



OCUL Vendor Renewal Communication Statement

May 11, 2015

To: OCUL Vendor Community

The following communication has been developed to provide our partners in the vendor community with key information about the 2015/16 license renewals processes.

The current fiscal year will be very challenging. There exists a high likelihood of reductions and/or cancellations to licensed resources for Ontario universities for reasons outlined in greater detail below. The OCUL Library community wishes to proactively address the challenges that we are facing.

The budget outlook for Ontario universities for the coming year is daunting. Our funding comes from the province, and the current provincial budget deficit of 8.9B means that we cannot expect any significant improvement in the short to mid-term.

We are currently facing significant cumulative negative impacts through the combined effects of flat funding for the sector, increasing inflationary costs, and projected lower student enrollments. Moreover, many institutions are undertaking system-wide budget cuts that include targeted reductions for Libraries' collections budgets.

This situation is significantly aggravated by a major weakening of the Canadian dollar against the US dollar. It is important to recognize that approximately 90% of OCUL resources are priced in USD. Many OCUL Members are anticipating spending reductions in the 8-12% range for the upcoming year as we continue to grapple with this significant loss to purchasing power. The CAD - USD exchange rate declined by 11% between October 2014 and March 2015, with only a modest recovery in April 2015.

The combined effects of both lower direct funding, budget reductions and the erosion of purchasing power through currency exchange rate fluctuations will create a perfect storm for cost containment (i.e. cancellations) across OCUL schools.

As trusted partners in the higher education sector, OCUL believes that we can continue to foster excellent working relationships with our partners in the vendor

community. We recognize the challenges inherent in the rapidly changing environment of scholarly publishing. We are looking to our vendor partners for creative solutions and to help address our ongoing need to maintain a rich resources base within our financial realities.

To this end, we are setting out the following principles that we strongly urge our partners to adopt when approaching renewal offers to our consortium:

- ***Annual renewal increases should be limited to inflation +1% (or 3% annual maximum increase)***
 - This principle is similar to one that has been adopted by the CRKN at last year's Annual General Meeting and is in line with funding realities and expectations of the senior administration at OCUL institutions
- ***New content should be offered separately to existing/renewing resource licenses and not bundled within existing renewals***
- ***License renewals should be offered with one year or multiple year renewals, minimizing the positive and negative incentives attached to each option***
- ***License terms for resources should continue as status quo, save for required changes to the business terms*** (e.g. subscription term, cost etc.)
- ***Provide additional grace access periods to licensed resources (should these become necessary)***
 - As noted below, OCUL will be experiencing some capacity issues during the summer 2015 period and renewals may take longer than anticipated to finalize

Other strategies that may be considered to deal with the current negative budget outlook include:

- Paying invoices in CAD funds
 - Consideration could be given to setting/pricing renewal contracts in CAD funds, using a mutually acceptable exchange rate
- Setting the USD exchange rate at an agreed upon date and agreed upon value between OCUL and vendor for a given license
- Risk sharing – this could take the form of a mutual agreement between OCUL and a vendor to set the CAD to USD exchange rate and have the parties share the risk of currency fluctuation equally

We appreciate your willingness to engage meaningfully in these issues as we work together on license renewals for 2015/16. Please note that librarians from OCUL Member schools may be involved in negotiations on behalf of OCUL staff, to ensure that resource issues are dealt with in a timely and efficient manner. For referral to the appropriate individual, contact: **Jacqueline Cato**, Administrative Assistant: E-Resources, Phone 416-978-0672, Fax 416-978-6755, Email: jacqueline.cato@ocul.on.ca.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kathy Scardellato', with a stylized flourish at the end.

Kathy Scardellato
Executive Director