that such an agreement might breach Belgian competition regulations. As a result, Bibnet entered into direct negotiations with six publishers in Flanders to secure e-book titles for the new e-lending platform. These negotiations resulted in a licensing agreement to support a one year pilot of the "*E-boeken in de bib*" e-lending platform commencing in June 2014.

4.4.2 Commercial context

The current value of the commercial e-book market in Flanders is estimated to be around €900,000. In contrast, Bibnet currently administers a collective library system e-book budget of €100,000 (representing just over 11% of the commercial market).

During the initial negotiations the largest three publishers (out of the six participating publishers) insisted on an e-lending model which had certain specific characteristics. Firstly, they wanted a pay

per loan licensing system, and secondly, they requested that library patrons be charged a fee for e-lending – although they did not stipulate a specific amount for that fee, leaving Bibnet the flexibility to set this themselves.

During the pilot phase Bibnet has set the e-lending fee at €5.00 which provides patrons with an e-book card offering them access to their choice of three titles for a four week loan period. There is no limit to the number of e-book cards patrons can choose to purchase. This e-lending model essentially operates on a pay per click or pay-per-loan system - which means there are no specified limits to the number of times a title can be loaned simultaneously to patrons (providing patrons have purchased the relevant number of e-book cards).

However, participating publishers insist on being paid an upfront licensing fee – which in most cases involves prepayment for 50 loans in advance for each title licensed to Bibnet (in addition to a base fee of between two and ten times the commercial retail price of the e-book title concerned). The primary justification offered by publishers for requesting advance loan payments is that this is necessary to persuade their authors to grant approval for licensing their work to libraries.

The size of the license fee varies between publishers and the titles selected – but generally speaking it ranges from an average of €0.37 (€0,45 21% VAT included) for the majority of titles – to €0.50 (€0,605 21% VAT included) for titles which are between 1 – 2 years old. This means that Bibnet can retain an average of €3.65 – €3.185 of the e-lending fee charged to library patrons for borrowing 3 e-books after the publisher licensing fees have been deducted. This mechanism allows patrons to support the operational and infrastructure related costs of maintaining the e-book platform.

Libraries participating in the project are required to pre-finance a certain number of e-book cards based on the size of the population they serve – which also helps to mitigate the financial risk of Bibnet's upfront licensing payments to participating publishers.

Finally, during the negotiations with publishers, Bibnet voluntarily proposed to introduce a “buy it now” button during the platform's pilot phase. The button takes users to a generic portal page of Boek.be, offering them to click through to website of the retailer of their choice to purchase a title if they wish to do so. The primary incentive for introducing this feature was to provide additional leverage for Bibnet in negotiating other aspects of the licensing agreement with the larger publishers participating in the platform.

4.4.3 Policy context

There is no national copyright framework for e-lending in Belgium (given that copyright exceptions and limitations do not currently apply to e-lending). In Flanders, Bibnet collectively licenses e-book titles from six publishers which are then made available to the public libraries who participate in the pilot e-lending platform. There is no centralised government budget for financing public library e-book collections in either Belgium or Flanders. Bibnet currently receives an annual €3 million grant from the Flemish Government designed to cover operating costs and staff-related costs.

4.4.4 Cultural context

Within Belgium, Flanders is an autonomous self-governed region with a Dutch-speaking population of 6.5 million. Most public libraries charge patrons an annual membership fee which ranges between €5.00-10.00 per year – although they are legally required to offer free membership to children. In some libraries there are membership discounts available to the elderly or unemployed – and some

libraries do offer discounts to disadvantaged individuals. There are also special services available to the visually impaired. Upon the insistence of some of the larger publishers involved in the e-lending platform that library patrons be charged a fee for borrowing e-books - Bibnet has initially set the cost of an e-book card at €5.00 (which entitles patrons access to three e-book titles for four weeks). It is interesting to note multiple requests from Bibnet to exempt certain groups or locations (e.g. hospitals) from this charge were repeatedly blocked by at least one of the publishers participating in the platform.

4.4.5 Scope and audience of e-lending model

In the last two and a half months since the launch of the new e-lending platform Bibnet has recorded over 2,000 unique users, 4,000 e-book loans and 14,000 app downloads. The e-lending service is currently only available to members of local public libraries participating in the platform – which offers a potential pool of 30,000 users. At present around 200 public libraries in Flanders are signed up to the platform (out of a total of 300 public libraries) covering an estimated 80% of Flanders inhabitants.

4.4.6 Collection characteristics

The e-lending platform currently offers access to 415 e-book titles in Dutch. 50% of this collection is composed of titles between 1-3 years old, and 33% of titles are over 3 years old. Around 12% of titles are translated e-books. Copyright free or public domain content is not currently included because a) preparing the content and associated metadata would require significant resources; b) public domain titles are already available through the Digital Heritage Literature Library (DBNL.org); and c) Bibnet's primary objective was to provide access to contemporary content.

It should also be noted that Bibnet has also pursued a separate project in parallel with the e-lending platform via an agreement with the leading Flemish manufacturer of interactive e-books for children. Bibnet has secured an offering for libraries based on a separate App and environment which provides access to interactive children's e-books (the manufacturer negotiates terms and pricing with publishers – and then negotiates directly with Bibnet). One of the key motivations behind this initiative is that libraries are seen as valuable promotional channel to raise public awareness and interest in these new interactive digital products.

4.4.7 Financial characteristics

The Bibnet e-lending platform was originally developed on the basis of a €600,000 investment. 50% of the cost of developing the online repository for e-book titles (€120,000) was financed by the Flanders Association of Publishers with the remainder funded by Bibnet. Operational costs for the next year are estimated to be in the region of €170,000.

4.4.8 Friction strategies

Of the six publishers participating in the e-lending platform pilot – the three smallest have made most of their e-book catalogues available for e-lending. However, the three larger publishers have tended to only offer titles which are over a year old – indicating concerns that providing access to more recent titles might adversely affect commercial sales. Publishers have also insisted that Bibnet provide upfront payments (up to 50 loans per title in advance) whilst introducing supplementary e-lending charges for library patrons (in addition to library membership).

In addition to these upfront payments, Bibnet has also been required to pay a one-off initial licensing payment for each title for it to be added to the e-lending platform. Publishers operate a differential pricing regime for e-books hosted on the platform whereby popular titles are often licensed at up to 35% more than the price of older or less popular titles. Collectively this suggests that the larger publishers are keen to maintain certain elements of friction within this e-lending model in order to constrain patron demand for e-lending services in the libraries participating in the platform.

It should be noted that although the e-lending service is partially funded through charging patrons to access this service – unlimited access to the entire e-book collection is available free of charge within the premises of participating libraries (a benefit which is factored into Bibnet’s pricing model for e-lending access).

4.4.9 Technical specifications

The e-lending platform’s content management and hosting system were commissioned according to bespoke specifications stipulated by Bibnet. The platform includes a digital repository which includes an ingestion module (for adding new content) and administration module – alongside an API suite for accessing content and metadata. The distribution system is based upon Daisy Online Delivery Protocol (DODP) which serves as the intermediary between e-lending platform’s App, the e-lending platform’s website and the digital content repository. The repository hosts all e-book titles in EPUB2 format and supplies relevant metadata to the platform’s discovery layer. To authenticate users, the platform uses Open Standard for Authorisation (OAUTH) credentials developed by Bibnet – which is the standard used for all Bibnet digital services.

E-book titles can either be accessed directly from the platform website or via the platform App which is optimised for use on iOS and Android devices. E-book titles are not encoded with DRM but are watermarked instead (social DRM). E-book files are downloaded to authorised devices so they can be read offline – but cannot be accessed except via the platform’s App. All e-book titles available on the platform can be browsed (and 10% of their content can be previewed) without any requirement to install the e-reading app or supply membership, registration, or login credentials. The same website also allows unlimited (and free of charge) access to all e-book titles via a standard internet browser within the premises of participating libraries.

4.4.10 User experience

The platform app has experienced some initial difficulties – mostly based on third party open source ePUB reading software – which are being progressively resolved and addressed. It is inevitable that patrons will often compare the public library e-book experience to the services offered the commercial platforms offered by multinational firms such as Amazon and Apple. A key challenge for public library e-lending services will be determining the appropriate balance between investing in the essential features which support the fundamental mechanics of the patron’s e-lending experience - versus attempting to compete with the sophisticated interfaces and functionalities which can be offered by globalised and vertically integrated technology companies. Based on limited library budgets the equilibrium between essential and “nice to have” features is an important one.

The initiative was well received by libraries and their patrons. However, perhaps unsurprisingly some patrons would prefer not to pay supplementary e-lending charges, and many would like to see a larger collection of newer titles on offer. Moving forward, Bibnet is keen to negotiate lower and more flexible licensing fees (particular for older titles) and secure access to a broader range of titles

(particularly newer titles). They would also like more freedom to suspend supplementary e-lending charges for patrons from certain disadvantaged groups.

Broadly speaking Bibnet believes that the pay per loan model maximises user experience because, in principle, it offers an unlimited numbers of patrons an unlimited number of simultaneous loans. Whilst many librarians can often be attracted to a limited number of loans based licensing model (because this replicates aspects of the print book lending model which they are already familiar with), Bibnet has concluded that in practice this is not what users want or expect when it comes to accessing e-books and digital content.

A further advantage to the Bibnet model is that a pay per loan system requires less complex technical architecture to implement than other models which require careful monitoring of the number of simultaneous users to comply with lending limits stipulated by the publisher license. Bibnet's position is that one copy one user licensing models tend to restrict the potential revenue streams available to rights holders because of the associated requirement for libraries to invest in expensive infrastructure to limit access – as opposed to fostering greater access to reading by investing in a wider range of licensed e-book titles.

Bibnet also believes that e-lending is about much more than just simply providing a conduit for accessing digital titles – many of which can be found on the internet at zero cost. For libraries to add value during this process, they need to create a user environment which offers a richer and more enjoyable reading experience. Bibnet is currently exploring, in dialogue with publisher representatives, new ways to improve its e-lending service, including the use of full text search and advanced algorithms to analyse the DNA of individual titles and match suggested titles to e-books that users have previously borrowed. Ultimately one of the key reasons why Bibnet decided to host and develop its own platform (instead of using existing architecture provided by publishers) is that this would allow them a greater scope for controlling the quality of the user experience as well as the capacity to innovate and improve future e-lending service components.

4.5 France – Grenoble Public Libraries (Bibook), Prêt Numérique en Bibliothèque and Numilog/BiblioAccess

4.5.1 History and overview of e-lending models

Since 2005, Grenoble Municipal Libraries (BMG) have offered patrons access to e-books, online news, digital heritage materials, on-demand video and online learning resources. Originally, BMG developed its e-lending service offering 800 e-book titles licensed through Numilog, the largest French e-book distributor, offering an electronic catalogue of 70,000 titles from publisher Hachette and is currently used by 135 public libraries across France.⁹

However, BMG and other libraries felt that Numilog did not offer a sufficiently broad range of titles from different publishers. BMG also wanted to develop their own library e-lending interface which could integrate content from multiple publishers - rather than continually directing patrons outside the library digital ecosystem to different commercial aggregator websites.

In 2011 a consortium of publishers and book sellers partnered with [Dilicom](#) (a supplier of information and data solutions to the book industry) with support from the [Centre National du Livre](#)

⁹ [International Publishers Association, Innovation in E-Lending: An IPA Special Report, 24th June 2014, page 5](#)

(CNL) to develop a new e-lending solution – Prêt Numérique en Bibliothèque (PNB). PNB was initially piloted with three library systems, BMG, Montpellier and Aulnay-Sous-Bois. In February 2014, the PNB e-lending service was launched at a national level offering a catalogue of 9,000 titles from 50 participating publishers.

Building upon its experience of participating in the PNB pilot service, at the end of 2013 BMG began to develop its own e-lending interface called [Bibook](#). The interface operates in isolation from BMG's ILS and was developed based on the Cantook Station distribution platform supplied by De Marque (the same software used by libraries in Quebec – see [section 4.3](#)). The Bibook interface was also developed in partnership with Feedbooks (a digital book store), Le Square (a Grenoble book seller) and Dilicom (the suppliers behind the PNB platform). After a trialling the interface during the early part of 2014, BMG launched the Bibook interface across its 14 branch libraries on the 15th September 2014.

In March 2014, Numilog rebranded its existing platform and launched a new integrated e-lending solution called BiblioAccess – which offers a combined distribution platform, digital sales dashboard and white label user interface.¹⁰ The new system potentially offers participating libraries the opportunity to access titles from a broader range of publishers.

4.5.2 Commercial context

In 2012, the French book market was worth an estimated €4.1 million, with e-book sales representing 2.7% of the trade book market.¹¹ France represents the second largest domestic book market behind Germany, although book sales have been experiencing a slow decline since 2011.¹² According to the 2014 Global E-Book Report, French publishers offered a combine collection of around 126,000 e-books for retail purchase.¹³

PNB offers participating libraries access to around 9,000 e-books from 50 different publishers. Under the PNB licensing system each publisher can decide the duration, number of simultaneous users and number of loans associated with each licensed title. Most licenses tend to be between 3 and 6 years in duration, and offer between 20 and 40 loans. Publishers also vary in the restrictions they impose on the number of simultaneous users, with some only offering single user licenses, and others offering up to 10 simultaneous user licenses. Libraries are generally required to pay for these licenses in full before gaining access to e-book titles.

According to BMG the prices of licenses offered via PNB vary between 100%-200% of the cost of the equivalent title in print, with the estimated average license cost ending up around €20 per title (offering varying numbers of loans and simultaneous users depending on the specifications from the publisher).

4.5.3 Policy context

Grenoble's digital library has been endorsed as the Reference Digital Library by the French Ministry of Culture – which has attracted state support to cover an estimated 80% of the costs (€1 million over four years).

¹⁰ [Press Release – Numilog launches BiblioAccess Solution, 18th March 2014](#)

¹¹ [2014 Global E-Book Report, page 38](#)

¹² [2014 Global E-Book Report, page 37](#)

¹³ [2014 Global E-Book Report, page 38](#)

4.5.4 Cultural context

France has a population of 65.8 million inhabitants,¹⁴ and an estimated 7,530 public libraries.¹⁵ In Grenoble, BMG charges patrons €16 for annual library membership, although free membership is offered to children and young people aged 18-25, the unemployed and the elderly. BMG estimates that other public libraries in France can charge up to €35 for annual membership fees (depending on the size of the library concerned). No French public libraries are currently considering charging patrons additional fees for e-lending services. In France book shops play a central role in the e-lending process, which is why both the PNB and BiblioAccess e-lending services connect publishers and distributors to libraries using book shops as intermediaries.

4.5.5 Scope and audience of e-lending model

Following completion of its 12 month pilot initiative involving 5 participating library systems (including BMG) the PNB e-lending system will be made available to all publishers, book stores and libraries in France.

BMG has accumulated 3,000 registered users during the initial trial period of the Bibook interface (with 500 registered users for the Numilog/BiblioAccess e-lending service). The total pool of potential users for the Bibook e-lending interface is 38,000 – the number of registered library members across Grenoble's 14 public libraries.

4.5.6 Collection characteristics

PNB offers access to 9,000 e-book titles. In Grenoble BMG has 1,000 e-book titles in its collection (300 from PNB and 800 from Numilog). PNB titles are a mixture of new releases and backlist titles.

4.5.7 Financial characteristics

BMG estimates that in 2014 it has spent approximately €90,000 on developing the Bibook user interface, and a further €20,000 on acquiring e-book licenses.

4.5.8 Friction strategies

According to BMG most French publishers are keen to make all e-book titles available to libraries – but in many instances this is not possible because of author imposed restrictions. In addition, in practice, publishers are not always prompt in updating the PNB/Dilicom database with the details/licensing terms for new titles which can often contribute to delays in listing recent e-book releases on the system. Some publishers such as Hachette only list titles via BiblioAccess/Numilog – whereas other big publishing groups such as EDITIS have only agreed to list a limited number of titles.

In terms of negotiations around library e-book licensing with publishers, these are normally led by the [Réseau CAREL](#) (Coopération Pour L'Accès aux Ressources Numérique en Bibliothèques). In May 2014, the Réseau CAREL formally condemned Hachette's decision to change the licensing terms for

¹⁴ Worldpopulationstatistics.com – accessed 21st September 2014

¹⁵ [TNS – Users' perceptions of the benefits of ICT in public libraries in France, March 2013, page 4](#)

titles available via the Numilog e-lending service, including price increases of up to 300% and a reduction in the number of simultaneous users.¹⁶

4.5.9 Technical specifications

Through PNB, book stores access Dilicom's online database to download e-book title details to their own websites along with the licensing terms set by individual publishers. Libraries then purchase these licenses via book store websites, and the book stores transmit those orders back to the publishers/distributors via Dilicom's infrastructure.¹⁷

Similarly, Numilog's BiblioAccess e-lending service offers a vendor dashboard where book stores can create an account, consult the catalogue and conduct purchases – and a user dashboard where libraries can license e-books from participating book sellers. Bookshops bill libraries for their purchases and then Numilog will collect its commission on those sales from the book stores.

BMG's Bibook user interface is designed to integrate multiple sources of e-book content (e.g. PNB, Numilog and foreign language titles) within one digital library ecosystem. Based on DeMarque's Cantook Station software, upon launch Bibook will employ Open Publication Distribution System (ODPS) protocol to enable full broadcasting of its e-book catalogue to patrons' devices. There are also plans to integrate Bibook interface with the [Aldiko e-Reading application](#) to support access on Android tablets and mobile devices.

E-book files can currently be downloaded in DRM protected EPUB and PDF format. Prospective Bibook users must first register an account on the City of Grenoble online network (mon.grenoble.fr). This account must then be linked to their library account and then log into the [Bibook](#) user interface. Once a title has been selected users have 24 hours to download it to their chosen device (which must have Adobe Digital Editions installed). Up to 5 copies of the same title can be downloaded onto different devices during this 24 hour period.

4.5.10 User experience

Although the Bibook user interface was only launched on 15th September 2014, early user testing generated positive initial feedback from patrons. Users were pleased with the intuitive and user-friendly design of the Bibook interface, the number of e-book titles and the range of publishers from which those titles had been selected. However, there were still reservations around the complexity surrounding installing and managing Adobe DRM software. In order to respond to these concerns, BMG is currently investigating the possibility of applying Lightweight Content Protection (LCP DRM) to its e-book titles, a DRM plug-in module which is being developed by the [Radium Foundation](#).

4.6 Finland – Helsinki City Library / Next Media: e-Books for Public Libraries

4.6.1 History and overview of e-lending model

In January 2010 key stakeholders in the Finnish e-book sector, including representatives from the National Library, the Ministry of Education & Culture, book sellers, writers and publishers met to discuss future options around collaboration, the promotion of e-books and e-lending. In 2011 the

¹⁶ [Réseau CAREL, RéseauCarel déplore la brutale augmentation tarifaire des livres numériques Hachette distribués par Numilog aux bibliothèques, 6th June 2014](#)

¹⁷ [International Publishers Association, Innovation in E-Lending: An IPA Special Report, 24th June 2014, page 5](#)

Digital Resources for Public Libraries taskforce initiated a research project to assess and evaluate different e-lending models and their associated challenges.

At the start of 2012, Helsinki City Library agreed to participate in the Next Media project: e-Books for Public Libraries which was led by the National Library. The resulting pilot e-lending initiative was led by Helsinki City Library which ran the day-to-day development work in partnership with [ellibs](#), [VTT](#) (the Technical Research Centre of Finland) and [Aalto University](#). The objective of the project was to develop a cooperative framework which would enable public libraries to facilitate access to high quality Finnish literature via e-lending, whilst simultaneously offering a viable business model to participating publishers and support the payment of royalties to authors.

In October 2012, after a review of different licensing models and e-lending technologies, the Ebib e-lending service was launched as a pilot project. The new service was trialled across the Helsinki Metropolitan Area library system, including participating libraries from Helsinki, Espoo, Vantaa and Kauniainen. The initial Ebib service offered access to e-book titles streamed to a web browser or via file download to an e-reading device.

By 2013 the Ebib project had secured the participation of a range of Finnish publishers including Otava, Tammi, WSOY, the Finnish Book Publishers Association and the Federation of the Finnish Media Industry – alongside technology and information service providers Ellibs and Kirjavalitys. By the 30th of September 2013 the Ebib collection offered 103 e-book titles for e-lending.¹⁸ Patrons at participating libraries are now permitted to borrow up to 5 e-book titles (up from one loan per patron during the pilot phase) for a maximum loan period of 2 weeks. Early returns are also allowed. In contrast the maximum loan period for printed titles is 4 weeks. According to data from ELLIBS the average loan period on EBIB is 9 days.

From October 2012 to September 2013, Helsinki Metropolitan Area libraries (HELMET) had 938 licenses for the 103 e-book titles in its collection. The quantity of printed items for those same 103 titles in the HELMET collection was 12,346. When comparing the number of digital/physical loans across those 103 titles (not the entire HELMET collection which represents 700,000 titles and 3,350,000 items), Ebib digital loans accounted for 17% (13,764) of the total library loans for those 103 titles - despite the fact that the Ebib collection accounted for only 7% of the number of equivalent printed books (938 licenses compared to 12,346 printed copies of those 103 titles).¹⁹ The average number of EBib loans during this period was 1,400 per month.

4.6.2 Commercial context

The estimated size of the commercial trade e-book market in Finland in 2013 was €253.6 million, of which 1.7% (€17.7 million) was generated from the sale of e-books.²⁰ Helsinki City Library suggests that the approximate aggregate budget for library digital content licensing (including all types of e-content) in Finland would be in the region of €500,000 in 2014.

4.6.2.1 Initial licensing models trialled during the pilot from 2012-2013

During the initial phases of the pilot, three specific licensing models were tested:

¹⁸ [Next Media: e-Books for Public Libraries, Report, 10th December 2013, page 9](#)

¹⁹ [Next Media: e-Books for Public Libraries, Report, 10th December 2013, page 29](#)

²⁰ [Finnish Book Publishers Association, The Finnish Book Market 2013, page 2](#)

- **License 1:** 12 month license, one copy-one user, with an uncapped number of loans – deemed suitable for long tail titles
- **License 2:** 12 month license, 20 simultaneous users, uncapped number of loans – deemed suitable for popular titles
- **License 3:** 12 month license, unlimited simultaneous users, 100 loans per year (upfront payment required) – deemed suitable for mid-lifecycle titles

In practice, license model 3 (at a cost of €150 per license) proved to be more expensive than anticipated as demand outstripped expectations. For many titles the 100 loans were rapidly exhausted with a few weeks, even though the expectation was that the license would serve demand over a 12 month period.

4.6.2.2 Revised licencing models implemented from 2014

After reviewing the results of the initial e-lending pilot the model was refined to concentrate on two specific licensing options:

- **License 1:** 12 month license, one copy-one user, unlimited loans
- **License 2:** 12 month license, 20 simultaneous users, unlimited loans

In addition, the system was set up so that the cost of License 2 was discounted (cheaper than securing 20 simultaneous users by investing in 20 versions of License 1).

The license price for individual titles is set by the participating publisher, but in general 12 month licenses cost ranges from €7 for some single user licenses and €40 for some simultaneous user licenses. According to Helsinki City Library, the average license price tends to fall between €15 and €20. Helsinki City Library is currently tendering for bids from suppliers to carry the Ebib project into its next phase, whilst working with ELLIBS to negotiate renewed access to e-book titles with 28 Finnish publishers who are anticipated to continue their participation from the pilot phase.

4.6.3 Policy context

There is no centralised government budget for to support the licensing of e-books to public libraries. The e-Books in Public Libraries (Ebib) project was initially supported by the [Next Media Research Programme](#) which is partially financed by [TEKES](#), the Finnish Funding Agency for Technology and Innovation. However, funding from the Next Media programme primarily supported initial research and development costs in relation the Ebib project. The costs of maintaining the Ebib platform and associated e-book licensing costs are not included.

4.6.4 Cultural context

Finland has a population of 5.5 million inhabitants, of which 80% are regular library users, according the Ministry of Education and Culture. Library websites receive over 57 million visits per year and the average Finnish citizen visits a library 10 times per year and borrows an average of 18 media items.²¹ According to a survey of library usage patterns published in 2013, 67% of Finnish adults visited a library in the last 12 months.²² Finnish public libraries do not charge for membership as this is legally prohibited, and there are no plans to introduce supplementary patron charges to support the costs

²¹ [Finnish Ministry of Education & Culture website – accessed 19th September 2014](#)

²² [TNS, Cross-European Survey to measure users' perceptions of the benefits of ICT in public libraries, March 2013, page 4](#)

of e-lending services. However, the Ebib steering group did agree to implement a buy button on the new platform which would allow library users to purchase e-book titles which were not immediately available for loan – a decision supported by both participating publishers and Helsinki City Library.

4.6.5 Scope and audience of e-lending model

The Helsinki Metropolitan Area library system serves a population of around 1 million inhabitants with over 400,000 registered library card users. During its first two years of operation, the Ebib e-lending pilot attracted 12,000 users. Across Finland there are an estimated 2.2 million library card holders – which gives us an idea of the potential market should the Ebib platform be rolled out to all libraries in Finland.

4.6.6 Collection characteristics

Currently the Ebib platform offers access to 1,485 e-book titles, of which 697 titles were published after 2012. Helsinki City Library estimates that they are able to purchase about 37% of commercially available e-book titles. The objective of the Ebib pilot was to provide a selection of contemporary Finnish literature titles which would be attractive to library users, including sufficiently comprehensive selection of fiction, non-fiction and literature for children and young adults.²³ Participating publishers prepared draft lists of titles they deemed suitable for inclusion in the pilot, and the relevant authors were contacted to advise them on the terms and conditions of e-lending via the Ebib platform. During the pilot's trial phase from October 2012 to September 2013 it is interesting to note that the most popular titles (according to the number of patron holds placed) were a) classic literature and novels (fiction); b) Technology, energy, transportation (non-fiction); and c) suspense and thrillers (fiction).²⁴

4.6.7 Financial characteristics

The costs of developing the Ebib platform and the operational costs of running the pilot were supported by TEKES, the Finnish Funding Agency for Innovation.

4.6.8 Friction strategies

According to Helsinki City Library which manages the Ebib project (and acts as the Central Library for all public libraries in Finland), the prevailing approach of most Finnish publishers is not to see libraries as a threat. Instead publishers generally see libraries as a vehicle for promoting and expanding public demand for e-books. This is illustrated by the absence of any embargos imposed by publishers on new e-book titles, and in many cases new e-books are released for e-lending via Ebib before they are available in printed format. Furthermore, many of the smaller publishers in Finland offer their e-book titles for e-lending via Ebib on the basis of a single user license with unlimited loans and no license termination date.

All 28 publishers (including three large publishers who participated in the pilot phase of the Ebib project) are expected to continue to offer their titles during 2014 (representing 75% of all Finnish publishers). While several large publishers initially refused to participate in the pilot, it is expected that they will come on board during the next year. By 2015, Helsinki City Library anticipates that all major publishers in Finland will be supplying titles for e-lending via Ebib.

²³ [Next Media: e-Books for Public Libraries, Report, 10th December 2013, page 8](#)

²⁴ [Next Media: e-Books for Public Libraries, Report, 10th December 2013, page 30](#)

4.6.9 Technical specifications

The development of the Ebib pilot e-lending service was overseen by a steering group composed of representatives from Helsinki City Library (providing expertise on library systems and customers), Aalto Arts (offering input on the user interface), ELLIBS (the platform developer) and VTT (the Finnish Technical Research Centre, a not-for-profit institute supported by the Ministry of Employment and the Economy). The National Library and the Finnish Media Industry Federation were also represented on the steering group. The Ebib platform was based on a Drupal content management system – which offered the advantage that textual content could be easily edited by non-technical library staff. E-book downloads are managed by Adobe Content Server 4 to deliver DRM protected PDF and EPUB files. For streaming e-book titles to a web browser – EPUB content is saved to a separate file server, from which an HTML5 compatible browser can read individual chapters from cached memory (with copy and print protection mechanisms applied).²⁵ The Ebib platform offers an external reading app which is compatible with, PCs, laptops and iOS and Android devices.

4.6.10 User experience

A key objective from the start of the Ebib project was to develop an e-lending service which was user friendly and attractive to library patrons. The initial project steering group brought together expertise on user interface development, online services, user testing methodologies, licensing models, e-book distribution processes, metadata and publishing. During the pilot period from October 2012 to September 2013, a broad range of e-book usage statistics were collected by title, subject and user group. Further data was also acquired on the different devices being used to access e-book titles, along with comparative studies on the use of printed books versus e-books. Additional library user feedback was collected through questionnaires, social media and online feedback forms.

Establishing these comprehensive user feedback mechanisms allowed the steering group to iteratively improve and redevelop the Ebib service in response to user suggestions and concerns. In particular, the decision to offer a streaming service alongside the traditional DRM protected download service was specifically undertaken to provide library users with the option of accessing e-books without setting up new user IDs or downloading and installing new software. Users who wanted to read e-books offline still had the option of downloading DRM protected titles.

During the pilot period, user experience and satisfaction levels were also tracked through two annual surveys carried out in 2012 and 2013.²⁶ According to the survey responses, customer satisfaction with the requirements for software installation and authorisation (e.g. to set up an e-lending account on the Ebib platform) was significantly higher in 2013 in comparison to the previous year. This could be attributed both to service improvements based on previous user feedback, as well as the fact that users had become increasingly familiar with many elements of the service. In 2013, over 80% of customers said that the account creation and software installation process was “easy to use” in comparison to 67% in 2012.

The 2013 survey results also showed that more than 90% of users would recommend the service to a friend (compared to 75% in 2012) and that well over 90% of users planned to continue using the e-lending service (in comparison with 80% in 2012). Most interestingly, over 55% of the 2013 survey

²⁵ [Next Media: e-Books for Public Libraries, Report, 10th December 2013, page 11](#)

²⁶ [Next Media: e-Books for Public Libraries, Report, 10th December 2013, pages 37-51](#)

respondents also reported that they planned to buy e-books in the future, up from just over 50% in 2012. Furthermore, nearly 50% of 2013 respondents also claimed that “*the service made me more interested in buying e-books*”. These early results suggest that far from dissuading users from purchasing e-books, prolonged engagement with the Ebib e-lending service actually makes more than half of library users more likely to purchase e-book titles in future.

4.7 Germany – DivBIB and Ciando

4.7.1 History and overview of e-lending model

The majority of e-lending through German libraries takes place through the *Onleihe* (online loan) online interface which is powered by the [divibib platform](#) (Virtual Digital Library). divibib is a subsidiary of [EKZ](#) which was founded in 1947 and provides a full range of services for German libraries including supplying physical and digital content, cataloguing services, web-based transactions, advice and consultancy services, as well as library furnishings, accessories and equipment. As a result of its 60 year track record of working in close collaboration with the German library sector, EKZ is a member of the National Federation of German Library and Information Associations, the German Library Association (sponsoring member) and the International Federation of Library Associations (IFLA).

EKZ began investigating e-lending solutions in 2005 after witnessing the expansion in the availability and consumption of e-books in the US market. In 2007 EKZ launched its e-lending platform divibib with four pilot libraries – Hamburg, Cologne, Munich and Würzburg. Initially EKZ found it challenging to persuade many libraries of the value of e-lending, but this became progressively easier as the German domestic e-book market took off in 2011-12. By 2013, the divibib platform had signed up over 1,900 libraries for its e-lending service offering access to 160,000 e-book titles (with over 8 million downloads in 2013). The German Library Association estimates that 900 German libraries are signed up to divibib – with further participating libraries in other countries including Switzerland and Austria.

4.7.2 Commercial context

The German book market in 2012 was worth €9.5 billion, with e-book accounting for around 10% of trade book sales.²⁷ According to EKZ public library spending on e-books accounts for around 2% of the value of all e-book sales in 2014 (down from about 30% in 2009). According to EKZ, German libraries tend to have 10% of the collection budget of libraries in the US, with median spending per capita in North American libraries reaching around €4, in comparison to €1.12 per capita in Germany.

The e-lending model adopted by EKZ offers three types of licenses.²⁸ The M License is a single user license with an unlimited number of loans. An estimated 95% of these licenses are unlimited in duration, with the remaining 5% of licenses featuring a fixed term of 5-7 years. The L License is a single user license with an unlimited number of loans (the same terms as the M License) which after two years converts to a simultaneous user, unlimited loan license. The XL License (which is usually used for front list best sellers) offers a multi-user license for 20-25 loans – which converts back to

²⁷ [2014 Global e-Book Report, page 35](#)

²⁸ [Onleihe, Von M bis XL – Flexible Lizenzmodelle für Ihre Onleihe – accessed 22nd September 2014](#)

two standard M Licenses after those initial 20-25 loans have been exhausted. The XL license is priced at 300% of the standard e-book license price.

The approximate average cost of e-book licences acquired through DIVIBIB is in the region of €8 to €10 per license. Participating libraries have the option of deciding the length of the lending period – normally between 2-3 weeks.

EKZ is also currently in the process of introducing a “buy button” which will allow library patrons the option of purchasing an e-book title if it is unavailable for e-lending. In 2014 divibib delivered estimated 12-16 million e-book downloads to German library patrons – with a further 3 million holds placed on titles on the divibib platform. This indicates a significant amount of friction in this system, which led EKZ to conclude that there might be substantial appetite from patrons to have the option of purchasing titles which are out on loan rather than waiting for them to be returned. The proposed buy button would be implemented with libraries participating in an affiliate programme where they receive a percentage of any e-book sales triggered by this new functionality.

In 2008 German e-Book retailer [Ciando](#) launched its own e-lending service, primarily working with academic libraries. Since then it has expanded its service and currently works with about 100 public libraries in Germany. Libraries are provided with the option of licensing a specific selection of e-book titles (the pick and choose model), or paying for access to Ciando’s entire collection and being charged according to which titles are selected by patrons.²⁹

4.7.3 Policy context

In Germany responsibility and funding for public libraries is devolved to Municipal Government level, which means there are no centralised national funding mechanisms to support the lending of printed books or e-books. Germany has operated a fixed-price system for books since 1888, a system primarily upheld through contract law from 1965-2002 until this was enshrined in legislation.³⁰ This means that publishers and retailers are legally required to maintain fixed (and non-discounted) prices for printed books. In principle this system is usually also applied to e-books. However, in practice publishers have occasionally sought to circumvent these restrictions by creating a “special e-book edition” for libraries at a higher set price. Indeed there is at least one instance of a publisher creating such a special edition which was priced ten times higher than the printed equivalent. However, this practice is relatively rare, probably representing less than 0.2% of e-books.

4.7.4 Cultural context

Germany has a population of 82.7 million³¹ with an estimated 7,875 public libraries.³² However, a significant number (5,844) of these libraries are run by community churches or municipalities with part-time staff volunteers, often opening for as little as 10 hours per week. As a result, these smaller community libraries are unlikely to provide e-lending services. According to the German Library Association, only 34% of public libraries are led by professional staff, with the remaining 66% run by volunteers and part-time staff.³³ About a third of German public libraries do not charge any annual

²⁹ [Ciando website – accessed 22nd September 2014](#)

³⁰ [The system of fixed book prices in Germany, German Publishers and Booksellers Association, Dr Verena Sich, November 2004, pages 2-3](#)

³¹ [Worldpopulationstatistics.com, accessed 22nd September 2014](#)

³² [German Library Statistics, Reporting Year 2013](#)

³³ [German Library Statistics, Reporting Year 2013](#)

membership fee. The remaining two thirds tend to charge between €10 and €20 for annual membership (a few larger urban libraries with additional facilities can charge up to €60). Children are not charged for library membership and discounted membership options are available to the unemployed and the elderly. Currently no German public libraries are considering charging additional fees for e-lending services.

4.7.5 Scope and audience of e-lending model

EKZ reports that 1,940 public libraries are signed up to the divibib platform – a figure it expects to exceed 2,000 by the end of 2014. The German Library Association estimates that 900 German libraries use divibib. In 2013 divibib facilitated 8 million e-book title downloads via participating public libraries. In 2014 this figure is expected to rise to between 12 and 16 million downloads.

4.7.6 Collection characteristics

divibib offers a collection of 160,000 e-book titles for e-lending which are selected from an overall catalogue of 200,000 to 300,000 titles. divibib effectively provides an editorial/filtering service for libraries where a team of reviews selects a range of titles which they believe will be of most interest to libraries. For example, for every 100,000 new print books published in Germany each year, EKZ will select around 20,000 for sale to libraries. EKZ has e-book licensing contracts with 1,600 German publishers, out of a total of 4,500. According to its website, Ciando offers approximately 375,000 e-book titles from 1,750 publishers.³⁴

4.7.7 Financial characteristics

In addition to e-book licensing fees, every six months divibib invoices all participating libraries for a platform service/maintenance fee. The quantity of this fee depends on the size and number of inhabitants served by the library in question, alongside a rough estimate of the approximate volume of downloads they are likely to require during those six months. This estimated data volume is only used as a guide for setting the service charge fee – libraries are not charged more if they exceed anticipated data volumes.

4.7.8 Friction strategies

According to the German Library Association, there are still a number of major German publishers (such as the Holtzbrinck Group) who refuse to offer their catalogues for e-lending. It is worth noting that public libraries rarely negotiate directly with publishers to agree e-lending terms – licensing negotiations primarily take place between divibib and its participating publishers.

4.7.9 Technical specifications

divibib offers access to its e-book collection either via DRM protected download or streamed to devices via a secure e-reading application (EPUB or PDF files). All German e-book titles provided for e-lending are hosted directly on divibib servers. There are also plans to offer an additional 1,000 English e-book titles from Baker & Taylor from October 2014 (and potentially over 500,000 titles by the end of the year) though these will not be hosted on divibib servers. Titles which are available for e-lending are visible within participating library's Online Public Access Catalogues (OPACs) with links

³⁴ [Ciando website – accessed 22nd September 2014](#)

that take patrons to the DIVIBIB site. Access to e-books is granted via a single sign-on process linked to the patron's library membership account. Both iOS and Android devices are supported by divibib.

4.7.10 User experience

According to EKZ a recent survey suggested that 80% of patrons using the DIVIBIB service rated it as good or very good.

4.8 Netherlands – Dutch Digital Library

4.8.1 History and overview of e-lending model

On the 21st January 2014 the Dutch Digital Library Programme launched a new national e-book lending platform (run by Stichting Bibliotheek.nl) offering access to 5,500 titles from the top 50 Dutch publishers (about 20% of the total number of e-book titles available in the Netherlands) on a multi-user pay-per loan license model to 162 public libraries. The platform also offers the facility for self-published authors to license their work for e-lending through libraries.

A key incentive behind developing the new platform was to secure more favourable pricing/licensing for e-book titles from Dutch publishers. In 2011 many publishers were still charging up to €2,000 for uncapped streamed access to a two-year-old e-book title. While it could be argued that this represents an acceptable investment for uncapped use, it was felt that these upfront payments would put too much pressure on library budgets. Other publishers were asking for fees of €3 per week per e-book title. A further key objective for the platform was to provide an alternative to traditional one copy one user e-book licensing models, which restricted the number of simultaneous loans libraries could offer. It was felt that while library patrons understand the concept of signing up for a waiting list until a physical book has been returned to the library – this approach was more difficult to justify when it comes to digital titles. Finally, it was also felt that libraries had a key role to play as a legitimate alternative to piracy – given that, in the Netherlands, only 10% of the estimated 128 million books downloaded to e-reader devices by the end of 2013 had been acquired by legal means.

4.8.2 Commercial context

In 2013, the Dutch trade book market was worth €557 million, with e-book titles representing 4.7% of revenue.³⁵ The annual collection budget for the entire Dutch library system (including the national library) is €60 million, with around €6 million additional investment in digital content.³⁶ This means that library purchasing accounts for about 11.8% of the trade book market, and 23% of the e-book market. In 2014 around €3 million of the digital content budget will be used to purchase e-book licences (representing 11% of the trade e-book market). This market share is expected to rise to nearly 50% of the trade e-book market by 2017 after new legislation which comes into force in 2015 empowers the National Library to establish a centralised budget for licensing e-books for libraries – which will double the size of the library budget for digital content.

³⁵ [Global e-Book Market Report 2014, page 46](#)

³⁶ Introduction to Dutch Library Programme, Presentation for EBLIDA, 2013, slide 2

4.8.2.1 Initially proposed licensing model – head, shoulder and long tail

During its initial phase of negotiations with participating publishers the Dutch Digital Library proposed the digital titles be split into three distinct licensing categories:

- **License 1: Head titles** (less than 1 year since publication) – options considered include a) offering these titles on a one loan per copy basis with a patron charge of €1-3 per week; or b) offering some of these titles under the same pricing/loan structure as Model 2 below.
- **License 2: Shoulder titles** (1-3 years since publication) – these 2,500 titles would be offered as part of an “e-book plus” package which is supplementary to standard library membership. Patrons pay a fee of €20 for access to 18 e-books. It was anticipated that this fee would be sufficient to cover both licence charges and platform costs.
- **License 3: Long tail titles** (at least 3 years since publication) – these titles (over 2,500) would be offered to all library members free of charge without any simultaneous loan restrictions. The budget for this would be provided by local government.

License 2 titles would involve a library payment to the publisher of €0.36-0.40 and Model 3 titles would involve a payment of €0.24 per title for the first year, falling to €0.12 per title thereafter. Each loan also carries platform maintenance costs of €0.20-0.30 (including data and digital rights management costs). As a result the average library cost per loan would be around €0.60-0.70. For license 2 titles the (early adopting) publishers would receive a non-refundable initial payment of €360 per title for 1,000 loans – after which they will receive €0.36 per subsequent loan. These upfront payments were initially justified by the publisher on the basis that they were an important incentive for persuading authors to approve the licensing of their work for e-lending purposes.

4.8.2.2 Current licensing model – recent titles and long tail titles

Before the launch of the Dutch Digital Library e-lending programme in January 2014, it was agreed to delay the introduction of the e-book plus package and associated charges for the first 6 months of the project in order to attract more patron’s to transition towards borrowing e-books through the scheme. Furthermore, in practice, the fixed price licensing options (License 1 and License 2 above) originally proposed have not been implemented and have been effectively replaced with a range of individual deals with publishers to access titles between 0 and 3 years old. Thus the prospective 3 tier fixed license model has, for the time being, been replaced by a more flexible two tier license model:

- **Titles under 3 years old** – range of pay per use licenses (including some upfront payments) – typically from €0.36 to €0.60 per loan
- **Titles over 3 years old** – €0.24 per loan for the first year, €0.12 per loan thereafter

The second license tier above is specifically designed to offer publishers a chance to monetise the long tail titles in their catalogues which traditionally would be subject to diminishing commercial sales. As the platform develops there are plans to introduced more advanced search functionalities and recommendation algorithms which will have the capacity to enhance user discovery of these long tail titles which will potentially drive further increases in publisher revenue.

4.8.2.3 The e-lending model continues to evolve

While the upfront payment license agreements (€360 for 1,000 loans) were highly successful in attracting in early adopting publishers to offer contemporary titles for e-lending via the Digital Library platform – in retrospect this is considered to have been a necessary but relatively expensive incentive strategy. Substantial non-refundable upfront payments represent a potentially high risk investment as they commit the library to allocating substantial resource to titles which may not necessarily recoup that initial cost depending on patron demand.

However, recent negotiations with publishers in September 2014 have secured new agreements whereby previous titles subject to an upfront payment license will be migrated to a pay-per loan model. In addition, when any exceptional upfront payments are made to secure access to newer titles, these will now be refundable in instances where there is low patron demand for that title – or alternatively, the license will no longer subject to a time limit so there will be scope to recoup the upfront investment over time. Certainly, it is likely that decreasing reliance on licenses involving upfront payments will be of significant benefit to the Digital Library in the long term as average costs per loan decrease as a result this new arrangement.

Interestingly, the rapid growth of the Digital Library e-lending service has begun to exert traction on the economic incentives affecting publishers. For example, the second largest publisher in the commercial e-book market (with around a quarter of the market share) has decided to offer more recent titles for e-lending. This has enabled that publisher to service around half of the Digital Library e-book loans, potentially capturing around half of the available e-lending revenues next year. In contrast, the largest publisher in the commercial e-book market decided to withhold many recent titles from e-lending which means that it has only serviced less than a fifth of e-lending loans.

Indeed there is growing evidence that the increasing tangible revenue opportunities available through e-lending demonstrated by the Digital Library e-lending programme is leading publishers to shift their position on withholding recent titles. A number of publishers have begun releasing new e-books for e-lending at the same time as they are released for traditional purchase. In addition, whilst publisher initially insisted on supplementary patron charges for accessing recent titles – the introduction of these charges has currently been delayed, and there is some speculation as to whether the concept may eventually be shelved – given that publishers seem largely satisfied with the current model. The Digital Library also initially believed that supplementary patron charges would be essential to support the costs of the platform, but in practice this seems to have been less necessary than previously thought – particularly in light of the Dutch Government's plans to introduce a larger centralised e-book purchasing budget for libraries in 2015.

The Digital Library is also experimenting with different one-off licensing deals to gain access to particularly attractive titles. One example of this is an offer to pay €0.60 per loan for any of the top 60 bestselling titles offered for e-lending within the first 12 months of their life cycle. Given that the majority of commercial profits are made on titles within the first 3-4 months, this offers a strong incentive for publishers to release titles for e-lending which are between 6-8 months old. In addition, strategic one-off investments in particularly attractive titles represent good value for money in terms of the cost per loan. This is well-illustrated by a recent edition of the Digital Library's holiday app (which offers a selection of downloadable titles to members of the public without restriction over specific holiday periods). In the case of one title the Digital Library invested €10,000 to secure a two

month license with un-capped usage – which resulted in over 80,000 downloads (which translates to a relatively economic €0.12 per download).

4.8.3 Policy context

Currently the Dutch Digital Library supports part of its platform costs via a fee charged to all public libraries based on an agreement with the Netherlands Public Libraries Association (VOB). Under the terms of this agreement libraries pay a fee of €0.35 per inhabitant (up from €0.20 per inhabitant at the start of the project). The total platform budget for 2014 will be around €6.2 million with about €2.5 million allocated to licensing e-books. The entire budget for the Digital Library in 2014 (covering the provision of a range of other digital services including audiobooks and other digital media) comes to €24 million – €18 million of which is financed by the Ministry of Culture. Total local government expenditure on public libraries in the Netherlands will be around €500 million in 2014.

In January 2015 the Dutch Government will enact new legislation which will provide an anticipated centralised annual budget of €8 million for purchasing digital content for public libraries. This will also see the end of the individual library support payments to the platform. The new legal framework will assign the Dutch National Library (Koninklijke Bibliotheek) with new duties and powers in relation to public libraries in the Netherlands, including on-going management and development of the Digital Library e-lending platform.³⁷ The process will also involve the integration of Stichting Bibliotheek.nl (the temporary project organisation which developed the platform) within the National Library.

This transition will include provisions for the National Library to centrally purchase digital content including e-books in consultation with the broader library sector.³⁸ The National Library will be empowered draw upon contributions from local government to finance this new budget for digital content, projected to be €8 million for 2015, €8.2 million in 2016 and rising to €12.2 million by 2018 (excluding VAT which is up to 21% for e-books). The selection of licensed titles will be reviewed by a special committee of public library representatives. Around 20% of this budget can be allocated to the technical and promotional costs of administering the Digital Library platform. Based on these developments, it is likely that the creation of a dedicated/centralised government budget for acquiring public library digital content will be a substantial contributing factor towards the on-going financial sustainability of the Dutch Digital Library model

4.8.4 Cultural context

The Netherlands has Dutch speaking population of around 16.7 million, and a network of 162 public libraries managing 100 million annual lending transactions across a combined collection of 30 million items. In the Netherlands public library membership involves an annual charge of around €30-40 per year – though this does not often apply to students, the elderly and those under 18 years of age. In addition, there is no additional fee for checking out physical books and additional allowances for those who are unable to pay for membership (such as the unemployed), so in general the annual membership fee is drawn from employed adults. Public libraries also pay a lending fee of €0.12 to publishers for each physical book loan (author receives 70% of the fee). Licence fees for e-books tend to be more favourable to the publisher with the author receiving between 10%-50%.

³⁷ [Dutch National Library, Annual Report 2013, page 5](#)

³⁸ [Government of the Netherlands, Press Release, New Law Secures Access to Libraries, 6th June 2013](#)

This pre-existing culture of paying a nominal fee to access public library services (which covers around 15% of operational costs) clearly makes migration to a digital e-lending service which charges for certain titles far more viable than in countries where all library services are traditionally free of charge. However, it is interesting to note that despite supplementary patron charges being a key component of negotiations with publishers prior to the launch of the Digital Library platform in January – they have yet to be implemented (see previous [section 3.8.2.3](#) for further details on this).

4.8.5 Scope and audience of e-lending model

As of September 2014 the Digital Library platform had attracted 100,000 registered users who have collectively borrowed around 400,000 e-book titles during the 8 months since the launch of the project. If the Digital Library's holiday app and audio book e-lending services are taken into account it has attracted 625,000 registered users over the past 24 months. In terms its e-lending platform the Digital Library has set itself a target of engaging 500,000 registered users by 2016, and potentially reaching over a million registered users by 2020. Currently all 162 public libraries in the Netherlands potentially have access to the Digital Library platform, although in practice many libraries are still completing the process of integrating their ILS and authentication systems with the Digital Library interface.

4.8.6 Collection characteristics

After launching in January 2014 with 5,500 e-book titles, further negotiations in September between the Digital Library and the 140 publishers participating in the platform have secured access to an additional 2,000 titles, bringing the total number of contemporary titles available on the platform to 7,500 (25% of all Dutch e-book titles). The current collection now consists of around 100 titles under 12 months old (alongside an additional 500 self-published titles), up to 2,000 titles 1-3 years after publication, and over 5,000 titles older than 3 years.

Additionally, the Dutch Digital Library programme plans to make the collections of all public libraries and the National Library of the Netherlands (*Koninklijke Bibliotheek*) available through the National Library Catalogue. This catalogue will eventually be available online to all Dutch citizens and will include 250,000 copyright free e-book titles (currently being digitized by Google for the National Library) along with the 40,000 titles that are already digitized. A further 1,500 titles have been digitized (funded by the Dutch government) and will be made available for publishers to sell as e-books and for the public libraries to lend free of charge. Part of this list is already available on the current platform. Plans for a further expansion to the number of digitized titles are under consideration for 2015.

4.8.7 Financial characteristics

The Digital Library estimates that the management and administration of their e-lending platform currently involves fixed costs of around €150,000 per year, along with transaction costs of €0.20 per title downloaded, as well as €0.12 for applying DRM or €0.08 for applying watermarking (social DRM) to each title. An agreement has been reached with the supplier of this service – CB Logistics³⁹ - that variable cost will go down as volume goes up.

4.8.8 Friction strategies

³⁹ [CB – digital distribution \(company website\)](#)

At first many publishers participating in the Digital Library platform refused to include many of their front list titles for e-lending. However, as publishers have become increasingly socialised with the e-lending experience and the different licensing options available to incentivise the release of new e-book titles, there is evidence to suggest that this situation is steadily improving (see [section 4.6.2.3](#)). Furthermore, the fact that there have been no reported cases of illegal copying in relation to e-book files downloaded through the Digital Library has served to strengthen publisher confidence and trust in the e-lending system.

4.8.9 Technical specifications

The Dutch Digital Library e-book platform consists of a library-developed patron interface which supplies digital content which is hosted in EPUB/PDF format on the third party CB Logistics (Central Book House Platform) which most Dutch publishers use primarily for the commercial sale of e-books. Publishers are able to login to the CB platform and select titles to be automatically listed for loan via the Digital Library e-book platform. Titles can be streamed to laptops, smartphones and tablets including iOS and Android devices. The Digital Library's e-book platform's bespoke e-reading app (VakantieBieb) also allows patrons to read titles offline after download (with a watermark applied). Around 25% of e-book titles can be downloaded to other e-readers using DRM.

The Digital Library has also developed standalone e-reading apps which are being made available with selected rights free content and/or copyrighted titles during holiday seasons. Users of these holiday apps do not need to be registered library members. These promotional offerings have been extremely popular (e.g. reaching the number 1 spot on iTunes) and attracted both national and local press coverage.⁴⁰ The first holiday app was launched in the summer of 2013 as a precursor to the Digital Library e-lending platform to help introduce the wider consumer market to e-book lending. In the 12 months since its initial launch successive releases of the holiday app have registered 350,000 users and supported 2.5 million e-book downloads. Overall expenditure on developing the holiday app, e-book licenses and marketing is around €400,000 (covering a 12 month period including two summer releases of the app).

4.8.10 User experience

The rapid growth in the number of users and loan transactions on the Digital Library e-lending platform clearly suggest that the initiative is succeeding in satisfying previously unaddressed demand of access to e-books. Users report positive feedback on the platform, although demand for more recent titles remains an issue for on-going negotiations with publishers. The introduction of a preview button on the platform, which allows users to review the first two chapters of an e-book before choosing to download it, is also likely to maximise user experience by ensuring that more loans are expended on borrowing titles users fully intend to read. It will also help reduce licensing costs given that currently every title accessed (even if only partially read) triggers a full license fee payment.

Generally speaking, the constantly evolving range of flexible licensing approaches being offered to publishers by the Digital Library are designed to iteratively secure ever expanding access to a wider range of titles. This approach also serves to build increasing trust in the e-lending process and the viability of e-lending revenues for participating publishers – which feeds back into the user

⁴⁰ Introduction to Dutch Library Programme, Presentation for EBLIDA, 2013, slide 10

experience of e-lending by enhancing the range of available e-books. It will be interesting to see whether the current suspension of the supplementary patron e-lending charges (previously embedded in the original e-lending proposition to publishers) proves to become an enduring feature of the existing e-lending model going forward.

4.9 Norway – Bokhylla.no (National Platform)

4.9.1 History and overview of e-lending model

In 2012 the Norwegian National Library entered into an agreement⁴¹ with Kopinor (an collecting society representing major authors and publishers) which will make over 250,000 digitized books which are still in copyright available online free of charge to anyone with Norwegian IP address. Norwegian law offers an “extended collective licensing” framework which empowers the National Library to sign agreements with Kopinor which then apply to all Norwegian publishers/authors and orphan works. The agreement stipulates that all copyrighted works published before the year 2001 can be made available (with the consent of the copyright holder) and hosted on the National Library’s digital platform Bokhylla.no (The Bookshelf).

4.9.2 Commercial context

According to the 2013 e-book market report the Norwegian book market is worth around €800 million, with e-book sales representing €1.34 million (about 0.2% of the market).⁴² According to OCLC the overall budget for Norwegian public libraries in 2004 was €97.8 million.⁴³

The National Library projects that by 2017 it will be paying around €1.5 million a year to Kopinor to provide patron access to 250,000 digital titles which would represent 141% of the 2013 commercial market revenues from trade e-books.

4.9.3 Policy context

In 2014 the Norwegian budget for culture will exceed 1% of the national budget reaching €1.24 billion (€243 per person).⁴⁴ This development stems directly from the Government’s 2005 commitment to allocate 1% of its budget to culture by 2014.⁴⁵ The annual budget allocated to the digitization project is around €2.7 million.⁴⁶ The National Library estimates the approximate cost of digitizing 50,000 books a year to be in the region of €1.4 million.

The viability and sustainability of the Bokhylla.no project is also substantially enhanced by Norway’s domestic legal framework (Section 16a and Section 36 of the Norwegian Copyright Act⁴⁷) which allows the National Library to negotiate an “extended collective licence” which applies to all publishers and orphan works).

4.9.4 Cultural context

⁴¹ [Contract between National Library of Norway and Kopinor, 2013](#)

⁴² [Global e-book Report 2013, pages 44-45](#)

⁴³ <http://oclc.org/global-library-statistics.en.html>

⁴⁴ [ThorNews, October 16th 2013](#)

⁴⁵ [Official Norwegian Report on Cultural Policy 2014, page 1](#)

⁴⁶ [European Commission, Implementation of the Commission Recommendation on Digitization and Online Accessibility of Cultural Material and Digital Preservation, Report on Norway, 2010, page 3](#)

⁴⁷ [May 1961 Norwegian Copyright Act, with amendments of 17th June 2005](#)

With a population of just over 5 million, and significant offshore petroleum resources, Norway has the second highest GDP per person in Europe.⁴⁸ Library membership is free to all citizens and there are no plans to charge patrons supplementary e-lending fees to support access to e-books. According to the Arts Council, many of the libraries participating in its e-Book Pilot initially lacked the necessary technical infrastructure to support patron access to EPUB files.

4.9.5 Scope and audience of e-lending model

The Bookshelf platform, administered by the Norwegian National Library offers access to 160,000 titles (published before 2001) to anyone with a Norwegian IP address – effectively available to all of Norway’s 5.2 million inhabitants. In addition, overseas education or research institutions can also apply for access to the Bookshelf and if successful will be provided with login credentials for the platform. Requests are traditionally granted for specific purposes, primarily research, education and professional translation. Access requests are usually provided for a six month period with the possibility of extension.⁴⁹

4.9.6 Collection characteristics

Since 2006 the Norwegian National Library has been in the process of digitizing its entire collection in support of its overarching mandate to preserve and provide access to Norwegian cultural heritage. The project is scheduled for completion by 2020 and will include a range of multimedia content including books, radio, newspapers and films. By 2012 the National Library had already successfully digitized 350,000 newspapers, 235,000 books and 240,000 pages of handwritten manuscripts⁵⁰. By 2014 the National Library had digitized 1.2 million radio programmes, 720,000 newspapers, 380,000 books and 445,000 manuscript pages (all accessible via the National Library Reading Rooms). In terms of online access the numbers are slightly smaller – 40,000 radio programmes, 160,000 books and 435,000 manuscript pages. The objective is to provide Norwegian platform users with access to a wide variety of digital content from any location at the time of their choosing. Access can also be granted to researchers from foreign institutions on a case by case basis. The agreement with Kopinor allows the platform to expand its collection of copyrighted e-book titles to an anticipated 250,000 titles by 2017.

4.9.7 Financial characteristics

The full extent of the upfront cost of the agreement to access copyrighted works via Kopinor is difficult to assess. The contract⁵¹ with Kopinor commits the National Library to being “invoiced for the prevailing number of pages which have been made available” on an annual basis. The National Library currently estimates that once all 250,000 titles are uploaded to the platform this will represent an annual payment to Kopinor of approximately €1.5 million. In any event the annual fee will need to be adjusted to reflect new titles uploaded to the platform as well as any that have been withdrawn by particular publishers.

4.9.8 Friction strategies

⁴⁸ [European Commission, Norway Country Profile 2013, page 3](#)

⁴⁹ [National Library of Norway, Access to bokhylla.no, accessed on the 20th September 2014](#)

⁵⁰ [Norway is Digitizing all its Books, Huffington Post, 12th November 2013](#)

⁵¹ [Contract between National Library of Norway and Kopinor, 2013](#)

According to the National Library, 3,500 titles have been withdrawn from the Bokhylla.no by publishers since the start of the project – although the majority of these titles are university/school text books, dictionaries and children’s books. It is also worth noting that around 4,500 of the titles available on Bokhylla.no are still in commercial circulation.

4.9.9 Technical specifications

The Norwegian National Library hosts all digitized titles on its own bespoke platform. Titles made available through the agreement with Kopinor can be streamed online to anyone with a Norwegian IP address but not downloaded. The agreement requires the National Library to pay Kopinor an upfront fee of €0.03 per page uploaded to the platform which is then distributed to the relevant rights holders. All titles which are out of copyright will be available for download in PDF format. Scanned book pages are stored in high resolution JPEG2000 format and also subjected to Optical Character Recognition (OCR) which allows users to search the entire scanned text in addition to the available metadata. The Digital Library currently offers two options for viewing documents, the first is a Flash-based commercial application and the second is bespoke HTML5-based viewer developed in house by the National Library.

4.9.10 User experience

An important component for the future sustainability for the National Library’s Bokhylla.no initiative is that the platform can be shown to deliver demonstrable public value and its services enjoy widespread uptake from citizens. As of September 2014, out of the 160,000 copyrighted titles currently hosted on The Book Shelf platform, 85% have been accessed online, which demonstrates that public demand has clearly not just been confined to a minority selection of popular titles.

4.10 Norway - Norwegian Arts Council e-Book Pilot Project

4.10.1 History and overview of e-lending model

In January 2012 the Norwegian Arts Council launched an E-book Pilot Project focusing on providing participating public libraries with access to contemporary Norwegian literature. The initiative is split across 9 sub-projects involving a total of 130 public libraries. Through negotiations with the Norwegian Publishers Association and the Norwegian Authors’ Association, the Arts Council project offers access to an e-book collection of 400 contemporary titles, all of which were published between 2012 and 2014.⁵²

4.10.2 Commercial context

Under its agreement with the Norwegian Publishers Association and Norwegian Authors’ Association, the Arts Council secured access to collection of e-book titles with 30 single user licenses per title in 2012, rising to 70 single user licenses per title in 2013-14. It is worth noting that this licensing agreement operates differently than many other traditional e-book licensing models as it combines the purchase of print books and e-book licenses. For example, for each of the 400 titles purchased from publishers the Arts Council will buy 930 printed copies and 70 e-book licenses (adding up to a total of 1,000 printed and electronic copies of each e-book title). The standard average price for each bundle of 930 printed copies and 70 e-book licenses is about NOK 247,000

⁵² [Arts Council Norway 2013 Brochure, page 4](#)

including delivery – i.e. approximately €30 per copy (either physical or digital). Current Arts Council funds are insufficient to cover the full price of these bundles, so a price model has been negotiated such that the average price will be set at €23 per copy for 2013 (e.g. €23,000 for 930 printed books and 70 e-book licenses) and €21 per copy for 2014.

The e-Book Pilot Project's licensing agreement is currently scheduled to expire in June 2015. The Arts Council is presently in negotiations with its project partners to extend the project for another 12 months.

4.10.3 Policy context

The Norwegian Arts Council is a government agency financed by the Ministry of Culture which serves as the primary body for the implementation of cultural policy. Established in 1965, the Arts Council is also the leading advisory body to central government and the public sector on cultural affairs. In 2011 the Arts Council also assumed the responsibilities of the Norwegian Archive, Library and Museum Authority (ABM-utvikling). In 2014 the Arts Council was allocated a total budget of €140 million by the Ministry of Culture, of which €3.5 million will be invested in development and cooperation projects for archives and museums.

4.10.4 Cultural context

With a population of just over 5 million, and significant offshore petroleum resources, Norway has the second highest GDP per person in Europe.⁵³ Library membership is free to all citizens and there are no plans to charge patrons supplementary e-lending fees to support access to e-books. According to the Arts Council, many of the libraries participating in its e-Book Pilot initially lacked the necessary technical infrastructure to support patron access to EPUB files.

4.10.5 Scope and audience of e-lending model

The Arts Council e-lending pilot currently involves 130 participating libraries. The Arts Council presently purchase 70 licenses for each of the 400 e-book titles in its collection – which adds up to a total of 28,000 e-book titles which are available for simultaneous use across all participating library systems. The Arts Council is also investigating options for extending the project beyond 2015, and extending its scope to serve additional Norwegian public libraries.

4.10.6 Collection characteristics

The Arts Council e-book collection consists of 400 titles (all published between 2012 and 2014) with 70 single user licenses per title. The Arts Council distributes its purchased e-book licenses across the libraries participating in the project based on a formula linked to the number of inhabitants they serve. For example, larger urban libraries such as Oslo City Library or Bergen City Library would receive between 3-5 licenses for each of the 400 titles – whereas more rural county library systems might receive 20 licenses spread across 20 branch libraries. Based on the terms of the pilot agreement the Arts Council keeps ownership of all the e-books purchased using Norwegian Literature Programme funds – although whether these titles can be offered to libraries of e-lending after June 2015 will depend upon the outcome of future negotiations with publishers.

⁵³ [European Commission, Norway Country Profile 2013, page 3](#)

4.10.7 Financial characteristics

The price of e-book licenses acquired by the Arts Council are identical to the price the Council is paying for print titles – given that the licenses are bundled within a bulk purchase of 1,000 copies of each title which include 70 licences and 930 print books. Precise figures are not available, but given the average cost of a print book is in the region of €2.45 (20 NDK), then the cost of 70 e-book licenses and 930 printed books would be around €24,500 (€171 for the electronic licenses). Therefore the approximate cost of acquiring 1,000 copies of 400 titles (930 printed and 70 e-book licenses) could be projected to be €930,000 (on the basis of average retail e-book prices).

4.10.8 Friction strategies

The Arts Council project has been successful in securing access to 400 contemporary e-book titles published between 2012 and 2014 which would previously have been unavailable for e-lending – and negotiated significant discounts on the average price of the physical/digital title bundles. Therefore, in general terms the project is an example of successful engagement with publishers to reduce friction and expand library access to titles for e-lending.

4.10.9 Technical specifications

The Arts Council project merely purchases a selection of e-book titles from selected publishers and makes the related EPUB files available to participating public libraries via three third party e-lending platforms: [eBib](#), [eBokBib](#) and [BS Weblaan](#). Participating libraries are responsible for developing their own e-lending systems and financing any platform subscription fees which may apply depending upon their chosen supplier.

4.10.10 User experience

One of the key features which differentiates the Arts Council's e-lending project from many others is that it focuses on delivering access to recently published/front list e-book titles. The Arts Council collected user feedback for project reports published in 2012 and 2013 which indicated that library patrons were very keen to see the pilot project extended. Indeed, additional comments included broad interest in seeing the e-book collection further expanded to include more literary genres, and potentially established as a permanent programme for the state purchase of e-books for all Norwegian public libraries.

4.11 Slovenia – Biblos Lib

4.11.1 History and overview of e-lending model

In July 2013 Beletrina Academic Press (a not-for-profit institute) in cooperation with the Slovenian Library Association launched a new e-lending platform - Biblos Lib. The objective of this initiative was to develop a national platform for lending e-books in Slovenian public libraries. Participating public libraries pay a subscription fee for the use of the Biblos Lib system which offers unrestricted access to public domain and open license e-books. For premium titles, libraries purchase a 52 loan license. Libraries can then login to the Biblos Lib dashboard and set the number of simultaneous loans to any number between 1 and 52. The higher the number of simultaneous loans, the sooner the license will need to be renewed. Typically most participating libraries tend to set this limit to 5 simultaneous users for each title. The price of each e-book license is currently set to 70-90% of the cost of the

equivalent printed title. Under the current platform library patrons can borrow up to 4 e-books for 14 days (no early returns permitted at present).

4.11.2 Commercial context

According to the 2014 Global e-Book Market Report, in 2012 the Slovenian commercial publishing market was estimated to be worth €80 million.⁵⁴ During the first nine months of 2013 Slovenian e-book sales were reported to have grown by more than 300% in comparison to 2012 – although in value these sales still represented less than 1% of the overall publishing market.⁵⁵ The report estimates the total number of e-books offered by publishers for commercial purchase in Slovenia to be around 1,000 titles.

The initial costs of developing and launching Biblos were covered by the platform owner, Beletrina Academic Press. It is worth noting that despite its name, Beletrina is not a normal publisher in the traditional sense – but a not-for-profit institute which focuses on the promotion of reading, culture and cross-border cultural projects. Publishing currently represents about 30% of Beletrina’s activities, with a broad range of cultural projects (some of which are funded at EU level) accounting for the remaining 70%. Beletrina presently subsidizes the operation of the Biblos platform using funds from other revenue streams.

In September 2013 Biblos also began to offer e-books for commercial sale – although the terms and conditions offered to publishers generally require (when possible) that any titles sold via the Biblos platform must also be licensed to libraries for e-lending. Biblos also introduced a “buy” button on its e-lending platform so that patrons are offered the opportunity to purchase an e-book if a) their library has run out of available licenses for that title; or b) that title is not currently licensed by their library. When users browse items which are not currently available in their library – the system generates an automatic message to notify librarians that they may want to consider purchasing a license for that title. Biblos also collects significant amounts of data to track e-lending usage and purchasing patterns on the platform which it shares with publishers and participating libraries. One interesting dynamic is that the current data suggests that many users who borrow e-books using the platform then proceed to purchase additional e-books afterwards.

As of 2014 Biblos had secured the participation of all the main Slovenian publishers, including the largest publisher Mladinska knjiga. At present the consortium of Slovenian public libraries participating in the Biblos Lib platform have a budget of €150,000 for licensing e-book titles. The annual subscription fee for each public library who is a member of Biblos ranges between €700 and €1,200 (depending on library size). As stated previously the price of each e-book license is pegged to 70-90% of that physical title’s retail price. Slovenian law prohibits publishers from changing the price of new titles during the first 6 months after publication. In addition the terms and conditions for publishers using the Biblos platform only permit the price of an e-book to be changed once every 12 months.

4.11.3 Policy context

There is no centralised or national budget to support public libraries in purchasing contemporary e-books. However, in 2007 the Ministries of Culture and Higher Education, alongside other partners,

⁵⁴ [Global e-Book Market Report 2014, page 52](#)

⁵⁵ [Global e-Book Market Report 2014, page 52](#)

launched the [Digital Library of Slovenia](#) which offers on demand online access to copyright free Slovenian literature. The project is also linked to other EU digitisation schemes including The European Library and Europeana. The Slovenian government also provides funds for the digitisation of copyright free titles at a rate of €75 per title – a mechanism which Slovenian publishers have exploited to add further long tail titles to its collection for e-lending and purchase.

4.11.4 Cultural context

Slovenia has a population of 2 million, with around 1,000 e-book titles available for purchase and over 800 titles available for e-lending via Biblos (of which 20% are translated titles). Slovenian has an Italian minority population in the North West of the country, and a Hungarian minority in the South East. The Ministry of Culture allocates special funds to support access to library services (including e-lending) for both these minority language groups.

Slovenian public libraries charge annual membership fees of between €15-20 with a discounted membership rate of €8.00 available for children, the elderly and the disadvantaged. Library membership is offered free of charge to active job seekers. Currently libraries do not charge supplementary e-lending fees to patrons, although there is potentially scope for considering this in the future within the context of an online only “Digital Membership” package.

While the 2014 Global E-book Market Report notes that Slovenians are “*remarkably strong readers*”⁵⁶ it is worth noting that prior to launching Biblos, Beletrina Academic Press conducted an extensive engagement programme with a range of different stakeholders to raise awareness and drive public demand for e-books. In the service of this objective, Beletrina held a programme of meetings, lectures and courses to engage with publishers, libraries and the general public.

A comment was made in one response to the online survey that in the past many Slovenian publishers have seen the role of public libraries to be the provision of access to sophisticated high literature and academic texts – and that readers seeking bestselling titles or pulp fiction should be directed towards a book shop. This perception, whether driven by cultural inertia or financial motivations, applies to both the printed and electronic book market.

4.11.5 Scope and audience of e-lending model

At present 40 out of a total of 58 Slovenian public libraries are members of Biblos – which equates to 70% of library systems. In September 2014 Biblos will start offering e-lending and purchasing services to primary and secondary schools – and the platform will also be extended to University Libraries and Institutional Libraries later this year.

As of 2013 Slovenian public libraries had just under 500,000 registered members. Beletrina reports that Biblos Lib currently has 10,000 unique users, but with the expectation that this could rapidly be expanded to around 50,000 users as additional libraries sign up to the platform and patron awareness and interest in e-lending increases.

4.11.6 Collection characteristics

The Biblos platform currently offers over 800 titles for e-lending, of which Beletrina estimates 25% are front list titles, 50% are backlist titles and 25% are long tail/copyright free titles. However, in answer to a separate online survey question Beletrina estimated that 30% of its collection included

⁵⁶ [Global e-Book Market Report 2014, page 52](#)

titles published in the last year, 40% were titles between 1 and 3 years old, and 30% more than 3 years old.

4.11.7 Financial characteristics

Beletrina estimates that the annual cost of running the Biblos platform is in the region of €158,000. However, staff time currently devoted to running the platform is fully captured in that cost estimate. Beletrina are currently in discussions with the Ministry of Culture to investigate a co-financing deal to ensure the platform costs are more sustainable moving forward.

4.11.8 Friction strategies

Some of the publishers participating in the Biblos platform do apply an embargo to a few of the newest most commercially attractive titles – although there is no systematic approach or specified agreement in relation to this. In addition, in Slovenia most publishers only release an e-book version of a print book later in the life cycle of that particular title which adds to the delay before which new titles are made available for e-lending.

A further element of friction is also introduced by the fact that Biblos's current 14 day loan policy does not allow for early returns – which combined with the one license per user model means that libraries need to invest in multiple licenses to ensure adequate supply of popular titles.

4.11.9 Technical specifications

The Biblos platform is essentially a cloud service which hosts e-book titles on servers managed by Beletrina Academic Press. DRM encoded titles are available as EPUB or PDF downloads to computers, laptops, and iOS and Android devices via a dedicated app. Library patrons are authenticated using their existing online library credentials via the Co-operative Online Bibliographic System and Services (COBISS) [My Library Service login](#).

The Biblos platform also includes a fully indexed bibliographic system with associated metadata to facilitate discovery of e-book titles via web searches. The platform is also integrated with [COBISS.net](#) – the platform for the national library information systems of Slovenia, Serbia, Macedonia, Bosnia & Hercegovina, Montenegro, Bulgaria and Albania. COBISS includes library automation software with multi-language user interfaces for cataloguing, acquisitions and loans.

4.11.10 User experience

Reports from Beletrina Academic Press and from participating libraries suggest that users have responded positively to the Biblos Lib platform and the newfound opportunities it provides for library patrons to access contemporary Slovenian e-books. The Biblos model is relatively unique in two principal aspects. Firstly, it offers users the opportunity to borrow and purchase e-books within a single platform ecosystem and architecture. Secondly, the role of Beletrina Academic Press, acting as a not-for-profit intermediary between participating public libraries and publishers has been a key enabler. Beletrina's existing track record as a supporter of cultural and literary projects has clearly served to earn the trust of public libraries participating in the Biblos Lib platform. At the same time, the fact that Beletrina operates in isolation from the rest of the Slovenian library sector has probably strengthened its position when negotiating licensing terms with participating publishers. Furthermore, Beletrina's willingness to subsidise the development and operating costs of the Biblos

platform using revenue from other projects has served to minimise the upfront costs faced by libraries joining the platform.

However, in the long term it seems likely that Beletrina will be seeking to improve the financial sustainability of their current e-lending business model, either by securing additional Government support, or by continuing to widen the number of participating libraries, potentially including other Balkan state library systems using the COBISS ILS system.

4.12 Spain – eBiblio

4.12.1 History and overview of e-lending model

In June 2013 the Ministry of Education, Culture and Sport convened a meeting to discuss the challenges and opportunities around e-lending with 25 representatives from key stakeholder sectors – public libraries, publishers, distributors and booksellers (alongside library professionals from the Ministry and other tiers of public administration). At the meeting the Ministry proposed the initiation of an e-lending pilot project which would consist of an online platform which provides access to a centrally funded collection of e-books – but which would be managed independently by each of the participating 16 Autonomous Regions (and two urban administrations – Ceuta and Melilla).

Based on the outputs of these discussions, the Ministry launched a call for tenders for interested parties to submit proposals for supplying an e-lending platform/interface and a selection of e-book packages (ranging from science and technology titles to adult fiction...etc). The platform/interface contract was won by [Libranda](#) – a leading Spanish e-book distributor which was founded in 2010 by 7 major publishers.⁵⁷ Libranda also secured the contract for supplying the majority of the e-book “packages” (based different e-book categories/subject).

From February to June 2014 Libranda developed the eBiblio platform setting up different pages which were suitably adapted to the language, branding and corporate image of each of the participating autonomous regional communities and urban administrations (including relevant e-reading applications). From June to September, the process of connecting local library systems to the platform began, with the libraries of 7 autonomous regions fully connected before the launch of the project.

On the 8th of September 2014, after 7 months of development work, the eBiblio project was launched by the Sub-Directorate General for Libraries Coordination of the Ministry of Education, Culture and Sport, in collaboration with 16 Autonomous Regional Administrations and two urban administrations, representing 4,457 public libraries.⁵⁸ The 12 month pilot project offers access to 1,400 e-book titles which are provided to participating libraries on the basis of a single user license with an average of 28 loans per license. Across these 1,400 titles an average of 121 licenses were purchased per title (170,000 in total).

4.12.2 Commercial context

⁵⁷Planeta, Penguin Random House, Santillana, Wolters Kluwer, SM, Grup62 and Roca Editorial

⁵⁸ [Ministry of Education, Culture and Sport website, accessed 29th September 2014](#)

In 2012, the value of the Spanish book market was around €2.5 million – with e-book sales accounting from between 3%-5% of the trade book market.⁵⁹ A range of differing estimates suggest that the total number of commercially available e-books is around 30,000 to 50,000.⁶⁰ In Spain publishers are required by law to set a fixed price for both e-books and print books – so the same title cannot be sold for differing amounts through different retail outlets (although discounts of up to 5% are permitted). It is also worth noting that e-book Spain are generally around 40% cheaper than printed titles.

For the eBiblio project, platform/interface provider Libranda offered access to 11,000 titles, from which the project working group selected 1,500 for e-lending. These titles are offered on the basis of a single user license with a limit of 28 loans for the duration of the 12 month pilot project which began on the 8th of September.

During the initial negotiations between the Ministry of Education, Culture and Sport and representatives of the 16 autonomous regions and two urban administrations – one region proposed that a “buy button” should be introduced from the start of the eBiblio project. This proposal was ultimately rejected, but with the proviso that individual regions would have the facility to introduce this functionality later in the project’s life cycle if they chose to do so.

4.12.3 Policy context

Spain has three tiers of national, regional and local government infrastructure. Responsibility for library services is usually undertaken at local and sometimes regional level. The eBiblio pilot project was developed by the Ministry of Education, Culture and Sport in cooperation with 16 (out of a total of 17) regional administrations and two urban administrations, Ceuta and Melilla. The project’s central objective was to cultivate an overarching e-lending infrastructure and collection which could be used as the basis for the participating regions and urban administrations to further develop and evolve their e-book collections and e-lending services. Therefore while the Ministry of Education, Culture and Sports has undertaken to initially fund and launch the project, the expectation is that the ongoing management of the project and expansion of the collection will be addressed by the 16 regions and two urban administrations on an independent basis going forward.

An example of this scope for independent regional management and development is illustrated by the case of the Navarre region which has already undertaken to license additional titles from a local Basque language publisher which have been uploaded to the eBiblio/Libranda platform (accessible only to libraries within that region).

4.12.4 Cultural context

Spain has a population of 46.5 million inhabitants. There are around 5,000 libraries in Spain, of which over 4,000 are under local administration and 68 administered by one of Spain’s 18 autonomous communities.⁶¹ In addition there are 53 state public libraries which are spread across 50 provincial

⁵⁹[2014 Global e-Book Report, page 41](#)

⁶⁰[2014 Global e-Book Report, page 41](#)

⁶¹[TNS, Users’ perceptions of the benefits of ICT in public libraries in Spain, March 2013, page 8](#)

capitals and 5 other cities⁶² which are owned by the Ministry of Education, Culture and Sport, but administered by the autonomous regional communities.⁶³

4.12.5 Scope and audience of e-lending model

The eBiblio platform will eventually be available to all libraries across 16 of Spain's 17 autonomous regional communities and two urban administrations (the remaining autonomous region not participating in the project is working on its own platform and e-book collection). According to the Subdirectorate General for Libraries Coordination, there are 11.8 million library card holders in Spain, who represent the potential audience for eBiblio as it is rolled across the participating regions and urban administrations.

4.12.6 Collection characteristics

The Ministry of Education, Culture and Sport has established an e-Book Working Group under the Council for Library Cooperation (within the Commission for Public Libraries). The Commission will have responsibility for monitoring and enhancing the eBiblio platform – as well as the recently launched Basque e-lending platform [Liburuklik](#), and an additional Galician language e-lending platform due to be launched on October 2014. The e-Book Working Group, which includes representatives from the 16 autonomous regions and 2 urban administrations (Ceuta and Melilla) is responsible for the selection of a collection of titles which are accessible to all libraries participating in the eBiblio platform.

Currently the Working Group has reviewed over 11,000 titles available through Libranda and selected a collection of 1,500 titles (split across various subject/topic packages or categories). So far the Ministry of Education, Culture and Sports has acquired over 180,000 licenses for these 1,500 titles in ePUB, PDF and MP3 (audiobook) format. These licenses are distributed across the 16 autonomous regions and two urban administrations, Ceuta and Melilla based on the number of inhabitants they serve according to population statistics gathered in 2013. In addition, individual autonomous regions have the option of licensing additional titles which will be available to their own library systems.

4.12.7 Financial characteristics

The Ministry of Education, Culture and Sports has supported the development costs and collection costs for the 12 month eBiblio pilot with a budget of €1.6 million. This covers the creation of the eBiblio platform/interface (hosted by Libranda) associated platform maintenance/hosting fees for 12 months and the licensing costs for 1,500 e-book titles. Participating libraries within the 16 regional and 2 urban administrations involved in the pilot are also free to expand their local e-book collections by licencing additional titles via Libranda or through other publishers. They also have the option of digitizing their own public domain/out of copyright content and hosting that content on the eBiblio/Libranda platform.

4.12.8 Friction strategies

The Ministry of Education, Culture and Sport's Sub-Directorate General for the Coordination of Libraries reports that it is not currently aware of any specific embargos applied to popular titles.

⁶² Mahón, Mérida, Santiago de Compostela, Gijón and Orihuela.

⁶³ [Ibid; page 8](#)

Indeed, many e-book titles are provided for e-lending at the same time that print titles are made available for purchase. In some instances publishers initially release an e-book version of title to assess market demand before proceeding to release it in printed format.

4.12.9 Technical specifications

The eBiblio e-lending platform developed by Libranda has a flexible interface which offers 19 separate web pages for each of the 16 autonomous regions and 2 urban administrations participating in the project. The platform also connects directly to each libraries ILS to allow searching for e-book titles by a range of tags (including ISBN, title, author and topic). Once users have located a particular title they can click on the e-book cover/title to get additional information. Users can also use the platform to request that the library acquire licenses for new titles. The platform allows users to download DRM protected e-book files in PDF format – or to stream EPUB files from a remote Libranda server with security provided by the e-reading application. Both iOS and Android devices are supported.

The platform involves two layers of administration – a librarian to manage the e-lending service, and an administrator to manage the acquisition of licenses and the editing of content. The platform has also been developed with a monitoring tool called Qlikview which can be used to monitor statistics around the number of users, loans, titles, licenses, renewals and returns. It can also provide data on the number of loans per collection category/subject, by language, publisher and e-book format (e.g. PDF versus EPUB versus MP3).

4.12.10 User experience

As the eBiblio project has only just been launched on the 8th of September 2014 there is little scope for collecting detailed usage information at this early stage. However, based on anecdotal feedback from library patrons, the initial response to the eBiblio project has been very positive. In addition many participating libraries have reported a sharp increase in patrons registering eBiblio accounts.

4.13 Sweden – Digital Library, Stockholm Public Library (Biblioteket.se)

4.13.1 History and overview of e-lending model

4.13.1.1 ELIB and Atingo

Historically, Sweden has been ahead of the curve when it comes to e-lending in public libraries. In 2001 Sweden's three major publishers established [ELIB](#) which has become Scandinavia's largest producer and distributor of e-books and audio books. In cooperation with participating libraries, ELIB developed a pay-per-loan licensing system which effectively provided libraries with access to e-books as a service as opposed to a product. E-books were offered on the basis of a fixed €2.26 licensing fee for each loan.

However, this system started to pose multiple issues for participating libraries. Many publishers refused to license e-books and audiobooks for e-lending, and those that did often insisted on embargoing new releases for the first 12 months of their life cycle (effectively delaying the e-lending phase until commercial demand had subsided). ELIB have offered APIs for their platform for some time, but due to a lack of integrated discovery layers few libraries have chosen to use them.

In August 2013, ELIB's position as the de facto monopoly supplier of e-books to libraries was disrupted when Publit (the second largest Swedish e-book distributor) entered into a partnership with Axiell (a leading library technology provider) to launch a new e-lending platform called Atingo. The new platform offered participating libraries a pay-per-loan service with the facility to set the cost of each title. Atingo initially promised access to a broader range of titles – although the new model also introduced a level of uncertainty to the licensing system given that publishers were free to adjust the prices of individual titles at any time (although libraries could also use a dashboard to specify cost limits for each available title).

The emergence of a competing e-lending platform, alongside rising dissatisfaction from the library sector led ELIB to announce a new licensing system in 2014 which offered three options for e-lending:

- Pay-per-loan model (as under the previous system with some changes – see below)
- License model A – fixed fee for set number of loans
- License model B – fixed fee for unlimited number of loans

In addition, ELIB also modified its existing pay-per-loan model to allow publishers to set individual prices for each title (as opposed offering a fixed rate of €2.26 per title per loan). Participating libraries can now login to the ELIB system and decide which titles to license based upon these fluctuating prices. In practice, it is reported that the new pay-per-loan system has spawned a much larger spread of title prices with the most expensive licenses costing over 10 times the price of the least expensive.

4.13.1.2 Stockholm Public Library and Ordfront/Publit

In 2012 Stockholm Public library (comprised of 40 Stockholm branch libraries) reached an agreement with Publit (the second largest Swedish e-book distributor) and Ordfront (a medium-sized publisher) to pilot a dual-licensing model. Under the terms of this deal, Stockholm Public Library would finance the digitisation of certain backlist Ordfront titles, in return for an unlimited eleven year e-lending license being applied to those titles. The agreement also required Ordfront to suspend any e-lending embargos on new releases, and make new titles available to Stockholm Public Library via a pay-per-loan model (€2.72 per loan for titles under 4 months old and €1.64 per loan for titles older than 4 months).

This dual-licensing model works for both parties involved because the library covers the upfront digitisation costs in return for unrestricted access to front list titles, free access to all the titles it digitises, as well as discounted e-lending fees for the rest of the titles in the publisher's catalogue. This arrangement also benefits the publisher as it widens the scope of its commercial e-book catalogue, whilst promoting greater discovery of backlist digital titles. Ultimately, this model delivers lower costs per loan for the library and at the same time substantially increased the income Ordfront received from each loan. The pilot was originally scheduled to expire in the summer of 2014, but has now been extended by an additional 12 months.

4.13.2 Commercial context

The 2014 edition of the Global E-book Report estimates the size of the Swedish book market to be €783 million with e-books accounting for around 1% of sales.⁶⁴ One of the most unique aspects of

⁶⁴ [Global E-book Report 2014, page 44](#)

the Swedish e-book market is that libraries (not book sellers) currently account for around 85% of sales.⁶⁵ Indeed, according to data from ELIB, in 2013 there were 1.4 million e-book loans in Sweden, compared to 270,000 e-book purchases.⁶⁶ Stockholm Public Library conducted 240,000 e-book loans in 2013 – nearly the same as the overall number of e-book sales in Sweden.

In 2014, Stockholm Public Library and other representatives of the library sector entered into a partnership with the Swedish Association of Regions and Municipalities (which represents 190 local government regions in Sweden) to negotiate a national agreement on licensing e-books to libraries. The objective of these discussions is to define a new e-lending model which can be used by all libraries in Sweden to access e-books from the catalogues of ELIB and Atingo.

The opportunity for these negotiations has primarily arisen because ELIB responded to rising pressure to cut its distribution fees. Previously ELIB charged distribution costs at 50% of the cost of each e-book loan (€1.09). Under the new system ELIB will only charge distribution costs at 20% of each loan which amounts to around €0.65. These substantially reduced distribution costs means that publishers will automatically benefit from higher margins on all e-book loans which offers libraries a strong incentive to lobby for revised licensing terms.

From the library perspective, the upcoming pay-per-loan system (operated by both ELIB and Atingo) is problematic as a broad range of different (and instantly adjustable) license prices for different titles makes it very difficult to manage collection budgets. In setting their price limits for each title, libraries need to exercise caution and will usually opt for a level which is close to the average license price (around €2.18) to minimize the risk of publishers increasing the cost of multiple titles at the same time.

Stockholm Public Library has been running statistical simulations with various alternative licensing models and comparing the average cost per loan generated by each prospective scenario. This analysis has led the library sector towards proposing a new licensing model composed of three distinct fixed price segments (e.g. premium titles, medium cost titles and low cost titles). The results of the simulations suggest that if publishers suspended their embargos on front list titles (and licensed them at a premium fixed price) this more attractive supply of titles, coupled with a more stable and predictable fixed price licensing system, would encourage libraries to spend more (safe in the knowledge that prices will not change). By this logic the average price paid per license would increase under this system because a) libraries would be less cautious about investing in licenses when the prices are fixed; and b) opening access to front list titles would encourage all libraries to potentially spend more than they currently do.

The current proposal would be to implement a segmented fixed price licensing system as a pilot for 12 months, after which the system could be tweaked or adjusted to ensure that the outcome of increased average publisher revenue per loan (in return for increased library access to titles) has been successfully achieved. Nevertheless, the success of these negotiations will be dependent on evolving publisher attitudes towards e-lending. One commentator reported that some publishers are still insisting on receiving €9-10 per loan before agreeing to offer front list titles for e-lending – which represents nearly a 500% increase on the average cost of current library e-book licenses.

⁶⁵ [Global E-book Report 2014, page 43](#)

⁶⁶ [International Publishers Association, Innovation in E-Book Lending: An IPA Special Report, 24th June 2014, page 3](#)

4.13.3 Policy context

In October 2013 the Swedish Ministry of Culture published proposals for its new “Reading for Life” Bill, which noted that *“the digitisation of the book market and opportunities for public libraries to provide e-Books are important issues for the future.”*⁶⁷ The Bill proposed that the National Library of Sweden be instructed to engage in a pilot project to acquire and provide e-books via the national catalogue LIBRIS, whilst allocating SEK 2 million in specific funding for this project in 2013.⁶⁸

However, some feel this commitment is insufficient for the task. In a presentation delivered in May 2014, David Jonsson from Malmo City Library argued that the Government should instead commit SEK 10 million to develop what he described as LIBRIS XL, which would bring together all the current e-lending initiatives in Sweden and make them accessible via a national library card.⁶⁹ Stockholm Public Library has also advocated the value of the National Library receiving sufficient funds to set up a single digital aggregation infrastructure which could empower public libraries to access titles from both ELIB and Publit/Atingo catalogues without investing in multiple overlapping APIs.

4.13.4 Cultural context

Sweden has a population of 10 million, with an estimated 11,000 e-book titles available for e-lending (of which 18% are translated titles). Swedish public libraries are legally prohibited from charging for membership, and there are no plans to introduce supplementary charges to finance e-lending services. As previously referenced, Sweden is one of the earliest adopters of the e-book format, having initially established a pay-per-loan e-lending model via ELIB well over a decade ago. In cultural terms, e-lending through libraries is exceedingly popular with patrons, given that more than eight e-books are checked out from libraries for every two e-books sold commercially. However, it should also be noted that e-book sales are now increasing at a faster rate than e-book lending.

4.13.5 Scope and audience of e-lending model

Stockholm Public Library’s Digital Library platform is accessible to all library card holders in Stockholm (including 40 branch libraries) who can borrow a maximum of 5 e-books every week. Stockholm Public Library has over 250,000 active library users. Stockholm Public Library estimates that last year its e-lending platform Bibliotheket.se had 30,000 unique users in the last 12 months – and around 7,500 users via the Elib.se interface.

4.13.6 Collection characteristics

The Bibliotheket.se platform offers just under 11,000 titles from ELIB, while Atingo offers around 1,500 titles of which 600 are English language public domain titles. A further 90,000 talking books for the disable are available through supplier MTM.

4.13.7 Financial characteristics

⁶⁷ [Government of Sweden, Ministry of Culture, Summary of Government Bill 2013/14:3, Reading for Life, October 2013, page 2](#)

⁶⁸ [Government of Sweden, Ministry of Culture, Summary of Government Bill 2013/14:3, Reading for Life, October 2013, page 2](#)

⁶⁹ [Lecture on e-Books in Sweden delivered by David Jonsson, Malmo City Library, at the National Library in Warsaw, May 2014](#)

Stockholm Public Library estimates that the approximate cost of developing its Digital Library including development, operations, maintenance and acquiring content – has been in the region of 5 million SEK (€548,000).

4.13.8 Friction strategies

A report from the International Publishers Association published in June 2014 noted that as e-lending rates in Sweden rapidly outstripped commercial e-book sales in 2013, publishers became “concerned about cannibalization of front list sales” which “led publishers to delay providing releases to libraries until they had gone cold commercially. . .”.⁷⁰ ELIB’s revised licensing system described in [section 4.8.1.1](#) potentially offers incentives for publishers to release front list titles early to libraries by offering the opportunity to charge higher licensing fees (as opposed to the previous fixed license fee for all titles). However, according to Stockholm Public Library the new ELIB system has caused front list title prices to skyrocket, whilst still failing to persuade many publishers to dispense with their embargos.

4.13.9 Technical specifications

Stockholm Public Library’s Digital Library is an open source DRUPAL/Apache Solr platform. It integrates library hosted digital content (digitised e-books) with access to digital titles available from the distributors ELIB and Atingo/Publit. Licensed content is hosted on proprietary platforms developed by those commercial suppliers/distributors who offer separate API’s which are fully integrated with the Digital Library/ILS. E-book titles are available for download in ePUB and PDF format and read using Bluefire Reader with embedded Adobe DRM (compatible with Android and iOS mobile devices, tablets and laptops/PCs).

4.13.10 User experience

One of the benefits of Stockholm Public Library developing its own platform has been the collection of detailed circulation statistics and analytics on e-lending. In addition, since 2012 they have carried out an annual e-book survey asking over 1,000 e-book readers for feedback on the e-lending system. For example, each year users are asked to rate how easy it was to download e-books from the Digital Library. In 2014 85% of respondents categorised the service as “easy to use”, in comparison with 78% in 2013 and 76% in 2012.

In 2014 the survey also confirmed in terms of reading digital titles, 31% used their mobile phone, 46% used an iPad, 24% used a dedicated e-reader device, 17% used Android tablets – and only 5% used PCs and laptops. Furthermore, in response to the question “are you willing to pay for an e-book?”- 43% said they would if they were slightly cheaper.

4.14 United Kingdom, England - Arts Council e-lending pilot projects

4.14.1 History and overview of e-lending model

In 2012 the UK Department for Culture, Media and Sport (DCMS) commissioned William Sieghart to undertake an Independent Review of E-lending in Public Libraries in England with support from a

⁷⁰ [International Publishers Association, Innovation in E-Book Lending: An IPA Special Report, 24th June 2014, page 4](#)

panel of experts including representatives from the Society of Chief Librarians, the publishing industry, booksellers and authors. In his final report,⁷¹ published in March 2013, recognised that:

“...the atmosphere between the publishing and library communities has become strained and, combined with other, bigger uncertainties that the digital revolution poses, makes it hard for both parties to establish agreed norms for digital lending.”⁷²

The final report recommended that the Government should encourage the development of e-lending pilots to “test business models and user behaviours, and provide a transparent evidence base” whilst suggesting that “all major publishers and aggregators should participate in these pilots”.⁷³

The report also stipulated⁷⁴ that these e-lending pilots should seek to protect the interests of publishers and booksellers by creating 21st century versions of the frictions which inherently affect the physical lending market for books – whilst simultaneously developing e-lending models which encourage opportunities to purchase e-books (e.g. click to buy buttons). The recommended friction mechanisms included a one-copy-one user license, as well as measures to limit the number of total loans per e-book license in imitation of the deterioration which affects physical books. Despite these specific prescriptions, Sieghart also emphasised that the precise nature of these frictional elements should be expected to evolve over time to accommodate technological changes and further development in the market.

In March 2014 the Society of Chief Librarians and the Publishers Association announced the launch of a 12 month e-lending pilot project involving four participating English library authorities – Peterborough City Council, Newcastle City Council, Royal Borough of Windsor and Maidenhead, and Derbyshire County Council.

4.14.2 Commercial context

The UK e-book market was valued at approximately €4.2 billion (£3.25 billion) in 2013, with e-book sales accounting for 25% of the trade book market.⁷⁵ In the UK an estimated 1.75 million e-book titles are available for purchase.⁷⁶ Specific e-book market figures for England are not available at the time of preparing this report.

In preparing the ground for the e-lending pilots, the Society of Chief Librarians worked alongside the Publishers Association to prepare an invitation to tender⁷⁷ which included specifications for the four pilot library authorities who would eventually be selected to participate. Those specifications were for:

⁷¹ [DCMS, An Independent Review of E-lending in Public Libraries in England, William Sieghart, 27th March 2013](#)

⁷² [DCMS, An Independent Review of E-lending in Public Libraries in England, William Sieghart, 27th March 2013, page 6](#)

⁷³ [DCMS, An Independent Review of E-lending in Public Libraries in England, William Sieghart, 27th March 2013, page 13](#)

⁷⁴ [DCMS, An Independent Review of E-lending in Public Libraries in England, William Sieghart, 27th March 2013, page 13](#)

⁷⁵ [2014 Global e-Book Report, page 28](#)

⁷⁶ [Ibid; page 28](#)

⁷⁷ [Society of Chief Librarians and the Publishers Association invitation to tender – accessed via Shelffree.org.uk on 9th October 2014 \(file removed from SCL website\)](#)

- One local authority representing a largely rural population lending e-books for a period of 7 days
- A local authority representing a largely rural population lending e-books for a period of 21 days
- A local authority representing a largely urban population lending e-books for a period of 7 days
- A local authority representing a largely urban population lending e-books for a period of 21 days

Each of the pilot library authorities would be asked to license a pre-agreed list of 1,000 titles, which would include a combination of front and backlist titles from the major publishing houses participating in the pilot. Participating library authorities would also be expected to comply with additional criteria which included:

- Meeting the standard business terms of each publisher (e.g. licensing terms)
- Comply with industry standard DRM
- Provide a “click to buy button” for all titles included in the pilot

Following the receipt of bids for participation four library authority systems were selected: Newcastle City Council (21 day loan urban pilot), Peterborough (7 day loan urban pilot), Derbyshire County Council (21 day rural pilot) and Windsor and Maidenhead (7 day rural pilot).

The pilot library authorities were then offered access to 1,000 e-book titles (previously not available for e-lending), selected from the front, mid and backlist of 8 major UK publishers – Canongate, Faber, Harlequin, HarperCollins, Hachette, Macmillan, Simon & Schuster and Penguin Random House. Libraries were offered the freedom to select their own aggregator for the pilot. Derbyshire chose Askews & Holts and the other three pilots selected Overdrive. In practice all four pilots have confirmed that to date the number of titles made available to each pilot has been 893. As per the Sieghart Review’s recommendations, all titles were offered on a one-copy-one user license. According to one respondent the approximate cost of purchasing one copy of each of the 893 titles was in the region of \$22,000 (€17,400).

4.14.3 Policy context

In addition to the context already set out in [section 3.14.1](#) and [section 3.14.2](#) above, the terms of the pilot also include a requirement for participating library authorities to collect a range of metrics and data to monitor specific e-lending related behaviours. Given that the primary purpose of the pilots (set by the DCMS/Sieghart Review) was to test the impact of onsite and remote e-lending through libraries in England, the following metrics⁷⁸ were selected for inclusion in a report which each library authority would prepare after the first six months of the pilot:

- Change in number of members of the library service (and each individual library in the service)
- Change in footfall to those libraries
- Change in socio-economic profile of members
- Change in lending and profile of the lending E-lending habits
- Number of registrations

⁷⁸ [Ibid; accessed on 9th October 2014](#)

- Number of logins per user, average and range
- Number of books borrowed per user, average and range
- Web analytics e.g. consumer journey / entry and exit pages

These measures were selected to enable the six month pilot report to help establish the impact of e-lending on authors and publishers sales, as well as corresponding impacts in relation to the usage and uptake of public library e-lending services. As recommended by the Sieghart review, all e-lending services provided under the scope of the four pilots should enable users to borrow e-books remotely without physically visiting the library – and that e-lending should be free of charge.

4.14.4 Cultural context

Individual public library services are delivered by 151 library authorities in England who have a legal duty under the 1964 Public Libraries & Museums Act to deliver a comprehensive and efficient library service in the context of local need within available resources.⁷⁹ Public libraries are run by local authorities who receive their funding from three main sources: grants from central government, local taxes (e.g. Council Tax), and other locally generated fees and charges for services. Each local authority has the freedom to decide how much funding to allocate to public libraries depending on available resources and local priorities. In 2012-13 local authorities in England invested £783 million across 151 library services.⁸⁰ According to DCMS figures, 38.4% of adults in England visited a library or library website between June 2013 and June 2014.⁸¹

4.14.5 Scope and audience of e-lending model

The four e-lending pilots will run for 12 months from March 2014. Newcastle serves around 290,000 residents and has a total of 4,369 adults registered to use its e-book services. Peterborough has 22,581 active library users (1,196 unique e-book users via Overdrive since 2011). Derbyshire has 108,170 registered library users (and 2,265 e-book users). Windsor & Maidenhead serve around 145,000 residents.

4.14.6 Collection characteristics

In practice all four library pilots reported that the number of titles made available, to date, by the participating publishers for each e-lending project is 893 titles. These titles were not previously made available for e-lending, but were in this instance selected by the publishers themselves and designed to represent a balance of front, mid and backlist titles. Varying degrees of detail were collected on each of the pilot library collections which are displayed in separate sections below (based on email correspondence or phone interviews with those running the pilots).

4.14.6.1 Newcastle pilot

893 titles via Overdrive, available for 21 day loan, on a single user license. All pilot titles can also be purchased using the buy button function implemented by Overdrive. Pilot titles make up about 24% of Newcastle's e-book collection (3,744).

⁷⁹ [DCMS, Taking Part 2014, Quarter 1 Report, page 29](#)

⁸⁰ [DCMS, Taking Part 2014, Quarter 1 Report, page 29](#)

⁸¹ [DCMS, Taking Part 2014, Quarter 1 Report, page 34](#)

4.14.6.2 Peterborough pilot

893 titles available via aggregator Overdrive for a maximum loan of 7 days. 560 of these titles were published before the 28th of February 2013, and 333 titles were published on or after the 1st of March 2013. Titles are licenced under a single user license which offers either 26 loans per title, or 52 loans per title (with maximum license duration of 24 months). The table below shows the exact breakdown of the pilot titles across the participating publishers.

Publisher	Titles Contributed
Canongate Books	62
ePenguin	59
Hachette Livre UK	176
Harlequin (UK) Limited	100
HarperCollins Publishers Ltd.	97
Pan Macmillan	95
Perseus Books Group	64
Random House Group Limited	132
Simon & Schuster, Inc.	108

All titles can also be purchased via a buy button implemented by Overdrive – as shown in the picture below:



The Girl with the Dragon Tattoo
Millennium Trilogy, Book 1
Series: Millennium Trilogy
by Stieg Larsson

[Borrow](#)

[Add to Wish List](#) [Buy It Now](#)

★★★★★
Sign in & rate this title.

Forty years ago, Harriet Vanger disappeared from a family gathering on the island owned and inhabited by the powerful Vanger clan. Her body was never found, yet her uncle is convinced it was murder...[More](#)

Sample

4.14.6.3 Derbyshire pilot

893 titles via aggregator Askews & Holts, available on a 21 day loan on a single user license with either a limit of 26 loans per title or unlimited loans 12 months (the pilot duration). Aside from the pilot titles, Derbyshire has an additional collection of 9,346 e-books. Askews & Holt have also implemented a buy button option for all pilot titles.

4.14.6.4 Windsor & Maidenhead pilot

893 titles via aggregator Overdrive, available for 7 day loan, on a single user license with a maximum of 26 loans per title. All of these titles were also supposed to be purchasable via a buy button, but in practice Kobo (the supplier of the buy button) could not support this functionality for all of the 893 titles.

4.14.7 Financial characteristics

The British Library Trust provided a grant of £40,000 which was used to engage research and consultancy firm MTM London to develop the pilots and complete a robust and balanced evaluation of the metrics and data which emerged from the pilots. They will produce a six monthly report which will then feed into a final evaluation and recommendations following the completion of the 12 month pilots.

4.14.8 Friction strategies

The pilot project was specifically created as a research trial to circumvent traditional friction mechanisms applied to e-book titles by the 8 participating publishers. Different pilots were deliberately allocated different maximum loan periods in order to investigate the impact of this variable on patron demand/usage.

4.14.9 Technical specifications

All four pilots rely upon the user interfaces provided by the aggregators selected to provide the pilot e-lending service (Overdrive and Askews & Holts). All pilot titles are only available for download in DRM protected PDF format.

4.14.10 User experience

Anecdotal experience from some of the pilots suggests that they have experienced increase usage/loans during the first 5 months of the project. Additional specific detail was collected through interviews with the pilot libraries – but this information has been purposely suppressed from this study to ensure that no early data is leaked prior to the official publication of the 12 month statistical report on the performance of the pilots in April/May 2015. This information is understandably sensitive in a context where the figures may potentially chart a new way forward for e-lending arrangements between libraries and publishers – or alternatively, risk confirming the fears and concerns exhibited by publishers about the potential for e-lending to cannibalise sales.

4.15 United Kingdom, Wales – e-Books for Wales

4.15.1 History and overview of e-lending model

In August 2011 the Libraries Development Team of [CyMAL](#): Museums, Archives and Libraries Wales (a division of the Welsh Government) launched a pilot e-lending project ([e-Books for Wales](#)) with 6

participating local authority library systems. Since 2010 several local authority library systems in Wales had expressed interest in developing their e-lending services. Accordingly CyMAL undertook [preliminary research](#) to map out the key opportunities and challenges in the e-book arena, including a review of different purchasing and licensing models (as well as existing e-resource procurement models used by academic libraries).

Subsequently, CyMAL worked with Neath Port Talbot County Borough Council who agreed to take a lead in applying for funding, running a procurement process for the proposed e-book platform and negotiating with suppliers. A grant was awarded from the Welsh Government to support the project's development based on an agreement that other participating local authorities would commit match funding. Following the tendering process, [Askews & Holts Library Services Ltd](#) was contracted to deliver the e-lending platform and user interface.

By March 2012 a further 9 local authority library systems had joined the project. Since 2013, 21 out of all 22 Welsh local authority library systems have signed up to the e-Books for Wales platform. The remaining local authority, Newport, elected to pursue its own arrangement with US based aggregator Overdrive. As a result all citizens in Wales now have access to a public library e-book lending service.

4.15.2 Commercial context

The UK e-book market was valued at approximately €4.2 billion (£3.25 billion) in 2013, with e-book sales accounting for 25% of the trade book market.⁸² In the UK an estimated 1.75 million e-book titles are available for purchase.⁸³ Specific e-book market figures for Wales are not available.

Under the terms of the contract with e-Books for Wales platform supplier/administrator, Askews & Holt, e-book titles are made available on a single user license, with the specific number of loans per license set by individual publishers. It is also worth noting that Askews & Holt are responsible for negotiating the licensing terms and number of titles available from participating publishers.

4.15.3 Policy context

Support from the Welsh Government for the e-Books for Wales project stems from CyMAL's 2008-2011 Libraries for Life Strategy, and its follow up 2012-2016 strategy: Libraries Inspire.⁸⁴ Both plans offered a strategic development framework for the Welsh Government to work alongside local authorities and all types of libraries to deliver a 21st century library network, including the expansion of e-book collections and the development of e-lending services.

4.15.4 Cultural context

Wales has a population of just over 3 million inhabitants, with about 250 public libraries managed by 22 Welsh local authorities.⁸⁵ Library services and library membership in Wales are free for all citizens, and there are no plans for the introduction of supplementary charges for patrons to support future e-lending services.

⁸² [2014 Global e-Book Report, page 28](#)

⁸³ [Ibid; page 28](#)

⁸⁴ [Libraries Inspire: The strategic development framework for Welsh Libraries 2012-2016](#)

⁸⁵ [Wales.gov.uk, CyMAL: Museums Archives and Libraries, accessed 27th September 2014](#)

4.15.5 Scope and audience of e-lending model

The e-Books for Wales e-lending platform currently operates across 21 out of all 22 local authority library systems in Wales. The platform currently has over 7,500 active users, although this is expected to grow significantly over the next few years given the pool of potential future users extends to all 550,000 library members in Wales. In addition, as familiarity and awareness of the e-Books for Wales e-lending service rises, there is further scope to increase the percentage of Wales' 3 million inhabitants who engage with online library services. From April 2013 to March 2014 the platform facilitated 87,993 downloads. Since then the monthly figure has been steadily increasing, with over 10,000 e-book downloads in August 2014.

4.15.6 Collection characteristics

E-Books for Wales offers all 21 participating local authority library systems access to a catalogue of around 12,000 e-book titles. Titles offered for e-lending are selected by a working group of librarians from Askews & Holt's catalogue of over 450,000 UK e-book titles.⁸⁶ The collection also includes 100-150 Welsh language titles.

4.15.7 Financial characteristics

The e-book service is currently jointly funded by the Welsh Government and the 21 participating local authorities. Participating local authority library systems are charged an annual connection/hosting fee and a download fee per loan.⁸⁷

4.15.8 Friction strategies

The scope of the e-Books for Wales collection is limited by the range and number of titles that publishers are willing to make available via Askews & Holts. CyMAL notes that many publishers are still exhibiting concerns about the commercial viability of e-lending, with a recent example of one publisher taking the step of removing titles from the e-Books for Wales system claiming that libraries were not licensed to buy them – even though they had previously been made available for library purchase.

4.15.9 Technical specifications

Askews & Holt have developed the e-Books for Wales white label platform/user interface which allows users from participating library services to login using their library card number and PIN code. E-book titles are available for download in EPUB or PDF format, protected by Adobe DRM. Titles can be accessed remotely from iOS devices using Bluefire Reader and Android devices using Aldiko/Bluefire (all authenticated using Adobe ID). Library users can select up to a maximum of 10 e-book titles for a maximum loan period of 21 days (with no early returns permitted, although users can select a shorter loan period if they wish).

4.15.10 User experience

According to CyMAL the response from library users and library staff to the e-Books for Wales project has been overwhelmingly positive. Whilst there remain areas for improvement, in terms of

⁸⁶ [Askews & Holts Library Services Ltd website, accessed 27th September 2014](#)

⁸⁷ More specific details on the financial amounts involved were collected by the study – but they have been suppressed by request of the Welsh Government.

the range and number of titles available and the design and integration of the Askews & Holt platform with individual library ILS's – the newfound capacity for library users across 21 Welsh library systems to access 12,000 e-book titles has clearly been recognised as a substantial achievement.

Platform usage tends to vary across different geographical areas, with Cardiff and Swansea registering high borrowing numbers in keeping with the size of the urban populations they serve. However, interestingly libraries in Powys have also registered a relatively high number of loans despite serving a comparatively small and rural population. Nevertheless, other rural library systems with large aggregate populations continue to exhibit relatively low e-lending numbers. This is potentially due to deficiencies in the necessary ICT skills required to manage an e-lending transaction (setting up an online library account, installing Adobe Digital Editions and appropriate e-reader software...etc) as well as the absence of broadband coverage in many parts of rural Wales.

Further evidence of the success of the e-Books for Wales e-lending project is illustrated by the use of online advertising to drive user awareness and take up of the e-lending service. During the summer of 2014 online banner adverts were placed with the Western Mail (Wales Online) and the Daily Post to promote the all Wales e-lending platform. These adverts achieved click through rates (the number of visitors clicking on the link in the banner advert) of 0.52% for Wales Online and 0.77% for the Daily Post – ranging from 7,000%-1,100% of the average click through rate on online adverts during that period (0.07%).

5 North America - Review of Public Library e-Lending Models

5.1 California – CALIFA (enki)

5.1.1 History and overview of e-lending model

In May 2013 the CALIFA Library Group (consortium of 220 Californian public libraries) and Contra Costa County Library announced the launch of the open source [enki](#) e-book lending platform. enki facilitates the collective (and individual library) purchase and hosting of digital titles from self-published authors, small to medium sized publishers and independent distributors – allowing participating public libraries to directly purchase and manage a significant portion of their e-book collections without licensing this content from a mainstream aggregator.

The enki platform was primarily developed to support the ability of libraries to own rather than licence purchased e-books. The initiative also sought to reduce the cost paid by individual libraries in accessing content through collective purchasing, reduce the reliance on mainstream aggregators such as 3M and Overdrive, as well as foster greater discovery and circulation for titles from self-published and independent publishers. The overarching objective was to develop a platform which afforded participating libraries enduring access and ownership of the digital content acquired and hosted on that platform – as well as supporting individual libraries in offering their patrons access to a broader range of content than they would be able to purchase acting alone.

In particular, Contra Costa County Library's early support and collaboration with CALIFA on the development of the enki platform stemmed from previous experiences with Overdrive (at a time when they represented the only aggregator in the US market prior to the arrival of Axis 360 and 3M).

In 2008, after investing significant resources in acquiring content for a shared platform, Contra Costa County Library (CCCL) received communications from Overdrive which stipulated that continued participation in that platform would result in CCCL's removal from the shared Overdrive digital content platform. The end result was the CCCL was required to enter into a separate agreement with Overdrive which involved new platform costs and purchasing new content.

Califa and CCCL also noted the challenges experienced by Kansas State Library in 2010 when Overdrive proposed to increase its charges from \$10,000 to \$75,000 under a new contract which would also prevent the library from accessing over \$600,000 of previously licensed e-book content if the contract was terminated.⁸⁸ Eventually Kansas State Library managed to individually contact 169 publishers and transfer 69% of its licenses to 3M cloud library.⁸⁹ However, Califa and CCCL felt that the overarching lesson to be learned was that dependence on large aggregators like overdrive involved surrendering an increasingly crucial part of their library business (the provision of access to e-books) to companies which made business decisions with little or no regard for library patrons.

Commercial context

In 2013 the US publishing market was estimated to be worth \$15 billion, of which e-books accounted for \$1.3 billion USD worth of sales.⁹⁰ Figures from 2010 indicate that US public libraries spent \$847 million USD on printed materials and a 2013 report from OCLC estimates that 2012 public library spend on e-books was in the region of \$30.8 million USD.⁹¹ Based on these statistics, US public library expenditure accounts for just over 5% of domestic trade in printed books and a little over 1% of the commercial e-book market.

The enki e-lending model is based on a single user license with unlimited loans and perpetual access for all e-book titles in its collection. As all e-book files are hosted on library-owned servers, enki is able to recreate the traditional concept of ownership which previously applied to purchased print titles in library collections. Under this system there is no scope for evolving contractual terms or company mergers to affect the ability of participating libraries to access their shared collection.

Participating libraries support the maintenance costs of the enki platform based on a 7 tier pricing model based on the number of library card holders they serve (for the largest library systems this generally works out at around \$10,000 per year). Libraries also pay a \$0.08 charge per loaned title to cover Adobe Content Server administration costs.

Califa and CCCL have also held firm when negotiating with publishers on the price of e-book licenses, consistently applying the principle that they will not pay above retail price to license any e-book title. This approach has certainly helped to control licensing costs, and Califa also report that many publishers have been prepared to offer discounts on retail price – occasionally up to 40%.

5.1.2 Policy context

The development of the enki platform has received significant support from the Institute of Library and Museum Services (ILMS) via a Library Services and Technology Act (LSTA) grant administered by California State Library. The LSTA Federal Grant Programme is exclusively focused on supporting

⁸⁸ [Star Tribune, E-books not so easy to find at the library, Laurie Blake, 26th May 2012](#)

⁸⁹ [Ibid](#)

⁹⁰ [Global E-Book Report 2014, page 23](#)

⁹¹ [OCLC, The Big Shift, 2013, page 11](#)

state libraries in the development of state wide library initiatives as well as offering sub-grants and cooperative funding agreements to libraries within each state.⁹²

5.1.3 Cultural context

California has a population of 38.3 million⁹³ inhabitants, of which an estimated 38% are of Hispanic origin, 13% Asian and 6% African American.⁹⁴ Libraries in California do not charge annual membership fees and there are no plans to introduce supplementary e-lending charges for patrons.

5.1.4 Scope and audience of e-lending model

The enki platform currently serves 75 different library systems (including Kansas State Library which contributed seed funding at the start of the project) which include around 1,100 branch libraries. In 2013 the platform facilitated an average of 5,000 loans per month (e.g. 60,000 per year).

5.1.5 Collection characteristics

The enki platform currently hosts 30,000 titles from around 200 participating publishers and is open to all public libraries in California. Within that total around 4,500 self-published titles have been licensed through distributor Smashwords, and 2,700 titles are licensed from the Independent Publishers Group (IPG) which represents about 120 independent publishers. E-book titles are made available on a one user per licence model – so multiple licences need to be purchased in order to support simultaneous usage/lending. In addition, Kansas State Library provided the enki platform to all libraries in Kansas after contributing towards its initial development costs. Other library consortia and state library networks have also expressed interest in joining enki – but Califa and CCCL are currently focusing on developing and refining the platform for its existing members for the time being.

5.1.6 Financial characteristics

The enki platform was financed by \$300,000 of grant funding (\$200,000 from California State Library and \$100,000 from the Bay Area Library and Information Network) alongside varying contributions from participating libraries (Contra Costa County Library and Kansas State being the largest contributors).⁹⁵ According to 2012 estimates, enki start-up costs involved spending \$115,000 on information technology and infrastructure costs (including \$10,000 for Adobe Content Server Licence, \$25,000 for VuFind+ development and implementation, and \$30,000 annual hosting costs); and \$60,000 on digital content.⁹⁶ It should be noted that these estimates do not include library staff time costs associated with the platform. CALIFA and CCCL are currently investigating options for additional grant funding for the enki platform to develop enki into a national public library content platform.

5.1.7 Friction strategies

⁹² [American Library Association website, Federal Legislation, Library Services and Technology Act \(LSTA\), accessed 28th September 2014](#)

⁹³ [United States Census Bureau, California population estimate 2013, accessed 28th September 2014](#)

⁹⁴ [California State Library, LSTA Five-Year Plan 2013-2017, June 2012, page 3](#)

⁹⁵ [The Digital Shift Library Journal, June 26th 2012](#)

⁹⁶ [DAZL Report, Carson Block Consulting, September 2012, page 35](#)

Apart from the challenges with Overdrive detailed in [section 4.1.1](#) Califa and CCCL report that most publishers who have offered their titles for e-lending on the enki platform do not operate any kind of embargo or consistent restrictions on the availability of newer titles.

5.1.8 Technical specifications

The enki platform uses a modified version of open source software (VuFind+) as its discovery layer and Adobe Content Server software to store metadata and handle DRM. Titles are made available in EPUB and PDF format and can either be streamed (using the VuFind+ e-reading application) or downloaded to a range of devices using the white label Bluefire reader application.

5.1.9 User experience

enki is a significant development in that it offers participating libraries direct access and control over e-book titles which are hosted within a library-controlled ecosystem. Alongside other library-led e-lending initiatives in the United States, it demonstrates to digital content aggregators/distributors and publishers that libraries can and will pursue alternative options and approaches when the mainstream terms for access and licensing are deemed unsatisfactory.

However, it is clear that for many patrons, enki will often constitute a supplementary resource, with libraries still making additional arrangements with Axis 360, Overdrive and 3M (among others) in order to access the most popular titles. In addition, the costs of developing a bespoke digital content hosting and access system, particularly one which needs to function across a range of different Integrated Library Systems, remain considerable even when much of the architecture is open source. That said, the benefits of enduring ownership and perpetual access to e-book titles need to be appropriately balanced against those costs.

Califa and CCCL are currently working on improving the usability and visibility of enki's catalogue discovery tool and to enhance further awareness among patrons of participating libraries of enki e-book resources. Interestingly, CCCL reports that although it chosen to license a range of front list titles from Baker & Taylor's Axis 360 platform – the recent usage figures for those titles was actually less than the demand for enki e-books.

5.2 Massachusetts – MA e-Book Project

5.2.1 History and overview of e-lending model

In November 2013 the Massachusetts Library System (MLS), in partnership with the Massachusetts Board of Library Commissioners (MBLC) announced a six month e-book pilot project, working with Baker & Taylor and Biblioboard, which would offer patrons access to a collective catalogue of 33,000 titles. The initiative was designed to address three key priorities: (a) confirmed ownership (or perpetual access) to all platform titles; (b) a user-friendly patron experience (potentially supported by a state-wide library card, and simplified/integrated search, discovery and authentication systems); and (c) expanded local content provision through developing connections with local content providers.⁹⁷

In February 2014, MLS secured a further agreement with distributor EBL which provided access to a further 125,000 titles. The pilot secured the participation of 51 libraries, including school libraries,

⁹⁷ [Ending the Digital Lockout & Goals of the MA e-Book Project, 27th December 2013](#)

academic libraries, special institutional libraries and public libraries. Following the success of the pilot, MLS is currently in the process of implementing a 12 month beta phase for this project which will offer all 1,700 libraries in the state of Massachusetts with the opportunity to participate in the platform.

5.2.2 Commercial context

In 2013 the US publishing market was estimated to be worth \$15 billion, of which e-books accounted for \$1.3 billion USD worth of sales.⁹⁸ Figures from 2010 indicate that US public libraries spent \$847 million USD on printed materials and a 2013 report from OCLC estimates that 2012 public library spend on e-books was in the region of \$30.8 million USD.⁹⁹ Based on these statistics, US public library expenditure accounts for just over 5% of domestic trade in printed books and a little over 1% of the commercial e-book market.

MLS estimates that continuing to operate its platform for a state-wide beta phase during 2014-15 will require an investment of around \$500,000 USD to acquire e-book content. While costs of piloting the new platform were supported by MLS, the next 12 month beta phase will require financial contributions from participating libraries. Public library contributions will be calculated using a formula which is based on population served, alongside an equalisation component to compensate for relative levels of affluence or disadvantage in municipal areas. The approximate baseline annual contribution levels will be set at \$100-\$1,000 for schools, \$2,000-\$10,000 USD for public libraries and \$5,000-\$15,000 USD for academic libraries.

The MA e-Book Project catalogue integrates library access to titles from Baker & Taylor's Axis 360, BiblioBoard and EBL. E-book license terms from Axis 360 vary according the different specifications of individual publishers, whereas BiblioBoard offers an unlimited multi-user license (although its supply of contemporary content is more limited). In contrast, EBL offers a hybrid license model across its catalogue of academic and professional subject area titles. While certain titles will still be licensed based on publisher specified restrictions, other titles are licensed via EBL's non-linear lending system which offers multiple and concurrent access, but restricts the number of lending days per year per title.

5.2.3 Policy context

The costs of the 6 month pilot project (platform fees, content and promotion materials) were supported by \$165,000 USD of MLS funds alongside a \$150,000 USD grant from the Institute for Museum and Library Services (IMLS).

The outlook for the project's beta phase may also be influenced by deliberations over the State Budget. According to an article published on Boston.com at the end of June 2014, the State Senate's budget proposal calls for \$3 million USD funding increases in state aid to local libraries, and around \$1 million USD for technology and resource sharing. The House budget also calls for increased funding in those areas - but only for about \$1 million USD in total. While those competing proposals are debated in both legislatures, it is clear that increased funding in both areas would help

⁹⁸ [Global E-Book Report 2014, page 23](#)

⁹⁹ [OCLC, The Big Shift, 2013, page 11](#)

support more libraries in the state joining and financially supporting the MA e-Book Project beta phase.¹⁰⁰

5.2.4 Cultural context

In 2013 Massachusetts had a population of 6.7 million – of which around 10% speak Spanish or Portuguese according to a census carried out in 2000.¹⁰¹ All 1,700 MLS libraries offer free membership to patrons. There are currently no plans to implement supplementary e-lending charges for patrons to support the MLS e-lending platform which will instead be financed primarily via a mixture of existing MLS resources, participating library contributions and IMLS grants.

While the MLS pilot platform did not include a “buy it now button”, MLS is committed to introducing this functionality during the beta phase of the project. Indeed, moving forward MLS sees a buy button as a critical incentive for persuading key publishers to offer their e-book catalogues for state-wide e-lending. In addition, the buy button scheme would also introduce new levels of patron convenience (in instances when a title was not available for e-lending). However, MLS is firmly committed to opposing any buy button system which does not afford participating libraries the freedom to deactivate it according to their institutional preferences.

5.2.5 Scope and audience of e-lending model

A unique aspect of the MA e-Book Project is that it has secured the participation of school libraries, academic libraries and special institutional libraries – alongside public libraries – during its initial pilot phase. Engaging 51 libraries from a range of functions/disciplines so early in the project’s lifecycle will clearly serve as an asset during the planned beta roll out of the MLS model – although it was also noted that e-lending rates remained highest within a core group of 30 or so public libraries as other institutions adapted to the learning curve of metabolising the new model.

5.2.6 Collection characteristics

The MLS pilot project offered libraries access to around 160,000 digital titles – of which an estimated 5,000 were 0-12 months old, 125,000 were 1-3 years old, and 30,000 were older than three years. Baker and Taylor have provided 3,000 titles (selected by the MA e-Book Collection Development Taskforce from a catalogue of 500,000) via its Axis 360 portal. Bibliolabs have offered 30,000 e-book titles via its BiblioBoard platform on an unlimited multi-user basis. The BiblioBoard platform also provides library access to hundreds of collections of digital images, documents and audio visual content across a range of categories and themes – alongside children’s books, graphic novels, comics and non-fiction. In contrast, EBL supplies access to around 125,000 e-books (predominantly professional and academic non-fiction) – also on an unlimited, multi-user licensed basis.

BiblioBoard also provides the facility for MLS and participating libraries to negotiate directly with local authors and publishers to host their e-books on the BiblioBoard platform using an unlimited multi-user license – which offers further scope for increasing the range of titles accessible through the MLS platform.

5.2.7 Financial characteristics

¹⁰⁰ [Boston.com, Why It’s Difficult For Your Library to Lend E-Books, June 27th 2014](#)

¹⁰¹ [City-Data.com, Massachusetts, 2000 Census](#)

MLS estimate the initial costs of working with vendors to develop the platform and acquire suitable licenses for e-book content were in the region of \$300,000-\$350,000 USD. As the MA e-Book Project enters its beta phase, MLS are looking to secure around \$300,000-\$500,000 USD for participating vendors to host the state-wide platform, along with a further \$500,000 USD to license content. This will be financed from existing MLS resources, participating library contributions, and potentially an additional grant from IMLS (application pending).

5.2.8 Friction strategies

The primary objective of the pilot, identified by the Massachusetts Board of Library Commissioners (MBLS) is to expand access and availability of e-books to Massachusetts library users. The project also sought to circumvent the challenge that while demand for e-books from patrons had increased by over 5,000% between 2005 and 2012, vendor lending restrictions meant that many Massachusetts library users had limited access to these digital resources. MLS argued that this experience of “*digital lockout*” represents the opposite to the “*democratic library principle of equal, free and open access to all.*”¹⁰²

In response to this the MA e-Book Project sought to secure ownership or perpetual access to all titles offered for e-lending through the licensing arrangements implemented via the new state-wide pilot platform. In the aftermath of the pilot phase (NB: the EBL pilot concludes in September 2014) it would appear that to some extent this objective has been achieved. Baker & Taylor have agreed to transfer all existing Axis 360 licenses to a new distributor’s platform should MLS decide to work with a new supplier, BiblioBoard offers all titles on an unlimited, multi-user basis, and EBL has agreed to grant perpetual access to all licensed titles (is this correct?). However, certainly in the case of Axis 360, this perpetual access would only be valid for the duration or loan limit of the licenses in question as specified by the relevant publisher.

5.2.9 Technical specifications

The MA e-Book Project involved working with the three selected vendors/distributors (Axis 360, BiblioBoard and EBL) to develop an interface which enables participating libraries to access e-book titles from all three catalogues hosted on those proprietary vendor platforms. Titles accessed via Axis 360 and EBL are all DRM protected, whereas titles accessed via BiblioBoard are DRM free. In contrast, Axis 360 and BiblioBoard offer mobile e-reading applications which are compatible with all Android and iOS tablets and devices – whereas EBL currently do not. Users of content from Axis 360 and BiblioBoard are authenticated using Session Initiation Protocol (SIP) and EBL uses EZProxy authentication. Titles are available in ePUB and PDF format from all three vendors. In addition to these formats, Axis 360 also offers titles in their own proprietary format – Blio.

5.2.10 User experience

The MA E-Book Project represents one of the few State-wide pilots which has sought to launch across multiple types of library (school, academic, special institution libraries...etc) whilst supporting multiple e-reading devices. As its successful transition from pilot to beta phase might suggest the project has been very positively received by patrons who increasingly appreciate the value of being able to access e-books from multiple vendor catalogues. Nevertheless, MLS recognises that in the

¹⁰² [Massachusetts Board of Library Commissioners Legislative Agenda 2014](#)

beta phase there will be a significant focus on refining and improving current approaches and implementing the lessons learned during the pilot phase.

In general patrons found accessing BiblioBoard's titles to be relatively straightforward, whereas Axis 360's platform involved more numerous stages and options in the e-lending process which could often prove confusing to the uninitiated. There were also some teething issues at library level with properly accessing content from EBL in some instances.

Overall, patron responses have been decidedly positive with most being able to access the content they wanted from all three vendors. During the beta phase MLS will be looking to support librarians across the state in developing their technical competencies around e-lending to promote wider engagement and support for the project going forward.

5.3 Quebec – PRETNUMERIQUE.CA

5.3.1 History and overview of e-lending model

In December 2011, the Association of Quebec Public Libraries, the Quebec National Library and Archives, and the BIBLIO network (Reseau BIBLIO Du Quebec) launched the PRETNUMERIQUE.CA e-lending platform. Initially designed as a pilot project, by September 2014, nearly 100 Quebec public library systems have now become members of PRETNUMERIQUE.CA. Since 2012 the platform has attracted around 150,000 unique users and by the 6th September 2014 had administered over 1 million e-book loans (an average of 65,000 per month).

The PRETNUMERIQUE.CA platform is currently managed by BIBLIOPRESTO.CA, a not-for-profit agency set up in October 2012 to take over the responsibilities of the Quebec Consortium for the Acquisition of Electronic Resources (CAREQ). Since 2003, CAREQ had previously been in charge of negotiations with publishers and rights holders to secure favourable access terms to digital content for Quebec public libraries.

The PRETNUMERIQUE.CA platform is based on an early white label version of the [Cantook Station](#) platform produced by Quebec City firm De Marque (the Cantook Station platform was launched commercially in November 2013).¹⁰³ Under the terms of the agreement, De Marque developed the technological specifications of the PRETNUMERIQUE.CA platform based upon on-going guidance and input from a specially selected committee of Quebec librarians.

PRETNUMERIQUE.CA offers participating libraries access to around 15,000 French language digital titles. Via a collective agreement between the Quebec Association for Public Libraries, the Quebec Publishers Association and Quebec-based book stores, the platform operates on the basis of a single licensing agreement under which each e-book can be lent 55 times (with no simultaneous users). Onsite e-book reading in public libraries is exempt from the license agreement and is not subject to any restrictions.

It is worth noting that PRETNUMERIQUE.CA operates as a web-based platform connecting participating libraries with the opportunities to directly license digital titles from digital warehouses operated by publishers and booksellers. The platform does not host content directly and does not offer a centralised e-book licensing budget. In this context the platform primarily functions as an

¹⁰³ [Announcing the launch of Cantook Station, The Personalized Documentation Centre by De Marque, De Marque Press Release, 26th November 2013](#)

intermediary service between content providers and public libraries, with each participating library deciding which and how many licenses to purchase. In addition, within the scope of the 55 loan (no simultaneous users) licensing agreement negotiated by PRETNUMERIQUE.CA, participating libraries still have the freedom to define their own terms under which the e-lending service is provided to their patrons in relation to setting the number of e-books patrons can borrow at once and the duration of those loans

5.3.2 Commercial context

There is a deficit of accurate data on the size of the commercial e-book market in Quebec, but provisional estimates suggest that this is valued in the region of \$4-5 million (Canadian Dollars) – and that e-book sales represent 4-5% of that total. BIBLIOPRESTO.CA calculates the combined e-book budget for all public libraries in Quebec to be around \$1.5 million (Canadian Dollars) – approximately 5% of their combined collection budgets. BIBLIOPRESTO.CA expects that within the next 5 years, public library expenditure on e-books will rise to around 15-20% of collection budgets. In rough terms this suggests that public library expenditure on e-books accounts for about 30-35% of the commercial e-book market.

The Quebec Association for Public Libraries began investigating the concept of lending e-books in 2010 in response to growing patron demand and interest in gaining access to French-language e-books. Fortuitously, this growing demand coincided with the Quebec publishing industry's decision to look into expanding its commercial e-book offering. These exploratory circumstances enabled productive negotiations between the Association of French Canadian Publishers (ANEL) and BIBLIOPRESTO.CA in relation to agreeing a single licensing regime for e-lending on the PRETNUMERIQUE.CA platform.

According to BIBLIOPRESTO.CA, libraries in Quebec have enjoyed a “*historic spirit of collaboration*” with publishers in Quebec which has facilitated on-going and positive relations in regard to accessing both print and digital content. The fact that public library expenditure has continued to account for a significant proportion of publishing income from e-books in Quebec is also likely to have had a benign influence on the outcome of these discussions. Indeed BIBLIOPRESTO.CA reports that in 2013 one major e-book aggregator in Quebec received 25% of its sales through licencing digital titles to libraries – and for many small publishers this percentage is likely to be even higher.

The governing board of BIBLIOPRESTO.CA is composed of a representative sample of library managers from all public library systems participating in the platform. Participating libraries pay a fee to access the platform which is calculated based on the number of patrons served by their respective library systems. In addition to the platform access fee, participating libraries then use PRETUNUMERIQUE.CA to license e-book titles from participating publishers – usually at around 75% of the print book purchase price which grants them 55 non-simultaneous user loans per title. E-book licenses vary per title requested but generally range between \$15.00-\$20 CAD. BIBLIOPRESTO.CA estimates libraries tend pay an average of about \$18.00 CAD for each licensed e-book.

5.3.3 Policy context

BIBLIOPRESTO.CA reports that some of the initial set up costs of the PRETNUMERIQUE.CA platform were supported by a \$150,000 CAD grant from the Quebec Government in 2012 – although much of technical development behind the platform was financed by commercial partner De Marque.

The membership rules of BIBLIOPRESTO.CA prevents libraries from charging patrons supplementary fees for the provision of e-lending services. The law also requires public libraries to purchase print titles from book stores – and whilst these regulations do not apply directly to e-books, the decision was made when developing the PRETNUMERIQUE.CA platform to implement the spirit of these principles in the digital context. As such the platform is specifically designed to enable participating libraries to license content from the digital warehouses of publishers and associated book stores.

Earlier this year there have been further developments in terms of Government support for e-lending in public libraries. In March, Maka Kotto (who at the time occupied the role of Minister for Culture and Communications) launched the [Digital Quebec Cultural Strategy](#) which allocates \$150 million CAD towards supporting and expanded national portfolio of digital cultural content, alongside the necessary mechanisms and infrastructure to promote access to these resources.¹⁰⁴ The strategy also includes \$2.5 million CAD to be allocated to Quebec public libraries to support their acquisition and access to e-books.¹⁰⁵ On the same day the Quebec Public Library Association (ABPQ) welcomed the proposed investment and its potential to assist public libraries in strengthening their digital offering.

5.3.4 Cultural context

Quebec is the largest (and second most populous) province in the Canadian Federation with a French-speaking population of 8 million. Quebec is governed by its own provincial Government and National Assembly. Most of Quebec’s public libraries offer free membership to patrons, although a small number still charge a small annual fee with discounts available for children. There are no plans to introduce supplementary e-lending charges for patrons, which are prohibited by BIBLIOPRESTO.CA’s membership rules.

BIBLIOPRESTO.CA has also been pursuing a number of promotional activities to raise consumer awareness of e-books and drive demand for the e-lending and purchasing of digital titles, which simultaneously helps expand the scope of the market for publishers. BIBLIOPRESTO provides courses for librarians on how to use and access e-books, as well as technical support on formats, devices and DRM. BIBLIOPRESTO.CA suggests that attracting 150,000 unique users to the PRETNUMERIQUE.CA platform from participating libraries over the last three years has created a brand new constituency of patrons who now know how to use an e-reader and purchase digital content who previously did not exist.

BIBLIOPRESTO.CA is also currently investigating options for introducing a “buy it now” button on the PRETNUMERIQUE.CA platform, based on expressions of interest from publishers. There is an expectation that this may be introduced in 2015, though it will need to be implemented in such a way that all participating library systems have the option of turning off that functionality if they so desire. The current state of negotiations with publishers suggest that the buy button scheme may be introduced with participating libraries receiving up to 5% of the proceeds from any sales that result from the button.

¹⁰⁴ [Quebec Ministry of Culture and Communications Press Release, Maka Kotto launches the Quebec Digital Cultural Strategy, 3rd March 2014](#)

¹⁰⁵ [Quebec Ministry of Culture and Communications Press Release, Maka Kotto announces immediate investment, 3rd March 2014](#)

5.3.5 Scope and audience of e-lending model

PRETNUMERIQUE.CA's central objective is to provide all library users in Quebec with access to French language e-books from domestic publishers. The 100 public library systems who are currently members of the platform cover about 85% of Quebec's population and around 90% of its cities. As of September 2014 the platform has attracted 150,000 unique users and facilitated over 1 million e-book loans.

5.3.6 Collection characteristics

PRETNUMERIQUE.CA currently offers around 15,000 titles, of which 15% are children's e-books. Three quarters of these titles have been licensed from publishers in Quebec, with the remaining 25% of titles secured through a deal with a major publisher in France. As PRETNUMERIQUE.CA simply acts a web-based interface to facilitate e-lending it does not collect data on the breakdown of titles licensed to the participating library systems.

5.3.7 Financial characteristics

As previously referenced the pilot version of the PRETNUMERIQUE.CA platform was launched in 2011, partially supported by a \$150,000 CAD grant from the Quebec Government. The annual costs of running the platform are estimated to be in the region of \$100,000 CAD – although this doesn't include additional promotional and legal costs financed by BIBLIOPRESTO.CA. However, it is worth noting that the manufacturer of the platform's technical architecture, De Marque, took the decision to cover the majority of the development costs involved. The key motivations and incentives behind this arrangement were that De Marque could develop the platform whilst benefiting from the professional guidance, expertise and input from a committee of librarians to ensure the resulting characteristics and functions were consistent with their long term needs. In turn, this would then allow De Marque to develop and exploit the resulting platform on a commercial basis in other markets (e.g. via the commercial launch of the Cantook Station product in 2013).

5.3.8 Friction strategies

According to BIBLIOPRESTO.CA, the agency which manages the PRETNUMERIQUE.CA platform, each publisher is given the freedom to decide which titles it chooses to make available for e-lending. However, in practice most titles tend to be made available for e-lending at the same time that they are available for general commercial purchase, with perhaps a few rare exceptions. BIBLIOPRESTO.CA has also negotiated a deal with Quebec publishers that if they stop offering a particular title for e-lending, public libraries which still have outstanding loans on their license for that title can retain access to the digital file until all these loans have been transacted.

5.3.9 Technical specifications

The PRETNUMERIQUE.CA platform is based on proprietary technology developed by a private firm called De Marque which is based in Quebec City. The platform comes with an Application Programming Interface (API) offering public library ILS vendors the opportunity to integrate this with their systems. User authentication takes place within the ILS of each participating library. E-book titles can be downloaded in PDF and ePUB formats, encoded with DRM (Adobe Content Server managing system 4 or 5). At this time streamed access to content is not supported, but there are plans underway to provide this functionality in the future. There is no bespoke mobile app

connected with the platform, but the system is designed to be accessible via mobile devices, and also supports the use of common e-reading applications such as Bluefire Reader, Aldiko and Mantano. All access to digital titles takes place through patrons accessing their participating library website.

5.3.10 User experience

User feedback on the PRETNUMERIQUE.CA platform has been consistently positive, with users reporting a better experience than using other commercial (or illegal) alternatives to access e-books. Nevertheless, BIBLIOPRESTO.CA feels that in general the e-lending system remains slightly more complex than it should be in terms of the number of initial steps patrons need to go through before borrowing an e-book for the first time (e.g. purchase an e-reading device, download a suitable application, register on the library website....etc). There are also ongoing concerns about how to improve the discoverability of titles, given that in a context where a participating library offers access to 5,000 e-books, many users don't get past the second page of search results. BIBLIOPRESTO.CA is currently investigating options and tools to help participating libraries explore and manage their own e-book collections, along with recommendation algorithms and full text search functionality.

6 Comparative Analysis

6.1 Quantitative analysis

A number of predictable challenges exist in relation to establishing a comparative quantitative analysis framework for the 18 models reviewed in this report. One challenge is that the level of specific detail provided by respondents to the online survey varied significantly across the e-lending models examined. This occurred for a range of reasons, including a) respondents did not have the required information available (either because the e-lending project had just launched or they do not have access to the data requested); and b) the information was made available but not authorised for publication in the report. In addition, of the data which was made available through both the online survey and the research interviews – in many cases the data was provided in different formats which undermined the scope for like for like comparison.

Nevertheless, a significant number of comparable data reference points can be extracted from across the 18 models, although the number which can be directly compared with each other varies according to the specific variable applied. For initial comparison, [section 5.1.1](#) below offers an overview matrix which has been populated with key data reference points. Note that all data on the number of commercially available e-book titles has been extracted from estimates provided by the [2014 Spring Update of the Global e-Book Report](#).

In addition, comparative insights for a selection of European e-lending models have been graphically represented in the follow diagrams:

- [Figure 1: Europe – average number of e-book loans per month](#)
- [Figure 2: Europe – average cost per loan](#)

- [Figure 3: Europe – number of titles available for e-lending](#)
- [Figure 4: Europe – percentage of available commercial titles available for e-lending](#)
- [Figure 5: Negotiations with publishers](#)
- [Figure 6: Implementing a buy button](#)

6.1.1 18 Model Comparison Matrix

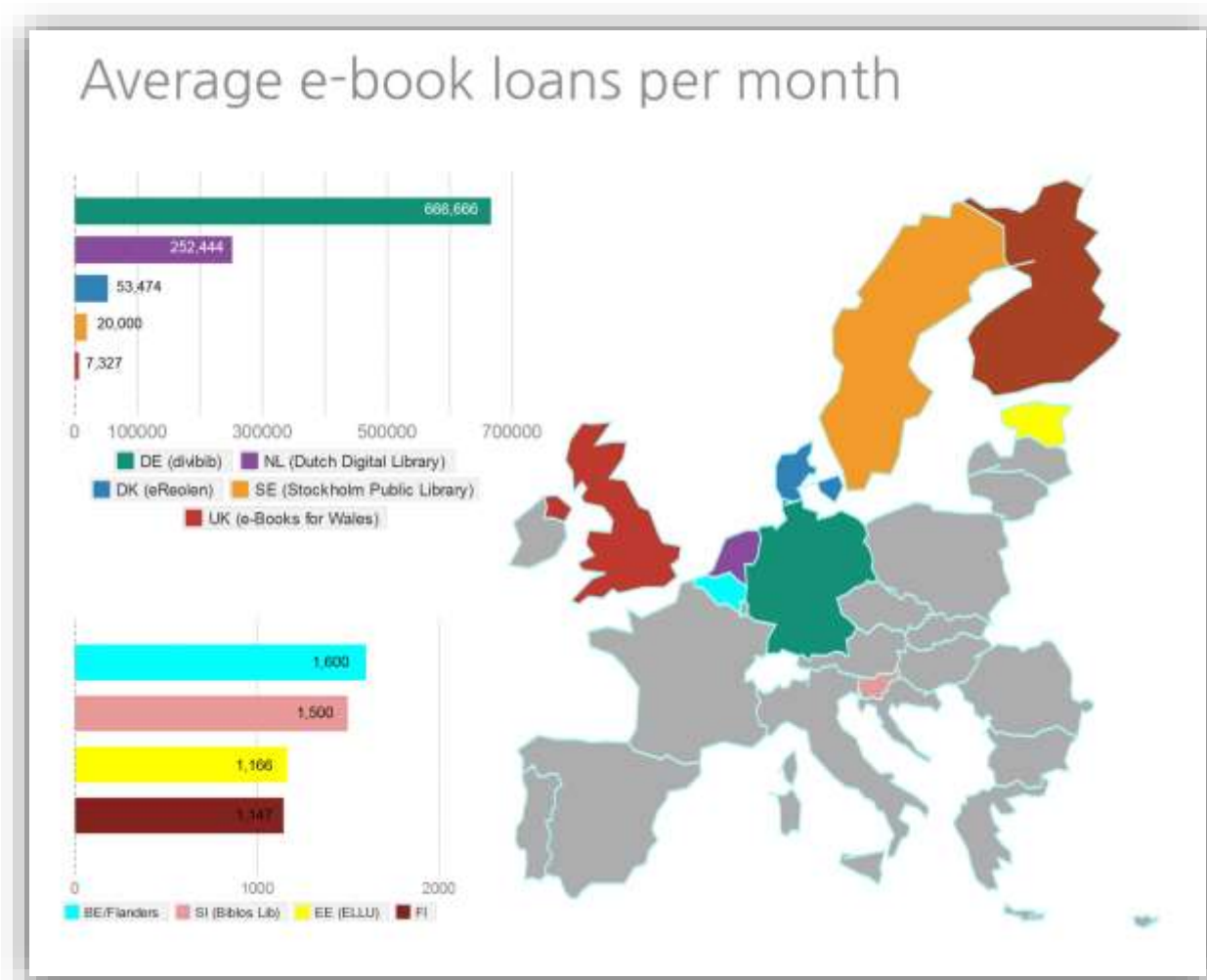
Country	Platform	License model	Cost per loan / average license cost	# of e-book titles available for e-lending	# of users / downloads	Buy Button?	# of e-book titles available for purchase
BE/ Flanders	E-boeken in de bib	Pay-per-loan – with prepayment of 50 loans per title – no limit on simultaneous users	€0.37 (most titles) €0.50 (titles between 1 and 2 years old) + additional base fee of between 2 – 10 times the retail price of each e-book title	412 titles (50% between 1-3 years old),	2,000 unique users, 4,000 loans and 14,000 app downloads (in 2.5 months since launch of project)	Yes – button takes users to portal page of Boek.be who can then click to choose a particular online retailer	N/A
CZ	eReading.cz	Pay-per-loan/ upfront subscription license model – no limit on number of simultaneous users	€740 for 400 loans from selection of 1,200 titles (€1.85 per loan)	1,200 titles	N/A project launched in April 2014	No	9,000 titles
EE	ELLU	Single user license with a limit of 20 loans	Average cost of €10.17 per license = €1.02 per loan (est.)	922 titles (125 out of copyright)	2,400 users, 14,000 loans in 2012-13	No	2,000 titles
ES	eBiblio	Single user license with average limit of 28 loans	N/A	1,400 titles	N/A – project launched on 8 th September 2014	No – although this was proposed by one of the Regions participating in the project. Potential scope of this to be introduced in future.	50,000 titles
DK	eReolen	Pay-per-loan – no limit on simultaneous users	Average loan cost is €1.72	4,500 titles	21,000 active users, average of 53,000 loans per month in 2013-14	No	13,000 titles
FR	PNB	Variable licensing – ranging from 3-6 years in duration, 20-40 loan limits, and 1-10 simultaneous users based on publisher specifications	Average cost per license (est.) €20	9,000 titles	3,000 registered users during trial period	No	126,000 titles
FI	E-Books for Public Libraries	License 1: 12 month single user license with unlimited loans License 2: 12 month license, 20 simultaneous users, unlimited loans	Average cost of license €15-€20 (ranges from €7 to €40 depending on # of simultaneous users)	1,485 titles	13,764 loans from October 2012-September 2013	Yes - Ebib steering group have agreed to implement a buy button	N/A

DE	divibib		<p>M-License: single user license with unlimited number of loans</p> <p>L-License: single user license with unlimited number of loans (e.g. same as M-License) which after 2 years converts to a simultaneous user, unlimited loan license.</p> <p>XL-License: (for best sellers) multi-user license for 20-25 loans (cost=300% of standard fixed book price) which converts back to a two standard single user M-Licenses after initial 20-25 loans have been exhausted.</p>	Average license cost per title (est.) €8-€10 per title	160,000 titles (including magazines) Plus 1,000 titles from Baker & Taylor rising to over 500,000 by the end of 2014	8 million loans in 2013, 12-16 million loans anticipated in 2014	Yes - Divibib is in the process of implementing a buy button scheme which will offer libraries a % of e-book sales	200,000 titles (est.)
NL	Dutch Library	Digital	<p>1) e-book platform (patrons only): Pay-per-loan – no limit on simultaneous users Titles under 3 years old – €0.36-0.60 per loan (with some initial upfront payments of 1000 loans) Titles over 3 years old – €0.24 per loan for the 1st year and then €0.12 thereafter</p> <p>2) Stand-alone app (for holiday's and seasonal reading) – open to all, free of charge</p>	<p>1) Average cost per loan €0.60-€0.70 (including €0.20-€0.30 platform, data and digital rights management costs)</p> <p>2) Around €2,000 per title (ranking from mostly €1,000 to highest €10,000) for period of 8 weeks</p>	<p>1) At the platform 7,000 titles</p> <p>2) On average up to 50 titles</p>	<p>1) 100,000 registered users and 400,000 downloads since January 2014</p> <p>2) 350,000 users registered and over 2.5 million downloads over past 12 months</p>	<p>1) Yes – there are proposals being examined to implement a buy button</p> <p>2) No, not being considered for this app</p>	30,000 titles
NO	Bokhylla.no		Unlimited access to all titles to anyone with a Norwegian IP address	€0.03 per page uploaded to the Digital Library platform	160,000 titles – all published before 2001 (4,500 of which are still in commercial circulation)	As of September 2014, 85% of these titles have been accessed at least once	No	Titles are being digitized by the National Library
NO	Arts Council lending Pilot	E-	70 single user licenses purchased for each title (along with 930 printed copies = 1,000 copies) – unlimited loans until June 2015 (when agreement must be	€2.41 per single user license	400 titles – all published between 2012-2014	N/A	No	3,500 titles

		renewed)					
SI	Biblos Lib	Model 1: annual subscription fee of between €700-€1,200 for multi-user / unlimited access to public domain and copyright free e-books Model 2: for premium titles libraries purchase a 52 loan license (libraries set number of simultaneous users between 1 and 52).	Model 1: subscription fee is only upfront cost for access Model 2: price of 52 loan license set at 70-90% of equivalent print title purchase price	800 titles	10,000 active users / 1,500 downloads per month	Yes – users are given the opportunity to purchase an e-book if a) there are no more available licenses; or b) if that title has not been licensed by the library	1,000 titles
SE	Biblioteket.se	Pay-per-loan model – no limit on number of simultaneous users	Average license cost (est.) is €2.18	11,000 titles	240,000 loans in 2013	No	71,000 titles
UK/ England	Arts Council E-lending Pilot	Single user license for all pilots – lasting for 365 days (5 publishers) apart from Harper Collins who apply a 26 loan limit	N/A	Choice of 893 titles	N/A – pilot statistics due to be published in April/May 2015	Yes – buy button implemented for all four pilots	1,7 million titles
UK/ Wales	e-Books for Wales	Single user license – variable number of loans according to different publisher specifications	N/A – figure collected but removed at the request of the Welsh Government	12,000 titles	7,500 active users, 87,933 downloads from April 2013 to March 2014	No	1.7 million titles
US/ Califa	Enki	One copy one user, unlimited loans, e-book files hosted on library owned platform	No more than the retail price of the e-book title – sometimes discounted by up to 40% by certain participating publishers	30,000 titles as of September 2014	Approximately 60,000 loans per year, average of 5,000 per month	No	1.7 million titles
US/MA	MA eBook Project	Baker & Taylor: variable licensing terms based on publishers specification BiblioBoard: multi-user license with unlimited loans EBL: hybrid licensing system: a) Based on publisher specifications b) Non-linear lending license offering simultaneous usage – but limits number of lending days per year per	N/A	160,000 titles (5,000 titles 0-12 months old; 125,000 titles 1-3 years old; 30,000 older than 3 years old)	N/A	Yes – a buy button will be introduced during the projects beta phase. Current plans offer libraries a % of e-book sales - conditional on participating libraries being offered the option of opting out of the scheme.	1.7 million titles

title							
CA/ Quebec	PRET- NUMERIQUE.CA	Single user license with limit of 55 loans	€12.72 (est.) average cost per 55 loan license = €0.23 average cost per loan	15,000 titles	Over 1 million loans between Jan 2012 – Sept 2014 (around 780,000 loans per year)	Plans to introduce buy button in 2015 with libraries receiv- ing a % of sales, con- ditional on participat- ing libraries being offered the option of opting out of the scheme if they choose do to so.	N/A

6.1.2 Figure 1: Europe - average e-book loans per month

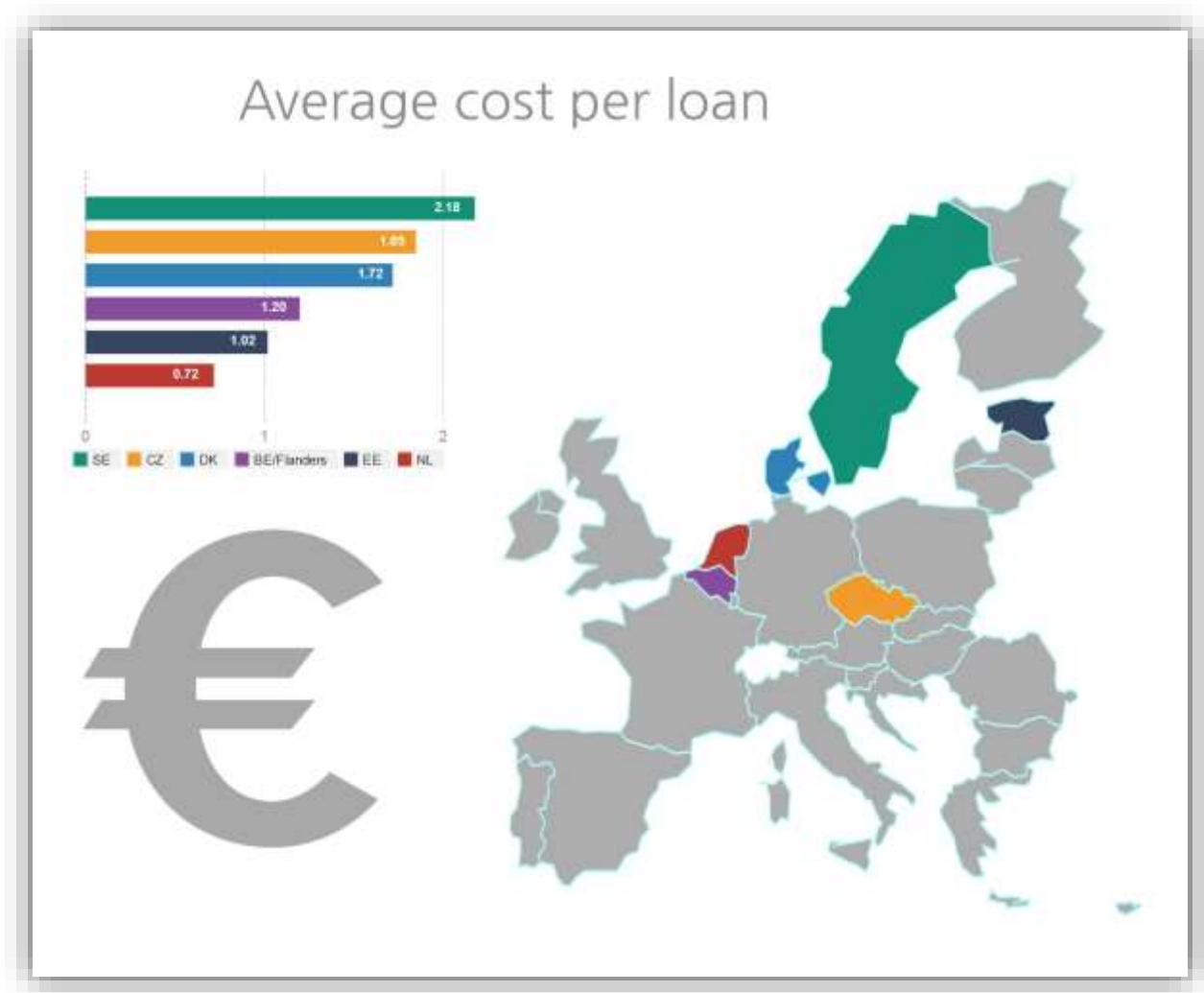


In the diagram above, Germany (divibib) leads with an average of over 650,000 e-book loans per month. This is perhaps unsurprising given divibib started its first e-lending pilot in 2007, which means the library market for e-lending has had 7 years to evolve and develop.

Interestingly, the four subsequent models with the highest average number of monthly loans are the Dutch Digital Library (over 250,000 including titles offered through its seasonal holiday app offer), eReolen in Denmark (53,000), Stockholm Public Library (20,000) and Bibnet in Flanders (1,600) – all of which operate pay per loan e-lending models. Both the Dutch and Flemish models only launched in 2014 and eReolen started in 2011. The last two models, Estonia’s ELLU platform (single user license model) and Finland’s e-Books for Public Libraries project (hybrid license model) only launched in 2012.

It is important to note that on a country basis Sweden’s pay per loan model actually dwarfs the figure for divibib in Germany – with an estimated 1.4 million e-book loans in Sweden in 2013. In addition, while not depicted on the European diagram above, PRETNUMERIQUE.CA in Quebec is already registering average monthly loans of 65,000 – despite only having been launched in 2011.

6.1.3 Figure 2: Europe – average cost per loan

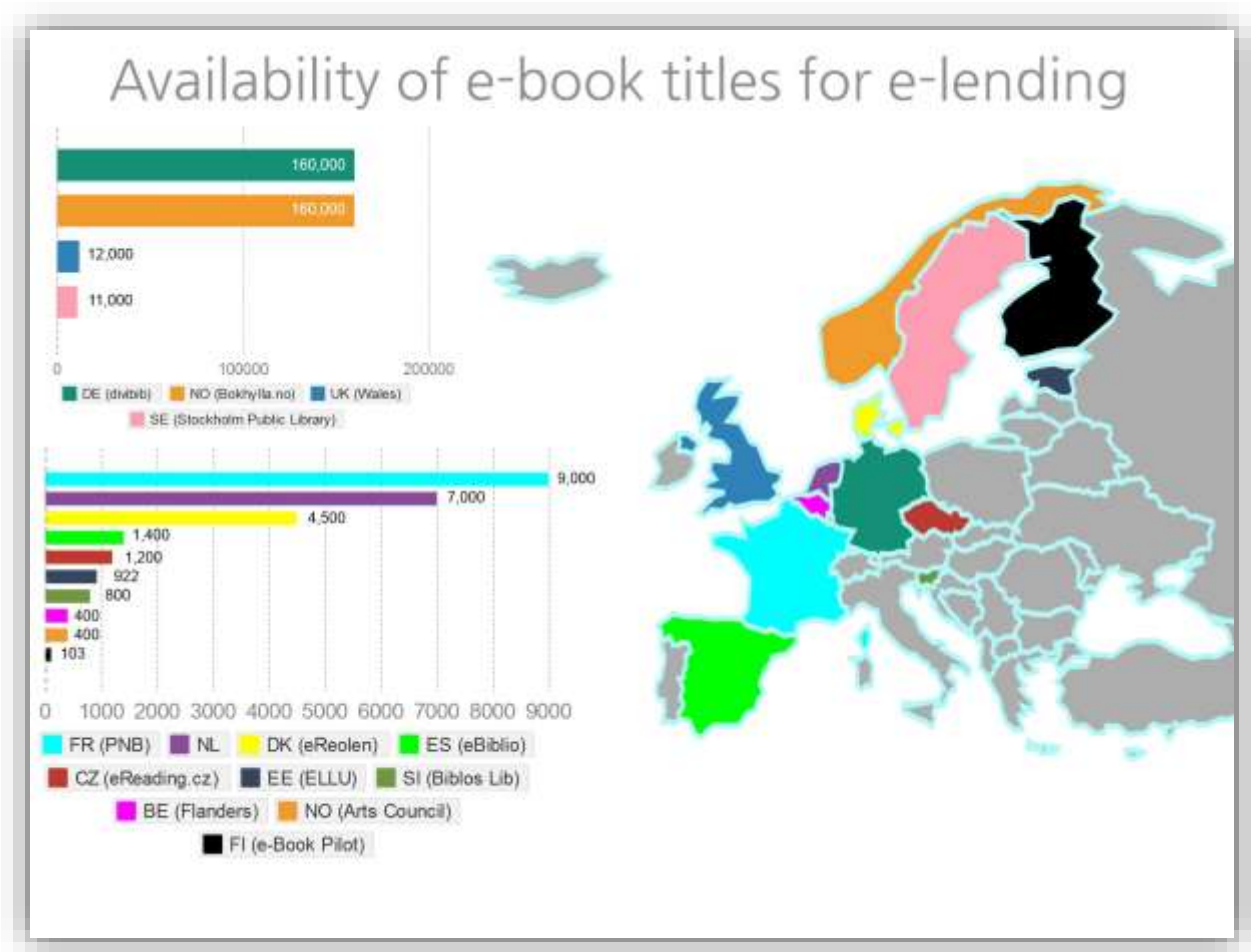


Based on the information available six of the European models in this report can be ranked according to average cost per loan. The Dutch Digital Library in the Netherlands comes in with the lowest nominal cost per loan of €0.72. Second is Estonia’s ELLU platform with a cost of €1.02 per loan, followed by Bibnet in Flanders with an average cost of €1.20 per loan. Denmark’s eReolen platform has an average cost per loan of €1.72, eReading.cz in the Czech Republic comes in at €1.85, while Stockholm Public Library has the highest cost per loan estimated to be around €2.18.

However, it should be noted that when moving beyond Europe, PRETNUMERIQUE.CA in Quebec offers an estimated average cost per loan of €0.23 – more than half the cost of the cheapest European model.

NOTE: it should also be remembered that these cost per loan figures are based on estimates of varying levels accuracy. Given that e-lending is in its infancy in many countries there is a deficit of official data and statistics which could be used to further corroborate and authenticate these estimates. Indeed, several e-lending models participating in this study did initially provide average cost per loan figures which they subsequently requested be suppressed from the final report. Several of those estimates were significantly higher than the highest figure shown in the diagram above.

6.1.4 Figure 3: Europe – number of available e-book titles available for e-lending



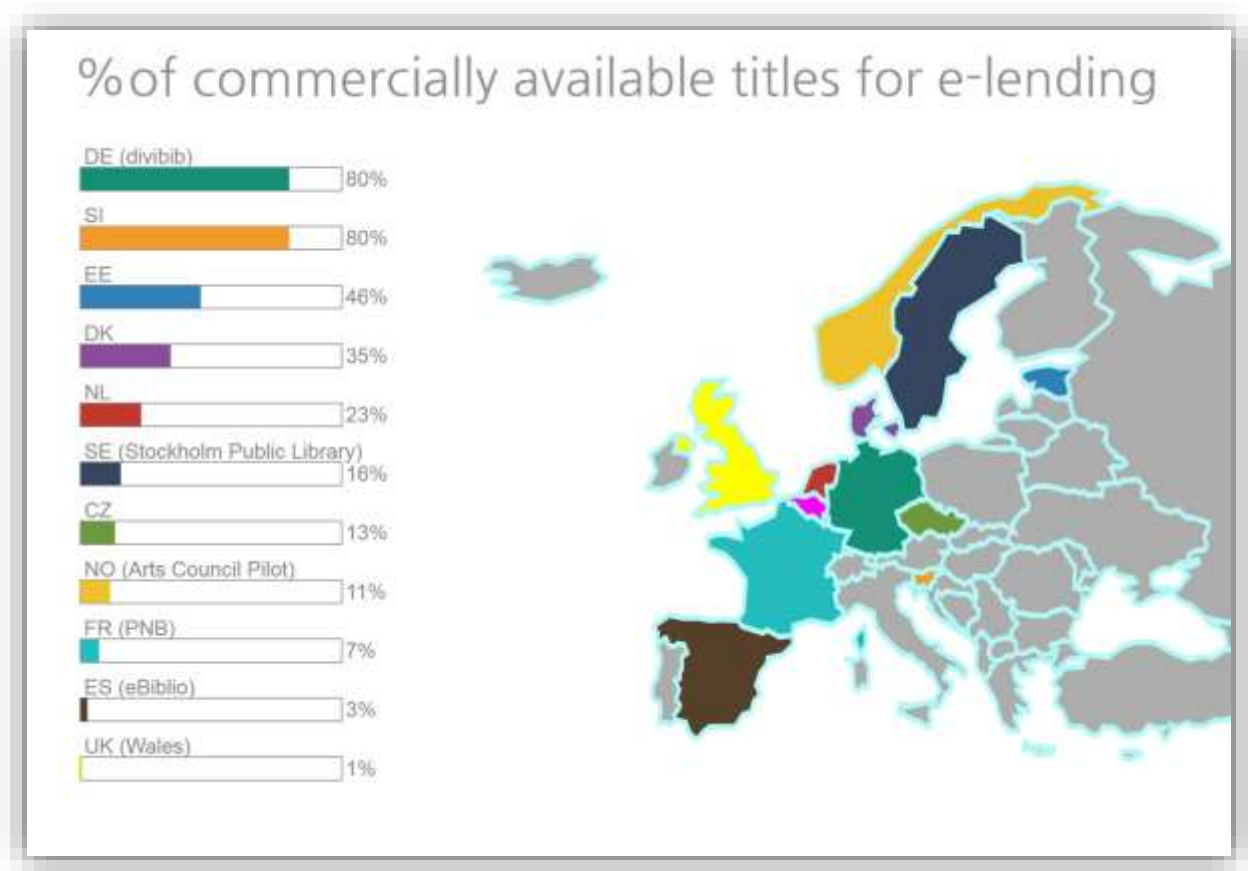
In terms of total number of available titles for e-lending, Germany’s divibib offers one of the largest collections with around 160,000 titles – although it has been suggested that this figure may be slightly inflated based on e-magazines and newspapers being included in the overall total. Second is the Norwegian National Library’s Bokhylla.no e-lending platform which offers access to 160,000 titles published before 2001.

In Wales, the e-Books for Libraries project offers access to 12,000 titles, while Stockholm Public Library’s e-lending initiative offers access to around 11,000 titles. In France, the PNB platform provides 9,000 titles, while the Dutch Digital Library has a collection of 7,000 and eReolen in Denmark offers 4,500 titles.

A further 7 e-lending models offer less than 2,000 titles, including eBiblio in Spain (1,400 titles), eReading.cz in the Czech Republic (1,200 titles), ELLU in Estonia (922 titles), Biblos Lib in Slovenia (800 titles), Bibnet in Flanders (400 titles), the Arts Council Norway’s e-Lending Pilot Project (400 titles) and the E-books for Public Libraries project in Finland (103 titles).

In contrast, if we look across to North America, the MA e-Book Project in Massachusetts offers access to 160,000 titles (on a par with divibib and the Norwegian National Library), enki in California provides 30,000 titles, and PRENUMERIQUE in Quebec offers 15,000 titles.

6.1.5 Figure 4: Europe – percentage of commercial e-book titles available for e-lending



The diagram above offers a comparison of the available titles for e-lending as a percentage of the overall number of e-book titles available commercially in that country. It is worth noting that because of the variance in the number of e-book titles available in different languages, higher percentages for certain models can still result in smaller numbers of available titles. For example, Biblos Lib in Slovenia offers an estimated 80% of available commercial titles – although this only amounts to 800 e-books. In contrast, because of the large number of English language e-books available commercially (1.7 million), the E-Books for Libraries project in Wales scores only 1% with 15 times that number of titles (12,000).

6.1.6 Figure 5: negotiations with publishers

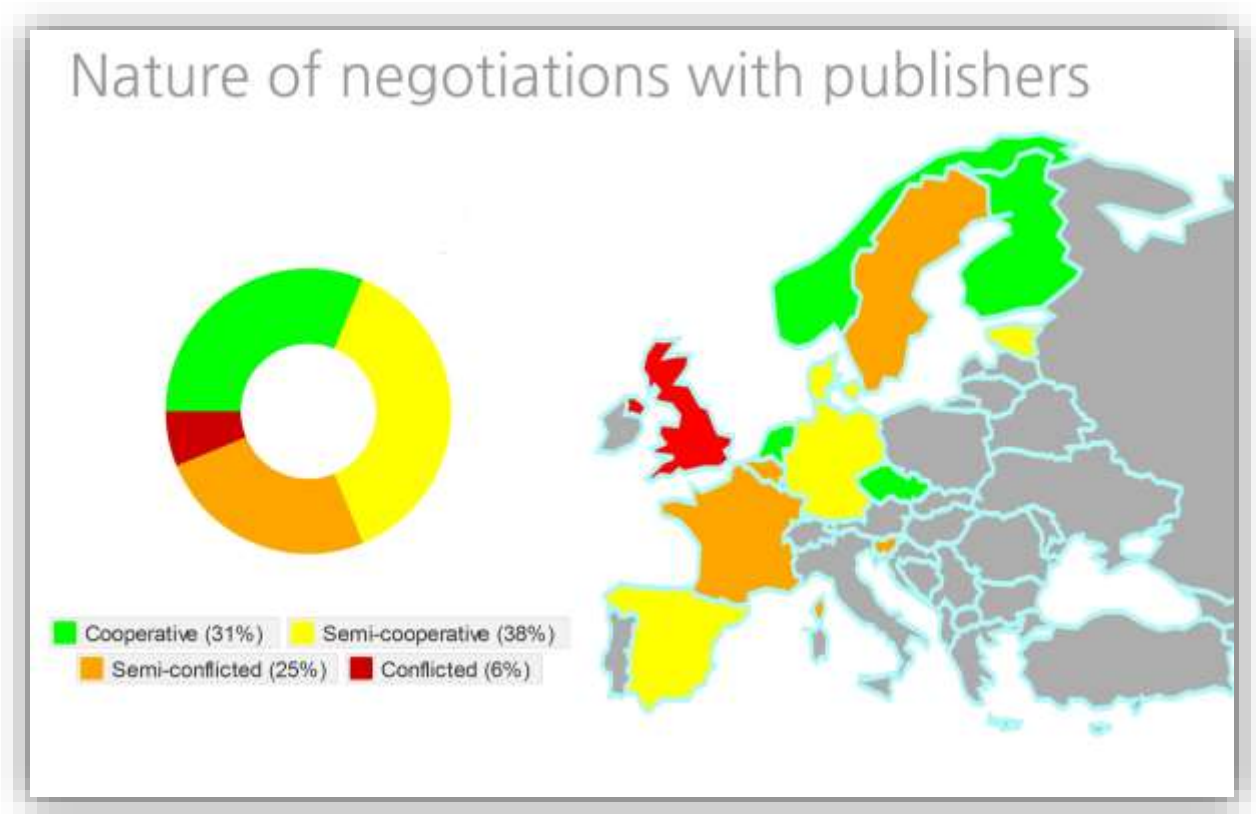


Figure 5 above shows that nearly 70% of the e-lending models reviewed in this study reported that licensing negotiations with publishers are cooperative or semi-cooperative in nature. Note that the percentages on the slide above cover all 18 e-lending models (including 3 models in North America) although the coloured coded map above only covers the European models.

6.1.7 Figure 6: Implementing a buy button

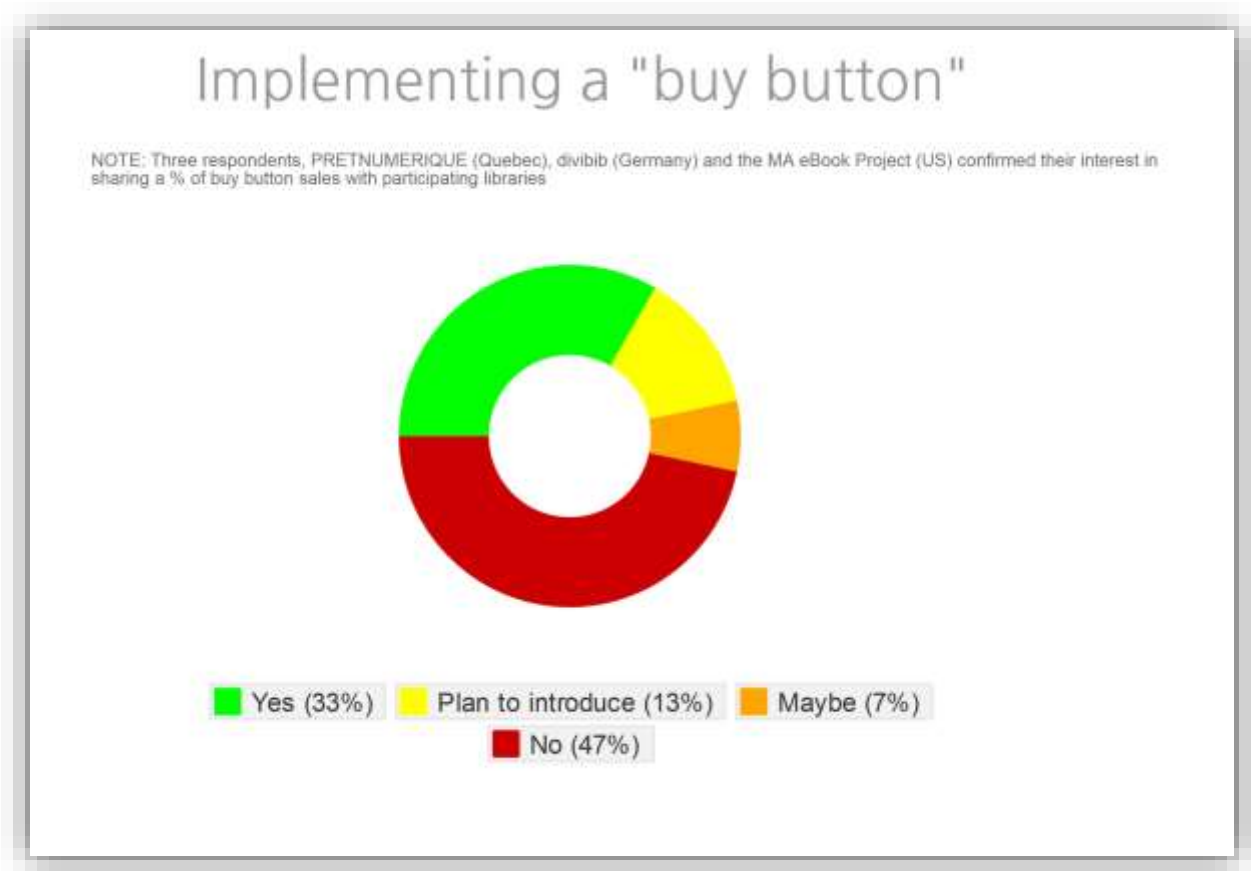


Figure 6 above shows that the integration of buy button functionality within library e-lending models appears to be expanding with 46% of survey respondents reporting that they have already implemented (33%) or plan to implement (13%) a click to buy button. Furthermore, at least 3 e-lending models reported interest investigating options for sharing a percentage of buy button generated sales with participating libraries.

7 Key trends and observations:

7.1 Policy matters – national platforms and regional pilots

From this review it is clear that the policy environment in which individual e-lending models operate has a significant impact on their scope for development and success. Indeed, in many of the European models examined in this study, the development and creation of national e-lending programmes and regional e-lending pilots have been supported by dedicated policies, strategies and funding to promote e-lending.

7.1.1 Europe

In Flanders, the Flemish Government's decision to establish Bibnet in 2009 as the central agency for coordinating and leading the development of public library services and infrastructure represents a key enabler for the launch of the *E-boeken in de bib* e-lending platform in May 2014. In addition, the provision of a Flemish Government Innovation Fund grant to support platform planning, prototyping

and development costs from 2010 to 2013 also played an important part in fostering the creation of this e-lending model.

Similarly in Denmark and the Netherlands, national level policy initiatives and financing played important roles in the origins and future viability of these e-lending models. Denmark's eReolen platform was developed and launched in 2011, funded by the Danish Agency for Culture's National Development Programme for Public Libraries. In the Netherlands, the Dutch Digital Library Programme which developed the Stichting Bibliotheek.nl e-lending platform was launched in 2009 with the support of the Ministry for Education, Culture and Science and the Association of Public Libraries (VOB). Furthermore, in January 2015, the Dutch Government will enact new legislation which will empower the National Library to draw upon contributions from local government to finance a new centralised €8 million budget for library digital content. The creation of this dedicated and centrally administered budget for the acquisition of digital content will be a substantial contributing factor towards the long term sustainability of the Dutch Digital Library model.

In Finland, the initial research and development costs behind the eBib e-lending platform piloted by Helsinki Metropolitan Area Libraries (HELMET) were supported by the Finnish Government's Next Media Research Programme which was partially financed by TEKES, the Finnish Funding Agency for Technology and Innovation. In France, the development of the PNB e-lending platform was partially supported by the Centre National du Livre – and Grenoble's Bibook e-lending interface was substantially financed by a grant from the Ministry of Culture. Over 50% of the initial development costs of Tallinn Central Library's ELLU e-lending platform were financed by grants from the Estonian Ministry of Culture and the Estonian Gambling Tax Council. In Spain, the 12 month eBiblio e-lending platform pilot was financed by a €1.5 million grant from the Ministry of Education, Culture and Sport.

In Norway, the creation of national e-lending platform, Bokhylla.no, by the Norwegian National Library was facilitated by the Government's commitment in 2005 to allocate at least 1% of its budget to culture by 2015, with increased funds allocated for the purposes of supporting public access to digital content and the digitization of print content. The viability and sustainability of the Bokhylla.no project is also substantially enhanced by Norway's domestic legal framework (Section 16a and Section 36 of the Norwegian Copyright Act¹⁰⁶) which allows the National Library to negotiate an "extended collective licence" which applies to all publishers and orphan works). Furthermore, the development of Norway's other e-lending pilot which focuses on providing library access to contemporary Norwegian literature (as opposed to titles published before 2001 in the case of Bokhylla.no) has been driven by the Arts Council Norway, a government agency financed by the Ministry of Culture.

In Germany, the creation of EKZ in 1947 (initially financed by German local authorities) as a one-stop-shop for library services was instrumental in facilitating the early launch of e-lending platform divibib in 2007 – well in advance of the development of Germany's domestic commercial e-book market which took off in 2011-12. The creation of this rather unique intermediary servicing the library market has meant that despite the fact that German libraries are administered on a municipal basis, the existence of EKZ allowed for a level of standardisation and interoperability in the development of divibib as the leading e-lending platform in Germany.

¹⁰⁶ [May 1961 Norwegian Copyright Act, with amendments of 17th June 2005](#)

In Sweden in 2014, Stockholm Public Library and other library sector representatives entered into a partnership with the Swedish Association of Regions and Municipalities to engage with publishers with the objective of negotiating a national level licensing agreement on e-book licensing for Swedish libraries.

In the UK e-lending projects in Wales and England have also benefited from Government influence. In Wales CyMAL's Libraries for Life and Libraries Inspire strategies offered a strategic development framework for the Welsh Government to deliver a 21st century library network. This framework created the conditions for launching a library e-lending service across 21 local authorities supported by a grant from the Welsh Government, alongside match funding from the participating local authorities. In England the launch of the four e-lending pilot projects in Peterborough, Newcastle, Derbyshire and Windsor & Maidenhead was the direct result of the recommendations of the Sieghart Review of e-Lending commissioned by the Department for Culture Media and Sport.

7.1.2 North America

In the United States, both Califa in California and the MA e-Book Project in Massachusetts benefited from financial support from the Institute of Library and Museum Services (IMLS) via Library Services and Technology Act (LSTA) grants to finance the initial development and operational costs of their e-lending platforms. In Quebec, BIBLIOPRESTO.CA benefited from a \$150,000 CAD Government grant in 2012 which helped to cover some of the initial set up costs of the PRENUMERIQUE.CA platform.

7.2 Other common enabling factors

Across the different e-lending models examined in this report there are a number of specific enabling factors which have contributed to their success in different contexts. Generally speaking, a track record of dialogue, engagement and collaboration between libraries and publishers tends to serve as a valuable asset when establishing e-lending services in libraries. For example, in Finland, according to Helsinki City Library, most publishers see libraries as a vehicle for promoting and expanding public demand for e-books – rather than a threat to their business model. As a result, publishers tend not to impose any embargos on new e-book titles, and in many cases new e-book titles are released for e-lending via Helsinki Metropolitan Area Libraries' Ebib platform before they are available in print. Helsinki City Library expects all the main Finnish publishers to be involved in the Ebib platform by 2015.

Similarly in Quebec, according to BIBLIOPRESTO.CA, libraries have enjoyed a "*historic spirit of collaboration*" with domestic publishers, which has fostered on-going and positive relations in relation to securing access to both print and digital content. A further enabling factor is that the Quebec Association for Public Libraries began to investigate the concept of lending e-books in 2010, at precisely the same time that the Quebec publishing industry was looking into expanding its commercial e-book offering. The ensuing negotiations between the Association of French Canadian Publishers and BIBLIOPRESTO.CA secured a single licensing regime (single user license with a limit of 55 loans) for lending e-books via the PRENUMERIQUE.CA platform. The administrative simplicity of offering a single license for all titles could well be a contributing factor behind the fact that PRENUMERIQUE.CA's average cost per loan is the lowest of all the models reviewed in this study.

In Quebec, libraries also have additional leverage because public library expenditure has continued to account for a significant proportion of publishing income generated from e-books.

BIBLIOPRESTO.CA reports that in 2013 one major e-book aggregator in Quebec received a quarter of its total sales revenue from licensing e-books to libraries – and suggests that for many small publishers the percentage is probably even higher.

In other countries, the successful development of e-lending services also benefit from the existence of intermediaries which serve as semi-neutral stakeholders in the dialogue and negotiations between libraries and publishers. In France, the development of the Prêt Numérique en Bibliothèque (PNB) e-lending initiative in 2011 was facilitated by a partnership with Dilicom (an independent supplier of information and data solutions to the book industry) alongside publishers, booksellers and libraries. In addition, negotiations around library e-book licensing with French publishers is usually led by the [Réseau CAREL](#) (Coopération Pour L'Accès aux Ressources Numérique en Bibliothèques) which acts as a collective voice for libraries in such contexts.

In Germany, EKZ constitutes a long established intermediary between libraries and publishers, which has handled negotiations with publishers on behalf of libraries for over 60 years. In Slovenia, Beletrina Academic Press (the non-profit cultural NGO which operates the Biblos Lib platform) also acts an intermediary between libraries and publishers. Beletrina's track record as a supporter of cultural and literary projects has earned the trust of the library sector – whilst the fact that Beletrina operates in independently from the library sector has arguably strengthened its position when negotiating licensing terms with publishers. In addition, Beletrina's willingness to subsidise the development costs and the Biblos Lib platform has also served as an important enabler.

In other instances, the creation of specific intermediary/representative bodies to spearhead the development of national e-lending services and promote e-lending in libraries has played a crucial role. For example, in Flanders, the development of the *E-Boeken in de Bib* e-lending platform would not have been possible without the existence of Bibnet, an agency established in 2009 to develop infrastructure and services across all Flemish public libraries. Bibnet led on the conceptual planning and prototyping which led to the development of its e-lending platform, developed the online e-book repository, and is responsible for the day to day management of the platform alongside on-going negotiations with publishers.

Similarly, the development of the Dutch Digital Library e-lending service would not have been possible without the creation of Stichting Bibliotheek.nl, an organisation which was established and funded by the Dutch Government specifically to support the development of a national e-book platform in the Netherlands. In Quebec, the creation of BIBLIOPRESTO.CA, a not-for-profit agency established in 2012 to manage the development of the PRETNUMERIQUE.CA e-lending platform has also played a key role in its on-going success. Finally, in Denmark, the creation of the eReolen Association in 2011, which includes a Board, General Assembly and project management team focused on maintaining a national e-lending platform for all Danish public libraries, has played a pivotal role in advancing the scope of e-lending in Denmark.

In the Czech Republic, the eReading.cz e-lending platform benefited from the fact that ILS suppliers Cosmotron and Lanius agreed to cover the costs of developing the public library e-lending module which integrates the library ILS with the eReading.cz platform and catalogue. In Quebec, information solution supplier De Marque financed the majority of the technical development costs for the PRETNUMERIQUE.CA platform, based on its white label product Cantook Station (the same software that Grenoble Public Libraries' Bibook platform is based on).

A number of e-lending models have also executed e-lending awareness programmes and pursued a range of activities to generate public demand for e-books. In Slovenia, Beletrina Academic Press initially conducted an extensive engagement programme with key stakeholders to raise awareness and drive public demand for e-books – through programmes of meetings, lectures and courses designed to engage with publishers, libraries and the general public. In Quebec, BIBLIOPRESTO.CA also pursued a range of promotional activities to raise consumer awareness and drive demand for e-books. BIBLIOPRESTO.CA also provides courses for librarians on how to use and access e-books, alongside technical support on e-book file formats, devices and DRM.

7.3 Single user licensing models

Of the 18 e-lending models reviewed in this study, the majority (nearly 40%) operate solely on the basis of single user licenses. This includes ELLU in Estonia, eBiblio in Spain, the Arts Council Norway pilot, e-Books for Wales, the English e-lending pilots, enki in California and PRETNUMERIQUE.CA in Quebec. There are a number of potential reasons which can be offered to account for the enduring popularity of the single user license model. Firstly, this model is well understood by librarians given that, to an extent, mirrors the traditional physical book lending model which permits only one patron to access one copy of the book at any point in time. Secondly, it allows publishers to inject a well understood element of friction into the e-lending process which can incentivise them to offer their catalogues for e-lending in situations where they might otherwise be reluctant to do so.

However, on the minus side, for some patrons, single user licenses can often seem like artificially imposed restrictions in contrast to their experiences of accessing other forms of digital media. In addition, similar to the lending model for printed books, single user licenses (which in most instances are non-refundable) also require libraries to invest in a defined number of loans which may exceed actual patron demand for that title – which may result in inefficient allocation of scarce collection budget. However, the enki e-lending platform run by Califa in the United States has succeeded in implementing a single user license with unlimited loans and perpetual access for all e-book titles hosted on its library-owned servers. This effectively re-establishes the traditional concept of ownership which existed under the print e-lending model (Califa also insists on refusing to pay above retail price to license any e-book title).

Further evidence of the appeal of the single user license model is illustrated by the Sieghart Review of E-lending in Public Libraries in England which laid the foundations for the four English e-lending pilot initiatives. Sieghart's report stipulated that the e-lending pilots should seek to protect the interests of publishers and booksellers by creating 21st century versions of the frictions which inherently affect the physical book lending market.

This illustrates the fact that many stakeholders remain attracted to e-lending models which seek to recreate the same elements of friction which defined the print book lending model. Whether this approach represents a nostalgic affection for preserving anachronistic analogue elements in a digital context – or the sensible transposition of a well-understood friction model may become progressively clearer once the 4 e-lending pilots publish their interim 6 month project reports in November 2014.

7.4 Hybrid licensing models

Five of the e-lending models reviewed in this study (27%) operate hybrid e-lending models which combine single user licenses with other types of licenses offering varying degrees of simultaneous access. These models include PNB in France, divibib in Germany, Biblos Lib in Slovenia, Ebib in Finland, and the MA e-Book Project in the United States. Typically these models will operate a single user license for front list titles, whilst offering multi-user licenses for older titles, and occasionally unlimited usage licenses for certain titles, often public domain or self-published content.

For example Ebib in Finland offers two licence models – one single user license with unlimited loans for 12 months – and one license with 20 simultaneous users and unlimited loans for 12 months. Divibib in Germany offers an M-License (single user, unlimited loans), an L-License (same terms as M-License for two years which then converts to a simultaneous user, unlimited loan license), and an XL-License primarily applied to bestselling titles (multi-user license for 20-25 loans at a cost of 300% of the standard e-book price – which then converts back into two single user M-Licenses after the simultaneous loans have been exhausted).

In Slovenia, the Biblos Lib e-lending model offers unlimited multi-user access to public domain e-books in return for an annual subscription fee, and a second license scheme for premium titles which offers 52 loans (libraries can set the number of simultaneous loans to any number between 1 and 52). In Massachusetts the MA e-Book project secures variable licensing terms to more recent titles via distributor Baker & Taylor – whilst also offering titles from supplier BiblioBoard on a multi-user license with unlimited loans. Distributor EBL also offers what it describes as a “non-linear lending license” which offers simultaneous usage but limits the total number of lending days per year per title.

In both Sweden and Denmark there have also been pilot projects to explore scope for a “dual-licensing” model which involves libraries digitising back list titles in return for more favourable e-lending terms from a particular publisher.

7.5 Pay per loan /simultaneous use models

Five of the e-lending models in this study operate pay per loan models (22%) with no limits on the number of simultaneous users. These include eBook in de bib in Flanders, StichtingBibliotheek.nl in the Netherlands, Stockholm Public Library in Sweden, eReolen in Denmark and eReading.cz in the Czech Republic. One of the key advantages of the pay per loan / simultaneous use model is that, at least in theory, it responds to rising user expectations of on-demand access to digital content. Under the print lending model patrons would understand the concept of signing up for a waiting list until a physical book has been returned to the library – but this approach becomes less intuitively logical for digital titles. As mainstream consumers of digital media migrate towards accessing a broad range of online content at the time and place of their choosing, the pay per loan / simultaneous use model is well placed to conform to those aspirations.

Indeed, in its purest unadulterated form, a pay per loan / simultaneous usage model can help libraries sidestep the traditional gamble of investing in single user licenses with fixed loan limits – and hoping that investment will be matched by a patron demand. In practice, there is usually a reasonable likelihood that some of these investments will exceed – or be surpassed – by patron demand – which means that part of the library budget could (with foreknowledge) have been better

allocated to other titles (or purchasing more licenses for a popular title). In contrast under the pay per loan model, libraries can quickly respond to large spikes in demand for specific titles, safe in the knowledge that once demand subsides, the library will not have committed itself to any unnecessary on-going cost. For example, listing an e-book title in Stockholm Public Library's digital catalogue is free of charge and a licensing payment is only triggered once that title has been checked out by a patron.

In this context the primary determinate of friction is not always the licensing terms offered by publishers but the finite nature of library collection budgets. When friction is no longer hard coded into the e-lending terms offered by publishers (and providing digital titles are offered at affordable prices) then the focus switches to effective collection budget management. For example, in Denmark, libraries participating in the eReolen pay per loan e-lending platform are offered two options for restricting the cost of their e-lending service. Firstly, participating libraries can voluntarily choose to set limits on the number of simultaneous loans; and secondly they also have the option of temporarily suspending the e-lending service (and reinstating it at the start of the next month) if library budgets become overstretched due to spikes in demand. According to a member of the team which manages the eReolen platform, they are also investigating future options impose e-lending restrictions on some of the heaviest users in order to make a larger number of title loans available for new users of the e-lending service.

However, it also worth noting that many of pay per loan models examined in this study also required upfront payments for a certain number of loans to be paid to publishers as part of the terms for accessing their catalogues. This clearly erodes one of the primary benefits of the pay per loan model as it means that libraries will still potentially have to invest in paying for loans that they may not use. Nevertheless, the experience of the Dutch Digital Library which operates a pay per loan system demonstrates that upfront payments (in this case €360 for 1,000 loans) can be a useful mechanism for getting publishers to the negotiating table – which can then provide a foundation for proceeding towards more favourable licensing terms in the future.

After initially offering upfront payments to persuade early adopting publishers to support the launch of StichtingBibliotheek.nl in early 2014, in September 2014, the Dutch Digital Library secured new agreements with publishers whereby previous titles which involved upfront payments would be migrated to a pure pay per loan model. Furthermore, agreement was reached that any exceptional upfront payments which were made in future to secure access to popular front list titles would either a) be refundable in the case of low patron demand; or b) no longer subject to a time limit to allow additional scope to recoup that initial investment.

In Flanders, Bibnet's *eBoeken in de bib* platform also involves upfront payments to publishers under its pay per loan model. However, Bibnet has sought to mitigate this aspect by ensuring that the agreement also covers providing patrons with unlimited access to its entire e-book collection within the premises of all participating library (a benefit which was factored into Bibnet's pricing model for e-lending). Bibnet also suggests that a pay per loan model generally requires a less complex and expensive e-lending management interface for monitoring usage than other e-lending models which need to track or accommodate a broad range of different licenses for different titles (in terms of the number of simultaneous users and number of permitted loans per license).

7.6 Library hosted models

Developing a library managed e-lending platform which allows e-book files to be hosted directly on library owned servers offers the greatest scope for securing ownership of/perpetual access to e-book titles. Library hosted and managed e-lending models such as enki in California demonstrate that libraries can engage with small to medium sized publishers and self-published authors to acquire e-books at or below retail price with an unlimited single user license (similar to the traditional print lending model). In contrast, *E-boeken in de bib* in Flanders administered by Bibnet, has succeeded in operating a library hosted model but with a pay per loan/simultaneous user license model based on agreements with six publishers.

7.6.1 Benefits

- **Digital ownership** – the library hosts the digital e-book files directly on its own servers rather than merely pointing to content which exists on servers made accessible by commercial suppliers or distributors.
- **Easier to integrate content from multiple sources** – the library hosted model makes it easier to integrate content received from multiple publishers or suppliers within a single, library-administered digital ecosystem.
- **Greater control over patron experience** – instead of directing patrons to external platforms or user interfaces maintained by commercial suppliers/distributors – the library managed/hosted model ensures that users remain within a library digital ecosystem throughout the e-lending process.
- **Offering a wider selection of long tail content at lower cost** – operating a self-hosted platform allows libraries to offer patrons access to a wide selection of local historical content, copyright free works, small/medium sized publisher titles and self-published e-books at a lower cost per loan than licensing comparatively more expensive front list titles (excluding the hosting platforms development and maintenance costs).
- **Leveraging consortia purchasing power to influence price** – the evidence from the CALFA library group (a consortium of 220 public libraries in California which operates a library-hosted e-lending platform enki) is that they have successfully persuaded all participating small/medium sized publishers to license e-books at (or below) retail price. In a context where, in October 2014, Overdrive and 3M are both offering e-book title “The Goldfinch” at \$14.95 to consumers and \$90.00 for library purchase (over 600% mark-up) this is clearly a valuable achievement.¹⁰⁷

7.6.2 Limitations

- The **costs and logistics** associated with developing and maintaining the technical infrastructure of a library managed content hosting platform can be significant – even when many components are open source.
- Most examples of the library-hosted model have only been made possible by significant financial support in the form of **grants from central or local government** as the costs involved are unlikely to naturally exist within existing library system budgets.

¹⁰⁷ [Douglas County Libraries, Pricing Comparison Report as of 1st October 2014 \(accessed 24th October 2014\)](#)

- The model is a **partial solution** as it does not currently offer a route to accessing the most popular front list titles. This is particularly relevant in that patron demand is usually most acute in relation to front list/popular titles as opposed to long tail material.

However, in light of the limitations specified above, it should be noted that the *eboeken in de bib* model operated by Bibnet in Flanders has implemented a 12 month library-hosted model pilot project which has secured clearance to host digital e-book files from six participating publishers (2 large publishers and 4 small but well-established publishers).

7.7 Competing with commercial platforms

In instances where library e-lending models and interfaces end up competing with other commercial platforms it is clear that the primary focus for libraries needs to be getting the basics right, and then determining which other “nice to have” functionalities are affordable or represent a good return on investment. In this context it is perhaps important for libraries to consider a wider definition of their role in the e-lending process beyond merely acting as a conduit to digital content. Instead they need to explore how libraries can deliver unique added value to this process, either through enhanced privacy protection, greater discoverability of collection titles, or by creating a richer digital environment focused on the enjoyment of reading and literature. For example, in Denmark, eReolen managed to maintain higher demand for its e-lending service than competing commercial platform eBib.dk (despite the latter offering access to more front list titles) by offering superior literary features such as author biographies and book reviews.

Another valid approach adopted by many library e-lending models is to adapt an existing commercial platform/interface to suit the needs of library e-lending. For example, in Spain the Ministry of Culture, Education and Sport engaged Librandia (a leading Spanish e-book distributor founded by 7 major publishers) to develop a flexible interface which offers 19 separately branded web pages for each of the 16 autonomous regions and 2 urban administrations participating in the project. Similarly, in Estonia the software and infrastructure behind the ELLU e-lending platform has been developed by the Estonian Digital Book Centre which is the largest retail supplier and manufacturer of Estonian e-books. In Quebec and France, the PRENUMERIQUE.CA platform and Grenoble Municipal Libraries’ Bibook e-lending interface were developed based on white label versions of the Cantook Station distribution platform/software supplied by De Marque.

In the Czech Republic libraries operate e-lending services via the eReading.cz platform established by the Albatross media group (the largest publisher in the Czech Republic) – which offers visitors the option to either borrow or purchase e-books simultaneously. Similarly, in Slovenia, the Biblos Lib platform operated by non-profit organisation Beletrina Publishing also offers users the opportunity of both borrowing and purchasing e-books within the same platform ecosystem.

7.8 User experience

One of the common challenges in evaluating user experience (beyond simply measuring the number of downloads or loans) is that, perhaps unsurprisingly few e-lending models apply common metrics or indicators to evaluate feedback from patrons which can be used to populate an effective comparison. However, several of the models reviewed in this study have undertaken user surveys which still generate some interesting results. For example in Estonia, Tallinn Central Library conducted a survey in October 2013 which showed that 58.7% of all e-book loans took place outside

the library's opening hours, 36.8% took place on Sundays, and 58% of loans were made between 8:00pm in the evening and 8:00am in the morning. This demonstrates that the ELLU e-lending service satisfies user demand which simply could never have been addressed under the printed book lending model.

In Finland the Helsinki Metropolitan Library system carried out a survey of users for its pilot e-lending platform Ebib in 2012 and 2013. The results from 2013 showed that over 80% of patrons reported that the account creation and software installation process was "easy to use" in comparison to 67% of respondents to the 2012 survey a year before. In Sweden, Stockholm Public Library also conducted an annual e-book survey asking over 1,000 readers of e-books for their feedback on e-lending. In 2012, users were asked to rate how easy/hard they found it to download e-books from the Digital Library – and 76% of respondents categorised the service as "easy to use – in contrast to 78% of respondents 2013 and 85% of respondents in 2014. This suggests that libraries can unlock value by incrementally tweaking and iterating their e-lending interfaces based on user feedback – but also that the longer patrons are exposed to an e-lending service (alongside other wider societal dynamics which incentivise digital adoption) they seem to find e-lending services easier to use.

7.9 Nudging the needle

Several of the e-lending models examined in this study demonstrate that once e-lending is on the table for discussion between libraries and publishers, there is substantial scope for incrementally building upon that starting point to improve e-book licensing terms and pricing. Indeed, during the preparation of this report (between May and October 2014) many of the e-lending models reported significant progress in their negotiations with publishers around e-lending.

In Slovenia, Beletrina Press initially reported that they had secured the participation of all the main Slovenian publishers in their Biblos Lib e-lending platform – apart from the largest publishing house Mladinska Knjiga. However, by August, Beletrina Press subsequently reported that a fresh round of negotiations had secured Mladinska Knjiga's agreement to offer its catalogue for e-lending, which means that all the main Slovenian publishers now offer their e-book titles for e-lending.

In California, the enki platform entered 2014 offering 18,000 titles from 50 different publishers. By October 2014, this collection had been expanded to 30,000 titles from around 200 small and medium sized publishers. In Sweden, Stockholm Public library offered 8,000 e-book titles for e-lending in March 2014. Six months later in September 2014 this collection had increased to 11,000 titles.

In the Netherlands, the Digital Library e-lending service initially launched in January 2014 with 5,500 e-book titles – but by September 2014, further negotiations with publishers had secured access to an additional 2,000 titles. This brings the total number of available titles of e-lending up to 7,500 which represents around 25% of all commercially available Dutch e-book titles. Furthermore as previously referenced in [section 6.5](#), while the Digital Library initially agreed to upfront license payments to entice publishers to participate in its e-lending service – subsequent negotiations have now either replaced these arrangements with standard pay per loan agreements, made these upfront payments refundable in instances of low patron demand, or extended the license time limit which maximises the chances of recouping the initial investment.

The Digital Library is also experimenting with a range of one-off licensing deals to secure access to particularly desirable titles – for example an offer to pay €0.60 per loan for any of the top 60 bestselling titles which are made available for e-lending during the first 12 months since publication. As the lion’s share of publishing profits are made during the first 3-4 months of an e-book’s life cycle, this proposal presents a powerful incentive for publishers to release titles for e-lending which are between 6-8 months old. A further example is the Digital Library’s holiday app which offers a selection of downloadable titles to members of the public during specific holiday periods. The last instalment of this app secured a popular e-book title in return for a payment of €10,000 to the publisher to cover two months of uncapped usage – which resulted in over 80,000 e-book downloads at a relatively economic cost of €0.12 per download.

7.10 Evidence-based decision making rather than fear of the dark

Publishers often decide to withhold e-book titles from libraries or to impose licensing restrictions to inject friction into the e-lending process due to fears that e-lending will cannibalise profits from e-book sales. In this context there is a clear role for expanding the available evidence base to ensure that future decisions around the terms and pricing of e-book licenses offered to libraries are based upon behavioural realities as opposed to unfounded concerns.

In February 2012, the US Library Journal released a survey, *Library Patrons and e-Book Usage*, which highlighted that regular public library users do not just borrow books – they are also active book buyers who make many of their purchasing decisions based on authors or titles they discover in the library.¹⁰⁸ Indeed, over 50% of library users go on to purchase books by authors they are introduced to in the library. The study suggested that “power patrons”, those who visit the library once a week, are active consumers and buyers of all media including e-books.

In June 2012 the Pew Research Centre in the United States published its report on *Libraries, Patrons and e-Books*. They study found that library card holders are more than twice as likely to have bought their most recent book than to have borrowed it from a library – and that 55% of e-book readers who have library cards said they preferred to buy their e-books.¹⁰⁹ Furthermore, among e-book readers, 41% of those who borrow e-books from libraries purchased their most recent e-book.¹¹⁰

In Finland, the Helsinki Metropolitan Library system carried out two annual surveys for users of its Ebib e-lending service in 2012 and 2013. In 2013, 55% of respondents claimed that “*the service made me more interested in buying e-books*”. More interestingly, 55% of 2013 respondents reported that they planned to buy e-books in the future, up from just over 50% in 2012. These results suggest that far from dissuading users from purchasing e-books, prolonged engagement with the Ebib e-lending service actually made more than half of library users more likely to purchase e-books in the future (based on their stated intentions).

In Slovenia, the Biblos Lib e-lending platform, run by Beletrina Press (an non-profit organisation) collects significant amounts of data to track e-lending usage and purchasing patterns which it shares with publishers and participating libraries (Biblos Lib offers users the simultaneous opportunity to

¹⁰⁸ [The Digital Shift, Library Journal Releases Groundbreaking publication on Who uses Libraries and Why, February 2012 \(accessed 25th October 2014\)](#)

¹⁰⁹ [Pew Research Centre: Libraries, patrons and e-books, 22nd June 2012, page 7](#)

¹¹⁰ [Pew Research Centre: Libraries, patrons and e-books, 22nd June 2012, page 7](#)

borrow or buy e-book titles). According to Beletrina Press, the current data suggests that many users who borrow e-books using the platform then proceed to purchase additional e-books afterwards.

The growing importance of usage patterns and behavioural data is illustrated by approach implemented by the four English e-lending pilots launched in the UK earlier this year. Under the terms of the pilot agreements – each of the four pilot library authorities have been required to produce a report after the first six months of the project which will include a range of data and metrics ([see section 3.14.3](#)) designed to help establish the impact of e-lending on authors and publishers sales.

In Sweden, Stockholm Public Library carried out a survey of users of its Digital Library in 2014 which noted that: *“the figures show that the e-book borrowers are, to a large extent, the e-book buyers as well. Not surprisingly, the more money you earn, the more e-books you buy.”*¹¹¹

Analysing e-lending usage patterns and data can also be used to inform future e-book licensing terms and pricing. For example, in 2014 Stockholm Public Library and other Swedish library sector representatives in partnership with the Swedish Association of the Regions and Municipalities (which represents 190 local government regions) began negotiations with publishers to reach a new national agreement on licensing e-books to libraries.

To support these negotiations Stockholm Public Library has produced a number of statistical simulations based on current e-lending data which project the average cost per loan (e.g. publisher income) based on different licensing models. This analysis has led the library sector towards proposing a new licensing model composed of three distinct fixed price segments (e.g. premium titles, medium cost titles and low cost titles). The results of the simulations suggest that if publishers suspended their embargos on front list titles (and licensed them at a premium fixed price) this more attractive supply of titles, coupled with a more stable and predictable fixed price licensing system, would encourage libraries to spend more (safe in the knowledge that prices will not change). By this logic the average price paid per license would increase under this system because a) libraries would be less cautious about investing in licenses when the prices are fixed; and b) opening access to front list titles would encourage all libraries to potentially spend more than they currently do.

Negotiations in Sweden are still in progress, but if successful this example would demonstrate how leveraging data on e-lending could produce a licensing system which simultaneously benefits participating libraries and increases average publisher income per loan.

In the Netherlands, there is evidence to suggest that the rapid growth of the Bibliotheek.nl e-lending service, and accompanying data on revenue generated for publishers has begun to increase the economic incentives associated with offering e-book titles for e-lending. The second largest publisher in the commercial e-book market (with about 25% market share) has decided to offer more recent titles for e-lending – which has enabled them to service close to 50% of the Digital Library’s e-book loans – and potentially capture around half of the available e-lending revenues for the next year. In contrast the largest commercial e-book publisher has withheld many recent titles from e-lending and as a result has only serviced less than 20% of e-book loans through the Digital Library.

111

This example illustrates that rising evidence on the tangible revenue opportunities for publishers associated with e-lending has scope to induce publishers to shift their position on withholding recent titles. Indeed, in the Netherlands a number of publishers have now begun to release new e-book titles for e-lending at the same time as they are made available for consumer purchase.

7.11 Conclusion: Let a thousand flowers bloom

An overarching trend across all models is that greater dialogue and communication between libraries and publishers, alongside a mutual willingness to trial or pilot a range of different licensing models and approaches is the most likely path to success. Providing e-lending is on the table for discussion, experience from many of the models reviewed suggests that this usually provides scope to incrementally (or sometimes more rapidly) increase the number of titles offered for e-lending, improve the licensing terms offered by publishers and persuade additional publishers to participate.

While it is too early to say whether a dominant model or set of models for e-lending will eventually assert themselves – the more data collected on usage patterns, patron discovery of backlist titles and the relationship between e-lending and e-book purchasing – the sooner future licensing and pricing models can be constructed on the basis of mutually understood evidence rather than inaccurate risk projections.

8 Acknowledgements

The majority of the content contained in this report was prepared based on online survey responses, phone interviews and submissions from the following 30 individuals who are acknowledged below. Their input and contributions have been immensely valuable during the course of this project.

Steven Bending

Collections and Systems Manager (Museum, Libraries and Archive)

Vivacity

Peterborough Central Library

Jan Braeckman

Director

Bibnet

Annie Brigant

Unité Publics et Numérique

Bibliothèques Municipales de Grenoble

Mikkel Christofferson

Senior Digital Consultant and Advisor

Copenhagen Libraries

Janene Cox

Commissioner for Tourism and the Cultural County

Staffordshire County Council

Asunción Cuadrado Cordero

Head of Library projects Service

Ministry of Education, Culture and Sport

Jean Francois Cusson

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BIBLIOPRESTO.CA

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Arts Council Norway

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Head of International Library Cooperation Service

Ministry of Education, Culture and Sport

Stephen Hawley

Library and Information Officer

Newcastle Libraries

Marco Hercog

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Massachusetts Library System

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Diederik van Leeuwen

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Unité Publics et Numérique
Bibliothèques Municipales de Grenoble

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Maidenhead Library

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Head of Acquisitions and Cataloguing Office and Chairman, Digital Contents for Public Libraries and Consortium for Public Libraries – National Projects
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Supplement

E-book lending models in Flanders and the Netherlands in context

Perspectives for the future

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Contents

1	Introduction.....	3
2	A helicopter view.....	3
3	Four groups of models.....	6
4	The Flemish and Dutch models: possible ways to move forward.....	8
	Appendix.....	12



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1 Introduction

In this brief supplement to the Civic Agenda report, the Flemish and Dutch E-book models are discussed in the context of the other models described. The research conducted by Civic Agenda has yielded many valuable insights in the current development of e-book lending models in a number of European and other countries (US and Canada). The report clearly demonstrates how all over Europe and in North America librarians, authors, publishers, policy makers, lawyers and enterprises are working toward developing viable models for library e-lending services. At the same time, conflicting interests and diverging jurisdictions make it hard if not impossible to arrive at 'the' ideal one-size-fits-all model to be put into practice in the regions studied.

This add-on to the Civic Agenda report is meant as a further step in trying to reduce the complexity in the reality of e-lending models. Results from a statistical analysis of the Civic Agenda data are reported. First, the 19 models - the two Dutch models (the members-only e-book portal and the holiday app for everyone) are discussed separately - are depicted in a two-dimensional space and their relative positions on the two dimensions are described. Next, based on these insights and general knowledge of the current economical, legal, socio-cultural and technological realities, possible directions for developing and extending the Flemish and Dutch models are sketched.

2 A helicopter view

In the Civic Agenda data collection, the 19 e-lending models were scored on a large number of variables. Of these, 25 could be used for analysis. Showing a large number of missing values, quite a number of variables could not be used.¹ All in all, the remaining 25 model characteristics provide sufficient information to perform a solid enough analysis.

For this purpose, a procedure called HOMALS ('homogeneity analysis by means of alternating least squares') was used in the IBM SPSS statistical software package.² This procedure is perfectly suited for the analysis of categorical variables whose categories do not have a logical order or an underlying natural scale. An additional advantage is that the procedure can handle missing values on one or a limited number of variables without problems, so that none of the e-lending models had to be excluded from the analysis.

The analysis procedure calculates estimates of the homogeneity between the variables (scores) and the cases (the 19 e-lending models) and depicts them in a one dimensional or multidimensional space.

¹ The most important variables were the indications of the costs of the models. Whereas some countries reported costs per loan, others provided indications of total costs, or a combination of the two. It turned out impossible to arrive at comparable estimates for *all* the countries/models due to a lack of indications of total borrowings in many models (which does not, to be sure, preclude pairwise comparisons like the ones reported in the Civic Agenda study).

² Version 22 for Mac OS X.

The number of dimensions is up to the user to decide; the algorithm does not provide a recommended number.³ For reasons of simplicity a two-dimensional model was chosen.⁴

Figure 1 below displays the 19 models (see the appendix for names and scores). The more models are alike, the greater their homogeneity based on the combined 25 underlying variables. To interpret the graph, a description of the two dimensions is needed. This is not as straightforward as in theoretical/analytical models where dimensions are often clear-cut and bipolar (because there is only one underlying dimension).

Figure 1 Four groups of e-lending models



³ Homogeneity analysis is a purely descriptive technique, unlike many other multivariate (explanatory) techniques that make a distinction between model and reality, and provide fit and significance estimates for how closely the model fits reality (cf. van den Berg 1986).

⁴ Eigenvalues of the dimensions: .265 and .254. Allowing for a third dimension would have yielded an eigenvalue of .218, indicating additional interpretative value. This would, however, have complicated the interpretation considerably.

The *first (horizontal) dimension* makes a distinction, above all, between models with and without costs for e-lending for the users. Paid membership models are to be found more to the right, as are models with supplementary payments by users (e.g. to enable borrowing of recently published titles). This explains why both the Dutch e-book platform and the Flemish model are to be found on the leftmost side of the graph, setting them apart from most other models.⁵

Another important factor is the license model, with pay-per loan, one copy-multiple users models (esp. Netherlands, Flanders and the Czech Republic) on the left side and single user licensing models (one copy, one user) to the right, with the other licensing models in between. Furthermore, the number of titles available for e-lending mildly affects the position on this dimension as well. Models with large e-book collections for lending tend to be located more to the right hand side of the graph. Whether the e-lending platform is integrated in the library system and web portal is a further factor of importance here. Partially integrated (only metadata) models tend to be on the left, fully integrated models in the middle and non-integrated models on the right of the first dimension.

The *second (vertical) dimension* indicates, above all, the amount of control libraries or their controlling bodies (ministries, councils) have over the platforms and the e-books on offer for e-lending. Models in which the ownership of the platform and the books (content) is in the hands of the libraries or their consortia, and in which the libraries are in control of determining which titles are on offer to their patrons, tend to be in the lower half of the figure.

In the upper half, models are to be found in which ownership of the e-lending platform is in the hands of third, mostly commercial parties; and where the choice of titles is the result of negotiations between libraries and publishers. Cooperative negotiations between library consortia and publishers (and/or rights holders) associations lead to a position in the lower half, whereas a conflicted situation expresses itself in a position in the top half of the scheme. Furthermore, models having an e-book streaming facility tend to score lower on this dimension, whereas models lacking this technology are more likely to be in the upper half of the scheme.

⁵ At the time of finishing of this report (December 2014), it was still unclear whether or not the Dutch e-lending platform will eventually include a supplementary payment scheme for recently published titles. In the analysis performed here, it is assumed that it will (which was the plan mid-2014 when the data were collected). An additional analysis showed that the position of the Dutch model would still be in this group might the supplementary fee not materialize.

Figure 2: Snapshot of the Dutch e-book lending portal



3 Four groups of models

Looking at the positions of the models in the graph, four groups can be discerned. They have been given separate shapes and colours. Their positions on the dimensions having been calculated on the basis of 25 variables, the models in each group do not need to be similar in all respects. The blue square- and yellow triangle-models, for instance, are not so easily typified and distinguished from each other by one or two variables alone. Yet, with a close look at the data they might be typified as follows:

1. *Unlimited use, one-copy-multiple-users models: Netherlands (e-book-platform), Flanders, Czech Republic.* These models try to overcome friction strategies like those in the single user license models. The latter mimic the physical lending model by indicating to a patron that 'the e-book is currently unavailable' because it is in use by another patron.⁶ From the publisher perspective the logic behind this is, of course, to be able to control the number of e-loans so as to protect the market for e-book sales. (Whether this strategy expresses itself in higher revenues in the end is still not settled once and for all.) From a user perspective the single user license constitutes an artificial boundary in a digital environment.

⁶ In some models, the library or library consortium can purchase multiple licenses for the same title. This will relieve the strain on the collection somewhat, but the same message will show up in the user interface once all licenses are in use.

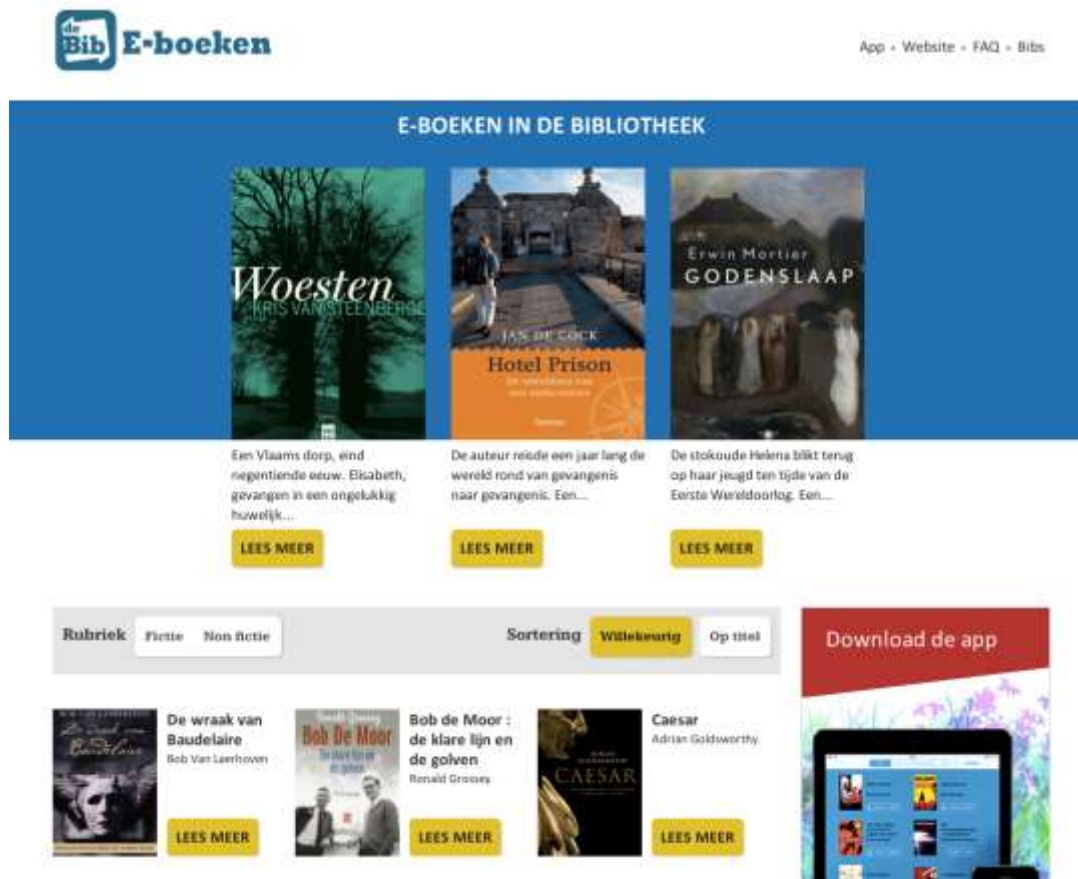
In this group of models, an attempt is made to work out a new model allowing for multiple simultaneous users. For every borrowing a fee is to be paid to the rights holders. For titles with varying market value (new versus older titles), varying fees are in place. As the library in this model has only limited control over the number of loans and, hence, the amount of money that has to be paid, asking patrons to pay a fee per borrowing or a total amount for a fixed number of borrowings is almost inevitable. One alternative would be to limit the number of loans per month or similar restrictions to at least maximize the amount to be paid to the rights holders.

2. *Title-by-title licensing, streaming models*: [Norway \(Arts Council\)](#), [Denmark](#), [Finland](#), [Estonia](#), [Netherlands \(holiday app\)](#), [Germany](#), [France](#). What sets this group of models apart from the others is that almost all offer streaming (the Dutch holiday app being the exception). To offer streaming is a strategy for rights holders to prevent the content being downloaded onto the user's device as a file that can subsequently be stripped of DRM technology and distributed to others 'free of charge'. More often than not, these models are subsidized with government money and the titles are licensed on an individual basis, involving an upfront payment to rights holders before titles can be included at all. Negotiations between library consortia and rights holders' organizations tend to be semi-cooperative. What clearly sets the German model apart from the others, though, is the huge amount of titles on offer (over 160,000).
3. *Download models*: [Sweden](#), [England](#), [Wales](#), [Spain](#), [Slovenia](#), [Canada \(Quebec\)](#). These models in general tend to come to life in a semi-conflicted negotiation atmosphere. Reluctance on the part of publishers to take part in e-lending might result in download-only models, although two of the six models (the ones from Slovenia and Spain) use in-app streaming as well (as do the two Dutch models). The models in this group offer a medium-sized collection for e-lending.
4. *Abundance models*: [Norway \(Bokhylla\)](#) and [California and Massachusetts \(United States\)](#). What unites these three models is the sheer unlimited amount of titles on offer (a feature they share with the German model in the second group though). The library or library consortium tends to own the distribution platform and is able to select titles without having to negotiate with publishers. The Norwegian Bokhylla model is unique in the sense that access to its titles (books by Norwegian authors published before 2001) is universal within the Norwegian IP domain.

As the graph makes clear at first sight, the first and last groups stand out most. The two groups in the middle differ only gradually and might with reason be merged as well. The Flemish and Dutch models, with their one-copy-multiple-users and pay-per-use characteristics, together with their Czech counterpart can truly be regarded as international front runners in the sense that they try to overcome artificial scarcities. These scarcities are due to friction strategies attempting to transfer physical restrictions to the digital domain and thereby 'saving' familiar, decennia-old market divisions between buying and borrowing. It is fair to say, though, that some of these models succeed in offering a markedly larger amount of books than the Dutch-language models do. This may in part be due to the US and German models having access to much larger language areas and hence a larger number of book titles available (see figures 3 and 4 in the Civic Agenda report).

Still, it might be safe to assume that going along with single user licensing (one-copy-one-user) friction strategies could be helpful in this transitional phase to get more titles available for e-lending. To these and other considerations, the remaining part of this report is devoted.

Figure 3: Snapshot of the Flemish e-book lending portal



4 The Flemish and Dutch models: possible ways to move forward

E-book lending models are being developed in a complex interplay of actors and their respective interests. Together with varying economic, policy, socio-cultural and technological contexts make it not very probable, to say the least, that eventually a one-size-fits-all model will emerge all over the globe (the same is true, to be sure, for printed books as well). In what follows, some considerations are given as to how the Flemish and Dutch models could be developed further. To this aim, the invaluable insights from the Civic Agenda study and the homogeneity analysis presented above are combined with background knowledge of the situation in this particular corner of the world, and - inevitably - with normative notions of what constitutes 'providing a collection' as a service carried out in the public interest. The following paragraphs contain some general recommendations that might be kept in mind in advancing the current Flemish and Dutch models.

4.1 Continue to work on a model that is fit for the digital age

Almost from the start, the two Dutch models have drawn criticism from librarians and other professionals for providing mainly long-tail, 'ancient' titles, a 'collection' unworthy of that name. What has been overlooked in that critique is the pioneering role the Dutch and Flemish organizations have played in trying to develop a one-copy-multiple user model, as well as the internationally unique holiday library. The inventory of 19 models has shown that with the notable exception of the Czech Republic, such a strategy does not appear to have materialized anywhere else. Providing library members/users (and non-members in the holiday app) with a user-friendly way of borrowing e-books and doing away with the artificial friction strategy of the single user license model ('this e-book is currently in use; you can make a reservation') should be the way to move forward in the digital age.

However, rights holders are understandably hesitant, afraid to lose a significant part of their current revenues in this model, and may therefore be reluctant to have their works included in the e-lending portal. The current legal regime in the European Union enables them to refuse to do so. In the first instance, it is therefore almost inevitable that the collection size is limited and the collection is out of balance in many respects. At the same time, though, putting the model into practice yields usage data informative for both parties in judging whether this model is viable. Furthermore it produces insights how parameters can be tweaked in order to arrive at better results - 'better' in terms of the librarian's cultural (public interest) perspective and/or the rights holder's economical perspectives. As a matter of fact, the experience in the Dutch situation as reported by Bibliotheek.nl is that publishers are shortening the period in which titles are for sale only, and offering them in the e-lending portal more quickly. Furthermore, it looks as though more titles are included in the e-lending portal after a shorter time span also because the number of loans has exceeded the publishers' expectations, indicating to them that through this portal, an additional revenue stream can be generated. If this is indeed the case, it would undermine the criticisms about the e-collection's shallowness.

Balancing both parties' interests is of the utmost importance in working out the one copy multiple users model. For putting the model into practice and keeping a keen eye on this balance of interest, the Dutch and Flemish models deserve due credit.

4.2 Consider a multi-track strategy with and without inbuilt frictions in the transitional phase

The former praise notwithstanding, the comparison of models has brought to light that in some single user license models, the number of available titles exceeds those in the Netherlands and (particularly) Flanders by far. This is due in part to the smaller size of the linguistic area and, therefore, the smaller market and available titles in the first place. Nevertheless, it can be argued that a model in which rights holders are more in control over what happens with their works will incite them to be more generous in allowing their titles to be included. From a cultural, public interest point of view, to be sure, it is better to have a large and heterogeneous collection available for e-lending through libraries, both from a user and a library perspective. The US models show that accepting that the transitional phase will most likely be longer than strictly needed - accepting that readers and publishers tend to stick to their long-lasting behaviour - might be a wise strategy in order to at least be able to offer a larger and broader collection of titles. Another reason a 'multi-track' strategy recommends itself is that the book market is heterogeneous in many dimensions.

Not every genre 'ages' as quickly as any other, and publishers of different sizes and specialisms have different business models. Being able to accommodate for variations like these in the e-lending model is to be recommended.

Interestingly, recent legal proceedings in the Netherlands (The Hague court) have led to the judges putting forward prejudicial questions to the European Court of Justice as to how the European lending rights directive should be interpreted. There is a chance that the outcome of the legal procedure will enable libraries to include any title available under a certain form of single user license. In any case, in the current stage of development of e-book models, one is well advised to bet on more than one horse. The Massachusetts model e-book Project shows that it is possible to integrate different platforms with varying licensing schemes into one whole.

Figure 4: Snapshot of the Dutch 'holiday library' e-lending portal



4.3 Continue to work on improving the user experience

Expanding the number of available titles also serves to counter the probably most annoying experience patrons can have, namely that the book they were looking for cannot be found in the e-book collection. As far as this is due to the current search functionalities (for a first impression see figures 2-4), both platforms should work toward improving the user experience. Usability tests in both Flanders and the Netherlands have demonstrated that there is still much to be improved. What these tests, limited in scope due to budget restrictions, could not demonstrate is the extent to which patrons from varying walks of life (age, level of education, language proficiency, degree of digital literacy, reading attitude and experience) encounter different problems while searching or browsing the collections through the current portals.

Because of the large heterogeneity inherent in the general population public libraries serve, offering multiple browsing and searching interfaces should be considered, along with user-friendly variants of faceted search.

It is conventional wisdom that if you want to reach the masses, you have to adapt to their searching behaviour; which at the moment in the Netherlands and Flanders is Google. So while tweaking the e-lending platforms, both organizations Bibnet Vlaanderen and Bibliotheek.nl (as of January 2015 integrated in the Dutch national Library Koninklijke Bibliotheek) could work towards being more visible in Google searches. This might imply convincing rights holders that only a metadata search is not enough and that access to full text in searching is needed.

4.4 Try to get a larger share of the general public involved in accessing and valuing the Dutch and Flemish literary production and heritage

Right from their inception in the second half of the 19th century, public libraries have had as their mission to get larger shares of the general public involved in accessing and using their (mainly printed) cultural heritage. Elitist as this may seem at first sight, it is the foremost reason for investing public (taxpayer's) money in the library system. In developing and 'selling' their e-lending models to potential users, the two organizations in the Netherlands and Flanders have ran marketing campaigns to raise awareness of the new library services. Staying close to the library's mission, it should be kept in mind that awareness should be raised not only for the popular content, but also (and maybe predominantly) for the breadth of the whole literary field (fiction, non-fiction, poetry, essayism, etc.) and even the whole cultural spectrum (including music, film, theatre etc.). Particularly, both the Flemish and Dutch digital libraries should consider integrating the high-quality literary heritage content of the Digital Library of the Dutch-language Letters (*DBNL*) content which has been digitized, proof-read, and annotated by knowledgeable staff. The DBNL portal itself aims primarily at scholars and students of Dutch and Flemish literature asking for high-quality content. In integrating its content in the portals for the general users, the aim would be to try to open up DBNL's riches for a larger number of users.

5 Appendix

Legend to figure 1: acronyms, full names, and exact scores on the dimension derived from the HOMALS analysis.

		Dimension 1	Dimension 2	Group
BE-FL	BE (Flanders) E-boeken in de bib	-2,36	-0,87	1
NL-Eb	NL E-book platform	-1,45	-1,58	1
CZ	CZ eReading.cz	-1,37	-0,69	1
FR	FR PNB	-0,55	0,25	2
DK	DK eReolen	-0,52	0,17	2
FI	FI E-Books for Public Libraries	-0,39	0,56	2
NO-AC	NO Arts Council E-lending pilot	-0,20	0,90	2
NL-Ho	NL Vakantiebieb	-0,15	-0,21	2
EE	EE ELLU	-0,12	0,21	2
DE	DE divibib	-0,06	-0,78	2
UK-EN	UK (England) Arts Council E-lending pilot	0,20	1,31	3
CA-QU	CA (Quebec) PretNumerique.ca	0,26	1,75	3
SI	SI Biblos Lib	0,41	0,80	3
ES	ES eBiblio	0,46	0,64	3
SE	SE Biblioteket.se	0,61	1,03	3
UK-WA	UK (Wales) e-Books for Wales	0,69	1,13	3
NO-Bo	NO Bokhylla.no	1,17	-1,34	4
US-MA	US (MA) MA eBook Project	1,85	-2,21	4
US-CA	US (Califa) Enki	2,35	-1,15	4