

Can eBooks Fit into the Print Book Paradigm: Publishers and eBook Lending Limits

We are dedicated to bringing you the best in practical library training in proving the skills of library workers. We are funded in Part by the Library services and technology act administered by the Institute of Museum and Library services. This particular webinar is funded by Intel people. I am going to take care of the housekeeping portion of this webinar. I'd like to start by going over the WebEx interface with you. On the left is the main window, into the right you see a participant panel. Below that a chat Channel. Chatting is a tool you can use to communicate with the presenter. It is also how you can ask -- ask for tech support. The drop down below where you type is where you can select to whom you send your message. by default, it is that to all participants. If typing in the cap present an accessibility issue for you, please feel free to dial in on our 800 number and we will on you at you so you can ask your question. You will also see a Q and a panel. Questions submitted this way are only seen by the presenter. If you want your comments or questions to be viewed by everyone, so that if I submit via chat.

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I will introduce the panel, give a brief overview. After this, we will have an open discussion, and we will take questions from the attendees. Unfortunately, due to scheduling conflicts, Josh Marlowe was unable to attend this panel. Josh enjoyed the conversation on this issue last week entitled e-books, collections at the crossroads, and would like to continue the conversation. Hopefully, we can use the notes on the discussion to get a feel for where HarperCollins is going on this issue. Our first panelist is Mark Coker. He is the founder of smashed words. If an e-book distributor that provides content to the Apple iBook store, Barnes ampersand Noble, Sony, and the [indiscernible] book store. He is a contributing writer. Sarah Houghton-Jan is the assistant director for the public library. Sarah writes daily for her award-winning blog about library technology. She is the co-author of the e-book users Bill of Rights. Eli Neiburger is associate [indiscernible]. He is a library renewal board member -- he blogs at [indiscernible]. Finally, Mary Minow is an attorney, consultant, and former library -- librarian. She teaches digital copyright at the San Jose State and seven schools of library science. She blogs. Here is a brief overview of the issue. On February 24th 2011, overdrive CEO spent -- sent a letter out to notify them about new e-books and digital content licensing terms for library lending. The publisher or -- this was established by certain publishers and the publisher turned out to be hyper cards. HarperCollins responded with their own literature on March 1st. A

change is that HarperCollins will no longer be licensed for unlimited use but instead for only 26 consecutive checkouts after which a new license will have to be purchased. Much outcry ensued including [indiscernible] and even print titles. So where do library stand? This issue and the greater issue of how e-books fit into the directional library landscape are what we are here to discuss today. First, we are going to hear from Sarah Houghton-Jan. Good morning, Sarah.

Hi, good to talk to everyone. So the main question from today's webinar even in the title is, can e-books fit into the print book paradigm? The answer to me is unequivocally no, nor should they. E-books should fit into their own paradigm. It would seem to me that publishers want to keep a hold of all of the weaknesses of the print book world and add new ones into the digital world without using any of the strength of the digital medium provided for us. So there are three really big weaknesses of the print book format that publishers have transferred I think to the best of their ability to the e-book format. A limit of one copy being used by 1 person at a time, which doesn't take advantage of the electronic format ability to dispense with the idea of copy, limited checkout periods. Why should an electronic file expire at all? And as we were just talking about, HarperCollins decided that this mystical copy wears out after 26 uses. I just have this image in my head of all the bits and bytes just a stimulating -- just disintegrating. What makes it even crazier it seems like a lot of the publishers have implemented a slew of new weaknesses and limitations to their benefit, their profit margin, not the author and definitely not libraries and consumers. The biggest change with digital content to me is that there is, for the most part, no ownership of items with most publishers. For libraries, this has complete decimated our ability to preserve the long term, which is a crucial role for us of preserving the cultural record. We cannot do that with digital content. It is about time that we woke up and took a stand against that. Some publishers have decided that they will not even sell e-books to libraries at all. To me as much as you may want to be mad at HarperCollins, mad at somebody else, these two publishers are the real evil entities in the equation, if you will. If you want to write angry letters, the should be the targets. Furthermore, libraries aren't allowed to purchase licenses to e-books from a provider like Amazon or Barnes ampersand Noble like consumers can. You know this. We cannot buy a Kindle and then lend it out. That is against Amazon's terms of service, not against the law, but against their terms of service. We are forced to work through these third-party content aggregators that currently have a fairly completely monopoly over popular materials, meaning that we pay more for a title and mourn it -- and more for maintenance. Libraries are paid -- are paying more. Libraries would get dissident if I would get discounts. Why the change? Why have we tolerated it so far? And many publishers don't allow some of the things that they do with print titles all of this lovely digital rights management that locks down our oppressive content and to me to perpetuate -- betray certain device and operating system biases. Are we okay with telling users to get access to our content depending on what kind of company they buy their smart phone or computer from? I am not okay with that. Also, speaking to others, because it is very important, they receive far less per sale up for e-book and print books. A really great post posted statistics that were just stunning to me that publishers are doing significantly better on e-book sales. Authors are doing worse. A couple of examples cited were the profits on the help by Catherine Stock at where the author receives 39% less boring e-books fail than for print book sales. The publisher gets 33% more. Or unbroken where the offer -- where the author gets -- the publisher gets 7074. Naturally, publishers are motivated to sell more copies than print copies. To get more money personnel because no one, not consumers and not libraries ever even owned that e-book. They get to retain alternate control. I am left with so many questions that I hope we get to address. How library access will work with other digital media types. Whether or not Apple and Amazon have a future. What happens when content is only produced digitally and that content producer chooses not to sell to a library? I really believe that there are pricing and distribution models that can be profitable to the author and affordable to libraries. I think libraries are positioned to take a strong stance and advocate for those digital content access for the public, for the consumers, and for libraries. We really just need to have

the leadership within the profession to do so. I am so proud of so many people in the profession because much of that leadership is coming from the grassroots level. Librarians are standing up and saying no. Just say no to the current anti-consumer and anti-library models of digital publishing. I find this uprising to be truly inspiring. I am convinced that we can find a way forward that works for authors and libraries and publishers if they would only start to listen and be able to go beyond this dying business model that they seem so attached to. And that's it for me.

Cool. Thanks a lot, Sarah. Next, we are going to go to Mark Coker. Today Mark has pneumonia and laryngitis, but he is going to, hopefully, offer a perspective from the publisher.

Thanks. I apologize to everyone who has to listen to my voice right now. I will give some quick background. We are in e-book publishing and distribution platform, so we are currently helping independent authors publish and distribute about 42,000 e-books. It was interesting to hear what Sarah just pointed out about the inequitable [indiscernible]. What we have done is we have turned the compensation model upside down. 85% of the net proceeds of every sale go to the author or publisher with smash works. The magic of this is that when you can increase the profitability to the author or publisher, it allows them to publish their works at a lower cost and still make the same or more profit per unit sold. What this means for libraries is that these independently published works can be more accessible to libraries at a lower cost. The other interesting thing that we have observed is that writers write for reasons different than publishers publish. Publishers are running commercial enterprises and they have -- many of them have Manhattan sky rise brands that they have to pay. But they are high expense structures at very little value to the book. What we are hearing from our authors is that many of them see the value in making their books more accessible to more readers and making their books available at lower costs. The average price of a book is under \$5 at smash books. In the conversations that we have had with our authors about our initial library initiative, we found that many of the authors want to donate their books to libraries for free. So we are participating in a nationwide -- it includes U.S. and Canadian libraries. It's an initiative run by the Internet archive. We reached out to about 13 of our best-selling authors, authors like Amanda Hocking, Brian Pratt, Randolph [indiscernible], Ruthanne Nordin. We offer them an opportunity to participate in this test where they would donate their books for free for perpetual access to these libraries forever. With nothing promised in return. And all of them jumped into this. That to me was very gratifying. It tells me that the independent authors and small publishers, these are the ones that are pioneering the future of books. The future of books is not being determined by large traditional publishers. It is by these independent authors who have the power to take publishing into their own hands. They want to support libraries. In the months ahead, I am looking forward to exploring the intersections between the interests of authors and the interests of libraries. I think libraries fulfill a very important, crucial role for society in terms of making books available and accessible to all. I think the independent authors have an opportunity to help ensure that the mission of libraries can be fulfilled. Thanks.

Thanks a lot, Mark. Next we are going to go to Eli Neiburger. He attended last week, and I was hoping he would have some insight from that discussion to share with us.

Sure. Thanks, Henry. A couple things I just wanted to mention as we are thinking about this. I think that one important piece to keep in mind is that, we all have a very good grasp of the way the industrial revolution changed the planet. It eventually touched just about every single corner of the planet, and we are now in the early stages of the information revolution. The information revolution is just getting started. We haven't yet hit the Model T of the information revolution, and I think that when -- we need to remember that the things that we are worrying about right now are going to seem, in many ways, utterly ridiculous for the

problems that our organizations are facing even five or 10 or 15 years from now, and I think that a lot of the concern over the new rules that HarperCollins has ruled over it is exactly that. We are going to be nostalgic for when we can buy 26 check out that that type of price going forward. It is going to get a lot uglier before it starts getting better. A big part of it is, like some of the things that Mark was saying, the cost structure for publishing is not very conducive to Internet-based distribution. And you look at the businesses that are successful on the Internet, and you look at things like eBay and PayPal who are taking something more like two or 3% of the transactions that they mediate as opposed to 70 or 80% of the values of the transactions they mediate. That also gets us to the point where we need to be looking not for one big solution but for a bunch of different solutions to these problems. Two rules here. One is that the Internet is not kind to intermediaries. It wants to cut them out and make as few as possible. eBay is a golden example of that. One site that becomes a place where all the transaction -- everybody wants to sell things and buy things on that site. That is one tool with very few other competitors. The flipside is that the Internet likes it when there is lots of different copies of something, there's all kinds of different sources of it, a million different versions. Those two things together kind of make a hard case for the treasure of -- for the traditional publisher to be able to adopt and adapt to the 21st century. The other thing we need to remember is we are like, this is the big new thing. It is can% over already. Things are changing pretty quickly. I think that we need to focus on the value propositions that our organizations provide to our communities and not get too locked up on what they have always been, because those can disappear very quickly. I mean, there is always the analogy of, don't get left holding the buggy whip. That could certainly be the case for libraries if the demand for our collections, as a straight -- as they stand, dry up. We are unable to collect in the ways we could before. In many ways, the idea of a library collection is significantly negatively impacted by the Internet as a whole. And we have seen is that the reference desk for sure. And you feel this at cocktail parties. Now we have Google, we don't need a library anymore. We know how much value libraries being into that equation, but that perception is out there and Israel. When we think that we can ignore it is one communities start looking at the costs that they are bearing and their municipal finances and decide that maybe the libraries don't make quite as much sense as they used to. That puts us in a real pickle when we are in a situation like now for the best seller and of the business is starting to tighten up on us. We are starting to not have the same kind of access to the bestsellers that we always have, because realistically, and this is one of the things that Josh said it is the information they were looking at was saying that most books that libraries don't circulate 26 times. And if you work at a busy public Library, that's crazy. But if you look at all books in libraries, it is absolutely true. Most books in libraries don't circulate 26 times during their life. So how big of an infringement on what we are accustomed to doing what that realistically have been question are the problem is that libraries are focused almost exclusively on the best-seller business and trying to have enough copies of the hot new thing because that is what the people want. If we don't meet the needs, then we see that much less value. Realistically, we need to start developing ways to provide value to our community that is perceived as having a high value associated with it that isn't keyed to the hottest new bestseller. That is because if I am wrong and we remain to be able to get bestsellers out to our people, then that's great, but if I am right and the bestseller kind of ceases to be something that libraries can obtain, then we are really stuck in a bar patrons of the U.S. primarily as a place to get the things on the "New York Times" bestseller list as soon as possible. We already know how hard we struggled to do that with the physical materials. Finally, we have digital material that we could conceivably buy some type of special license that would allow us unlimited access. At most libraries would put a very high dollar value on the ability to meet the entire demand of their patron based on the date the item was released. Of course, the problem is that the publishers look at that and they say, you are turning buyers into borrowers. Library say, yes, that's our job. You can imagine why that causes some friction. I think that when you get into the situations were at least HarperCollins is trying to do something, they are trying to make this work. Like Sarah mentioned, there are publishers who will not deal with us at all. That is much scarier and more dangerous to libraries and

publishers who want to deal with us on their terms. Realistically, the best thing to do is if someone is offering you terms and you don't like them, don't take them. Don't buy it if it's not a good value to you. Of course, that's an easy thing to say, but when you've got 200 patrons waiting for something, you might feel a little bit differently about the way that that value is deployed. So I think there's a couple things just to keep in mind. One is that we are not going to be able to buy our way out of the 21st century. We have to be able to invent new products, and that new business models. That takes infrastructure and expertise. Those are two things that on the digital side libraries tend to lag a little behind. We need to not always be looking for an intermediary to bring us a turnkey solution. We need to be developing the infrastructure to store content ourselves. We are libraries. We are in a content aggregation and distribution business. We should have robust infrastructures to aggregate and distribute content in our buildings, not at the far end of the PO. We need to be buying for it for ourselves, because we will always get better return on investment when we provide our own infrastructure than when you are signing a contract to do so. Part of the problem is just libraries making a gradual transition away from vented services and toward internal expertise and Internet resources, because that is the way you are going to provide your patrons with a good return on investment. And that comes down to having a different type of expertise that has typically been critically important to libraries and when it comes from the software development world. Software development is going to be a critical skill for libraries of all sizes in this century. It is easy to say, well, we are just a tiny library. Well, there needs to be priorities made about what is happening at your library. Software development doesn't have to be hugely expensive if you are doing it on a small scale. There's lots of opportunity to do it. It all comes down to the library building the infrastructure to be ready to take advantage of the deals that we can make as the entire publishing industry changes around us. And this is just the very first step. Let's not blow our entire payload of customer outrage on this one little blip, because if you saw the "USA Today" story on this article, the comments were ugly. Now comments might always be ugly on "USA Today," but the reality is if we attempt to bring the patrons perspective around to our problems, we are usually going to fail and wind up looking even more relevant by comparison. The key is, the best way to predict the future is to invent it. Wasn't that Henry Ford that said it? If I asked people what they wanted, they would have set a faster horse. Let's start working on some cars and not making a faster horse.

Thanks a lot. Lots to think about. Next, we are going to hear from Mary Minow. She's going to talk to us about the legal difference between licenses and sales of e-books.

Thanks, Henry. Libraries have very different rates, whether it is a sale or license. The test of whether it is a sale or license is not what the marketing is on the vendor's website saying buy this book, it is what is in the contract. When you click on or what you agree to and sign is what the court would judge you by. Now, a court did recently look at this issue in the Ninth Circuit, which is essentially the Western states in a case that shocked the country. It was a case about sales. In that case, they look at whether it's a license or a sale. They came up with three factors. First, does it specify that it is a license? Second, does it significantly restrict transfer? And I know that some early licenses with our e-book lenders did not do that. Third, does it impose notable use restrictions? Basically, it says that is you are the content owner, you pulled really most of the cards because you are the ones to determine whether you are specifying if it is a license whether you significantly restrict transfer and whether you impose use restrictions. Now, it matters a lot because I see that we've got two questions already from AI and from doctor Webb. HarperCollins made it clear that we would be leasing from them, not buying. Were we ever really buying the books we were getting from them? I am not aware of any e-book vendors in the past that have actually given you a sale as opposed to a license. There are -- there are some that are starting to do that now. Doctor Webb, should libraries be seeking publishers and e-books that we can own, or is licensing all we can do? Absolutely. We should be looking for e-books that we can own. Let's look at that. If you do buy an e-book, then you are not talking

about license anymore. You are talking the about copyright law. The license will trump the copyright law. Copyright law is at least in theory a carefully balanced attempt at the rate of the content owners and the people who want to access the content. At least that is what is mandated by the Constitution to promote progress. So if you bought the book, then you are dealing only with copyright law. There is no private restrictions that have been layered onto that from the license. A copyright law, we've got some notable exceptions for sale, fair use, and the library and archives exception was allows a library loan and preservation among other things. Now, the first thing I often ask about in this context, it is the library buys an e-book, can't they use the sale doctrine to one into someone else? Well, the first sale doctrine is in the physical world allowing libraries to loan paper books without paying royalties to the copyright owner. It's not something to take for granted. There is 30 to 40 countries that do not have that and pay royalties to the copyright owners to the authors whenever a book is borrowed from the library. That's mainly in Europe, Canada, and Australia. I must let people know it does not apply in the digital environment. There was a congressional study in 2001 to analyze this question. That conclusion was, well, we are just going to wait and see what the market does. Nothing has happened since. It applies in the physical world but not in the electronic world. In fact, the decision which was primarily a suggestion made that perhaps it is time for Congress to revisit this and apply the first sale doctrine to the digital world to amend section 109. I think this is a wake-up call for Library users to get involved in changing that law. There is a new energy now that is going to be descending on Congress in the wake of the Google book settlement to revive the orphan books legislation. This would perhaps be an opportunity to say this is a time to change sales as a libraries can continue to exist.

Cool. Thank you, Mary. So I see that there is a continuum here. It seems on one hand there was all right a first first sale for e-books. We could make everything available. There would be complete information freedom and then the other end of the continue on their would be no e-books for libraries because what I am wondering is if we are at a for-sale for e-books existing, could publishers still stay in business customer with that whole cult of the best seller, would it stop being a big driver in libraries? And now let's move into the open discussion part of the webinar.

Well, one thing that I would like to say to that is there is a model that has just been washed. The Internet archive launched an e-book lending program at the end of February with 150 libraries and 86,000 e-books. They are asserting fair use, which is another part of the balancing act. Books can be borrowed for two weeks for any of the patrons of those 150 libraries. They can get them in browser so you don't have to worry about the copying. It is just in browser. It is on the Google books model. It is not device dependent. You go home and you can pick it up there.

With open Library project, does that mean -- will that ever encompass books that are in copyright?

It absolutely does encompass books. It is mainly books in the 20th century. The founders copyright was 14 years. The intent is to model the physical world that we have now, asserting that it would be pretty hard-pressed I think if you were a copyright owner to say that is against fair use for a library to loan out a book that only has one copy at a time to one user at a time. Certainly, that's not taking advantage of all the possibilities under e-books that are previous speakers have been talking about, but we are talking about copyright books now, but not the best sellers. In fact, I am working with the library system as one of my clients on this project. The libraries have given them so far. For listeners interested in joining or learning more about it, email June at archive .org.

And that would be all the books in the open Library and the Internet archive. That would be one vote, one

user, or would there be multiple copies?

One book, one user. If they happen to scan two copies of the book, then it could be two users.

And then during the time when the electronic copy is in use, is also the case that the physical copy would no longer be available?

That's right. In fact, what the Internet archive is doing with the physical books that have been largely donated is they are putting them in a warehouse. It is only that one copy being used at a time. It is not like there is a physical copy that is being used, unless it is something that is out of print or hasn't be reviewed.

I see. And Mark Coker is also participating in the open Library project. How do you see this as affecting your sales of e-books and enthusiasm of the authors for the project.

Well, we have seen great enthusiasm in terms of the 13 best-selling authors saying yes. I think the thinking among our authors is that the greater availability and exposure that they will get by broad distribution to libraries will help their commercial sales. And I think a lot of them also feel a social mission here to make their books available. You know, earlier I talked about how writers often write for reasons different than publishers publish. Publishers publish to make money. Writers often start off writing because they have something important that they want to share with the world. Only a very small percentage of authors actually earn a living from writing. So it is not like they are giving up very much. So what we have seen is that these independent authors -- and we are talking about some of the most commercially successful ones. You know, Amanda Hocking. They are embracing experimental things like this. I think because, number 1, they love libraries. Number 2, they think it can benefit them on the commercial side.

Libraries are where users are. -- or readers.

Libraries introduce books to readers. Authors want to be read. Most people have probably heard this phrase before. The biggest threat facing any author and any publisher is obscurity. You know, how do you reach readers?

So you are one of the few ways -- smash words is one of the few ways they could get Amazon content available to readers. We have a couple questions about the loaning of e-book readers. Is that the way that e-books fit into the print book paradigm? This is an open question to the panel. I mean, how does that fit into this whole landscape. Should we be concerned that it's not legal?

It's a violation of the terms of use. You know, the issue isn't so much is it something that can or cannot be done, because it can be done technically. The issue is that you are undeniably open to a lawsuit about violation of the terms of service from the rights holder. The odds are pretty good that someone will be made an example of. The question is then, do you go into it with that expectation that you are going to be the example, that you are going to budget for the billable hours that it's going to take? There is a lot of these issues that have not been tested anywhere yet. I think that the question -- you know, we have the Ninth Circuit decision so far, but I think it is still a separate question about whether or not an e-book -- whether an e-book is licensed or sold, even though it it says it is a license. There are a lot of the executives referring to it as a sail.

It's all about the contract.

Yeah, it's all about the contract. The issue is going to be, how does that get interpreted? The question is, is that a sustainable service model for public libraries? Are we circulating DVD players? There is other parts of it that come into question. Is that the right way to get the content out to them? If nothing else, that is just one device. There is lots of different devices out there. It's more important that libraries reach people on whatever to place it is that they use than it is if we are moving up around a particular device that is loaded with a particular bit of content.

This is Sarah. I would agree. A question has come into Twitter. Which is worse and more damaging to libraries and consumers. Digital -- digital rights management? It locks it down so people cannot get what they want on their device to preference. I don't think that is in keeping with what libraries have always held to as one of our core ethics, which is equitable access to information for everyone, regardless of external factors such as where you are from, your age, your background, whatever. In this case, your choice of device is affecting the ability to access library content. To me things like digital right management continue, we put ourselves in a position that is very, very tenuous to defend two people that, I'm sorry, we don't support you being able to access library content if you choose to be an Apple person. With a lot of the vendors, they are trying to make things more compatible, but in most cases particularly with audio e-books, that's not the case. That concerns me greatly. Digital rights management locks up something down. If you don't have locks to unlock it, that content of information is inaccessible. That is not acceptable for libraries either.

This is Mary. That is why I like Google and Internet. I expect others will follow this because it is not device dependent. Yet it does satisfy the lockdown because you can't earn the -- the average person cannot download it.

I think the other part about the DRM part of the equation is that the user experience of using the DRM systems that libraries are allowed to purchase is so hugely inferior to the DRM built into the device that it just reinforces the users impression that using the library is an inherent fear he -- in theory a way of getting what they want. That's a really bad decision for us to be in from a market perspective. You know, basically, as we are adopting digital products, we are buying them because they are the only ones out there, and then the public is like, hey, I've got my new device. I can download something onto it. Oh, this experience sucks. That is a really dangerous position for libraries to be in. The last thing you want to do is get new skeptical library users in the door and prove to them that the institution sucks because of the way that the products are exposed. We have to be the best at this, not the worst at it.

I would add that not only does DRM make books less accessible but DRM also adds unnecessary expense to books. Not only expense for the library who has to answer customer service questions to their patrons about how they unlock books, but it also has expense to the books from the publisher. This is a completely unnecessary expense.

Expense is the enemy of the future of books. We have got to get rid of as much expense as we can.

And this is Mary. It is another layer that people don't talk about much. If you were to crack the DRM, it's a criminal violation. That is part of the digital lamb copyright act. That's a very serious offense.

This is Henry, by the way. If we wanted to be able to compete with the vendor experience that doesn't have the annoying DRM and you can get a right-of-way, why doesn't a pay per download experience makes sense for us to provide people with content in a very direct way? Where I could say to HarperCollins, I

want to have the price for one book, for one circulation.

Because what that does is that puts libraries in situations of being economic victims of their own success. I think that libraries we need to strongly resist pay-per-use models. Not even the private industry is going in that direction. Netflix is all-you-can-eat. The pay-per-use model could be extremely damaging to libraries long-term economics of sustainability. When you think about just because -- the other part of it is you could be manufacturing a demand that you could no longer meet. In some of those deals that may work for six or eight months, but then what happens when upstream the vendor decides to develop their own platform and sell direct to the public and you are out of luck that you manufactured this huge demand and there is no longer an option to me. I think you have to be very careful about any service model that is a fixed fee per use, because that undermines the very economic power of libraries. We just aggregate our buying power to get economies of scale, and you cannot get that when you are paying the same price for every download. You are paying one at a time. It's a dangerous model for the libraries.

But I would counter with if enough libraries were to leverage their economy of scale, couldn't they get a price for an e-book download that was economical and worked for everyone?

But it is unlikely that that would be a better margin than the same producer would get selling directly to the person. We are not in competition with bookstores anymore. We are in competition with the publishers selling directly to the user. It is going to be very hard for them to ever -- for the publisher to make more money from the library than they can from the individual. The flipside is it is absolutely possible, as Mark was discussing, for the author to make more money from the library than they do from an individual standpoint. We can aggregate the buying power of our community again and give the author more money than they would ever realistically expect to receive from our small markets. You know, wherever your service population is. It is not hard to write a given author unless they are a blockbuster author to write a check. When your getting there is -- data model that works for libraries. The more it is used, the cheaper it gets. Not the more it is used, the same price.

And that brings up a notion that was put forward by Paul Simms that what if Google were to get some major authors on their payroll customer they could pay a ton of money and they could be exclusive to their work. Could libraries do something like that?

Well, I am happy to keep talking. Someone else want to jump in? In the go-ahead.

Well, I think the biggest risk I think is blockbuster going free. I think that James Patterson could make more money with Google ads on every page of his book for free then he is currently making with his publishing deals. If every hot book becomes, essentially, free and all you have to do is click through and add every Chapter or something like that, that undermines the value proposition of libraries to our current communities even more. If you can get it for free from somewhere else. The fact is that it is supply and demand. There is more supply of digital work than ever pitted and the demand, there is not that many more people. It is going to collapse. You are going to see the 99-cent e-book number at or how much the publishers try to fight it. You are going to see that from the major publisher. At that point, you have to ask the question, do I wait three months or spend 99 cents? It is not much of a question.

If the book is actually available free, I don't see that as undercutting the library's mission. As I see it, the mission is to get books out to people for free. The 99 cents, of course, would be.

If they don't need to pay the tax -- they can get it for free directly from the author. How are they going to vote? If all of the publication needs are being met by the authors themselves at no cost to them.

Well, if that was the only mission, then I would agree, but the library is also a guide and a community center and all those other things.

I agree completely, but is that what wins elections? That is a challenge. The political landscape of the perceived value of a library, which is in about all the things we actually do. It is about what people think we do. That's the political dynamics of getting funding in this environment. We need to be really aware of how we line up against the commercial offerings out there and not be content to rest on our good feeling, which has an odd ENs but is a 51% of our voting public. Sometimes yes, sometimes no.

I still -- this is Mary. I still think that libraries can be champions to let people know about this. We are still the guide even if we are not the direct intermediary.

I agree. I think that is a great role for by grace to play. I think the catch is surviving to that point.

Libraries can participate and add value by providing aggregation for the services and discovery services.

That's right.

I think that's really important. Henry, I suggest that much of the debate about e-books and libraries takes on a very -- it takes on a fairly adversarial tone. As if they are working at odds against one another. I think one of the opportunities for libraries here is if libraries could produce some research that conclusively demonstrates that library lending actually does for commercial sales, because I would guess that many people go to libraries to acquire and discover books because it doesn't make sense for them to acquire them through other channels, so they are not always necessarily a lost customer.

This is Mary. Overdrive has a white paper that actually makes that point showing that the public library lending does spur on sales, and I have read that Bruggeman Young has done a similar study.

Yeah, they were being more synergistic rather than adversarial. I think some are commenting to that effect in the comment stream that borrowers produce buyers. And I think that we need to look at that more.

Okay.

Publishers can be convinced of that. Then they begin to view libraries as a marketing opportunity, not a threat.

Okay. So this is Sarah. I have to bring up at the thousand seven study -- bring up the 2007 study that AL a day. Granted, that was four years ago. But it did show that 40% of adults and 36% of youth purchased the book after checking the same title out from the library. So the research is there. Think if we had more to back it up, if we could point to some studies, that would be great. For me as someone who purchases digital content for my library, the adversarial relationship with the publishers have come about by public statements that they have made. Certain publishers in particular about how they feel about libraries. Comments that they make conferences or elsewhere privately to me and to others that I no that librarians are just whiny and they will eventually just shut up and take whatever are given. Those comments are very damaging. I think

the additional factor that I hear a lot is antagonistic relationships between the third-party aggregator standing between us as a publisher and difficulty having a trusting relationship with those companies for both the publishers and for libraries. It ends up being this trifecta of distrust and bad feelings. I think we all need to come together and work on a solution that works for everyone, but it is going to have to be done in the spirit of trust. I think these negative, nasty comments have to stop. I would encourage libraries to stop doing that, publishers to stop doing that, and the third-party content aggregators to stop.

And it seems like based on the conversation that HarperCollins is actually taking what we are saying seriously and are listening. Don't you think that is progress?

This is Sarah. Do I think it is progress that they say they are listening? Sure. If I saw some action, if I actually heard positive things coming back from them, if I see them talking with us in a positive way, that's great, but actions speak a lot louder than words. Action has, with any discussion whatsoever. It was an arbitrary decision. From what I understand, without the involvement of the third-party aggregator in question as well. So actions will do a lot more to support my view that these groups are trying to move forward as we are.

This is Mary. Was there also discussion -- the second bombshell, which I don't hear discussed as much, which is that libraries would have to restrict their users to their geographic definitions of the library no longer can choose how to define their users.

Right, the reciprocal borrowing agreements. Particularly in California with transition based reimbursement up in the air, that was a second part of Steve's letter, but there has been no follow-up on that as far as I know.

Was that discussed?

No, they didn't really have that come up at all. I think that part of it is they were fairly similar sorts of moves. What they found out is that is a logistically impossible task. I think there's a lot of memory in the industry about that. People think, well, they can try to audit our residency policies. Good luck with that. He only got 11,999 left to go. Good luck with that, guys.

Is a question about the digital divide. What about library patrons who cannot afford all the expense of gadgetry? How does this affect the users that just want to come in and borrow books?

Well, this issue often comes up about the digital divide and what about people who can't afford things. One thing is just to keep in mind that there is no quicker way to do value a municipal service than to position it as an alternative to paying for that same service. That is a quick way to get funded. So it's important as -- as essential as that is, and we all know how much could we do for people in a tough spot, but we need to not package that as our primary value because it does not resonate. But the key is also we are still in the early adopter phase. How many Americans have a car before the Model T came along? We have not yet seen the Model T in this space. At the same time, you got more cell phones in the world than toilets. These things are happening quickly. Most humans in the 21st century are going to have persistent Internet access in their pocket. Just like most humans in the 21st century, especially in America, have a refrigerator. That technology has matured. When I mentioned this in the other summit, I think we found 97% of people living below the poverty line in the U.S. own a refrigerator. That's ubiquitous regardless of economic level. Everyone's got it no matter what income level they are at it as it gets so cheap. You are going to be getting

some sort of a reading device for free with a contract considered as essential as your dish network subscription which I also think it's something like over 60% of households below the poverty level subscribe to cable or television TV. It is not that it is not possible. I think, should bigger issue is the infrastructure issue were a lot of people are living in areas where broadband doesn't make economic sense and likely never will. How to their communities get affected by the 21st century when there is not an economic driver to get high band risk connectivity's? That's a much bigger issue of who can afford it and who can afford it. Like anything else, it's going to collapse to the point where the cost to get access to that market becomes trivial.

And this is Sarah. I just can throw some figures out there. A lot of studies have been done on when people will have persistent Internet access with them always. The majority of people in the U.S. and quite a bit of the rest of the industrialized world, estimates are anywhere between two and 10 years that you will hit over 90 percent saturation. I think that is very realistic. I would put it somewhere around five, but this isn't something that we need a plan for now. We know we move a little slowly, so we need to be looking forward. Where should we be in three years? Where is the stuff that we are buying or licensing now going to be out in two to five years? Again, I think that's where our attention needs to be. The digital divide is extraordinarily important. Half of the county I live in does not have the kind of access it should because it is rural and it just does not make economic sense. But when you do have the ability to get 3 G access through your phone at any time, that works out as a much cheaper and much more portable model for people. It is more digital content savvy. I think we will see the demand for that to be a lot higher than it is now.

This is Mary. Part of the digital divide is people with disabilities, it's important for libraries to make sure that when they are licensing or better yet purchasing electronic content that it be accessible. Don't take that for candy. Arizona University filed -- they had to stop using the Kindle because they were not accessible unlike the iPAQ, which is quite accessible.

And speaking -- [overlapping speakers]

Go ahead.

No, go ahead.

Speaking of accessibility, I know that part of the open Library project sort of merges with making print available to buy books available to the print disabled. They are encrypted with Daisy.

I am so glad you brought that up. I think all libraries should be sure to know that today. If you have patrons with print disabilities, there is an enormously wealthy sorts of books that the Internet archive has been getting, not just public domain, although there is a million formatted public domain titles, but also books that are in copyright and in print. Those are available at the site. Just look for the Daisy except civil -- accessible books.

Anybody can qualify for the light great -- for the Library of Congress. A library could certify someone and they could go ahead and start using that today.

So we are heading to the end of the hour. Is there anything that we haven't covered that we should talk about? Anyone from the panel?

Well, how about a summary of what is necessary for libraries to participate in this e-book revolution over the next few years.

I would say that library supporters need to be lobbying Congress for a fill rate. This is Mary.

Lobby Congress from Mary. How about you, Eli?

I think it would be amazing if we got a digital for-sale rate. It is hard to imagine Congress deciding on that side of things, as much as that would be great. But I think the real key to libraries being prepared to do this, like I was saying earlier, you need to have servers and geeks to take care of them. One that you're building, ones that are part of your infrastructure. You are using public money to hire the expertise and by the big iron. As a result, it can put you in a position to be able to deploy digital content to your customers on a level of usability that is on par-with the major device stores. And if you can get it that easy, then you have a chance to be viewed as competitive with what is seen as the future. If it is 21 steps to download and install your new thing, then it is going to drive the customers away. So it is all about having the internal expertise and the internal resources to be able to do this very whether it is a soul library or a consortium. But not through a vendor relationship. It just doesn't return on the public money like it should.

And what do you think, Sarah?

I think that in general the Digital millennium copyright act needs to be revisited by Congress. We need to keep up with the pace of change that technology creates, but beyond the right for sale, the libraries need to have a reinforced exemption like we have had with print materials. I think it is something I would love to see in my ideal world. It would be if Congress would address the issue of these ridiculous terms of service overriding our rate to provide content in the way that we have today, in a way that is sustainable. I don't know if that will happen. That is my happy dream place that I go to with all this for only -- with all the sparkle unicorns and whatnot.

Thanks. Can libraries become publishers? It kind of dovetails with what Eli is saying about producing original content. Marx's sample of being a self publisher also. Can we get authors? Can we become publishers?

I think that's a big part of library future value is producing content that doesn't make economic sense otherwise, stuff about your town, stuff about your city, the works of your community. You know, I think that there is going to be -- well, you are already seeing it in music where bands aren't really interested in getting signed anymore. That is not so much the end game as it used to be. You are starting to see this a little bit in print, like with Amanda Hocking who would try traditional publishing. I think that libraries can position themselves to provide tools, resources, and the storage for our patrons creative works as well as producing those documentary or historical or nonfiction pieces about our own communities that wouldn't ever be economically viable otherwise.

And does it make a difference if the servers in your building or you're using a cloud?

Right now the cloud seems really great, but I think there's going to be some troubled times ahead on that. I think that the cloud is really not the answer. Aside from everything else is that if you are typing every hit on your website through Google analytics, if some agency wants to know how your website is being used, they don't even have to ask you any more. They can just ask Google because Google has all the data. I think

libraries need to take externally serious the data that our patrons give us. That means keeping it in the building where you know who is asking for it and who gets access to it.

There's a question about Spanish speakers and digital content. Should we be doing more for languages other than English?

This is Sarah. We have a significant speaking population where I live and work. Unfortunately, to date, looking at the use of Spanish language, digital content, and multiple communities in California at least, it doesn't get used. You buy it, it's there. You promote the Jesus out of it and it just doesn't get used. That could be attributed to a lot of different things. I think if the content existed, the popular content that people wanted to get access to and we were able to provide them a way to access it easily, I think we should invest more money in it. It is kind of like the way the digital film industry is right now for libraries. There is nothing there that our users want for the most part. It's not available for libraries to purchase for them to access. I think that is the case. The popular stuff just hasn't caught up. Once it does, I think you should jump on it immediately.

Great. So the hour is up. We are actually over time, so it is time to wrap it up. I know there is discussion going on in the chat. I think unless there is anything else that people would like to say that hasn't been discussed, we are going to leave it at that. Hopefully, we will have another panel in the future with Harper Collins and other publishers participating. Does anyone else have any closing remarks?

I am much more optimistic on the Congress option than some others.

Anything from you, Mark?

Well, I am not excited about the congressional or legislative option. I think that creates the adversarial relationship. I think there is a better opportunity for libraries to start saying no to the publishers that are screwing them over, say no to the aggregators that are charging them \$25,000 just to set up the system to even buy a single book, and then start saying yes to the authors into the publishers who do value the service of the library and support those providers and support those aggregators. The comment about libraries becoming publishers, after having done this for three years with creating a very sophisticated self-serve publishing platform, I can tell you it is very expensive, and it is probably not the best use of library resources when that wheel has already been invented elsewhere.

Okay. Eli?

You know, I would love to be more optimistic about delivery from our problems. I think that there is actually an outstanding article by Jessica Litman called the copyright of 1926. It talks that it is basically a 20-year process and it was the past couple times that it happened as well. I think it is going to take such a major change in the reasons that people become congresspeople for it to resonate with them. It is just, you know, until -- it would take something like the collapse of the content industry as a whole for it to cease to be important enough that the big money would not be behind protecting the interests that have been established so far. So I think that we need to be thinking about how to provide value to our communities in the absence of the hot stuff that we have been providing for ever. So I think, you know, there's a lot of opportunity there. Libraries just have to invent their own way.

Cool. And Sarah? You can be the end comment.

Okay. The endgame. I just want to re-emphasize what Mark said, witches, read your contracts. Say no to the stuff and the companies that don't make sense, and say yes to alternatives that do. That means promoting free and open access titles. It means working with publishers that are smaller and doing things that make sense that allows content to be accessible. If the contract terms that you have don't make sense to you, renegotiate them the second time around. You do have the power to say no. Many of us have said no and gotten terms changed. You do have that power. Utilize it. I am happy to help anyone work through that process if they want.

Great. Thanks, everyone, for participating. It has been a great discussion. We will have continuing discussions. It is exciting. There is lots to talk about. Thank you for all the attendees for participating today. And thank you in full people for allowing this to happen.

And thank you all for a fabulous interesting panel discussion, which we knew it was going to be. I hope we can have another discussion in which HarperCollins can participate so we can get another point of view. This will be available as an archive later this afternoon on the info people website, and we will get the text chat up there also. If you have been following the Twitter feed, it has been quite lively. We will continue that discussion as well. Thanks again to everyone. When you exit today, you will get a brief survey. We ask you to complete that. If you would like a certificate of attendance, you will get that after you complete the survey. Thanks, everyone, for attending. We hope to see you at our next webinar.

[event concluded]