This is the author’s final corrected draft of this article.
In late 2002 the Regional Collections Planning Group, a sub-committee of UniLibraries SA, considered the issue of consortium purchasing of monographs. The Group, which is comprised of representatives from the libraries of the three South Australian universities, Flinders University, the University of Adelaide and the University of South Australia, was keen to maximise the purchasing power of their acquisitions budgets. These budgets were being eroded by continuing price inflation, and by stagnant allocations resulting from financial constraints being experienced in the Australian higher education sector. The Group was aware of two successful library consortia operating interstate, the VARLAC consortium in Victoria and the WAGUL consortium in Western Australia and it decided that one of these might provide a suitable model for a similar initiative in SA. On further inquiry it was established that the current supply contracts of the VARLAC consortium were due to expire at the end of 2003 and that VARLAC was preparing to call for new tenders. The SA Group hastily considered the merits of joining forces with VARLAC instead of forming its own consortium and in January 2003 it approached the Victorian Consortium with a proposal to expand its membership to include the three South Australian university libraries.

The SA members identified several advantages of collaboration with VARLAC:

i) The larger membership of the consortium would increase leverage with library suppliers by significantly increasing the available purchasing power

ii) The increased purchasing power could be expected to improve discounts and services on offer from the suppliers

iii) The SA Group also expected to benefit from the prior experience of their Victorian colleagues and from the extensive contractual documentation that they had developed for their existing contract.

In February 2003 VARLAC members accepted the SA proposal to join their consortium and a new name, the Academic and Research Libraries Acquisitions Consortium or ARLAC, was adopted to reflect the wider membership. As a result of this initiative, ARLAC comprises eleven members from Victoria and South Australia. They are all academic libraries with the exception of one, the State Library of Victoria.

The ARLAC members are:

Deakin University
Flinders University
LaTrobe University
Monash University
RMIT University
State Library of Victoria
Swinburne University of Technology
University of Adelaide
University of Ballarat
University of South Australia
Victoria University
The purpose of the ARLAC Consortium is expressed in the RFP as follows “the participating libraries aim to achieve maximum value from their expenditure on books, as well as access to a range of cost effective ancillary services such as the supply of MARC records and pre-processing of books”.

The objective was to identify one or more preferred suppliers for English language books who offered the best value for money based on a combination of factors. Most importantly these factors included price, quality customer service and the potential for realising efficiencies at the electronic interface between the supplier’s computer system and the libraries’ systems.

The specific services that ARLAC members sought in the RFP were:

- The timely and accurate supply of books
- The ability to place orders and to receive invoices electronically
- The availability of status reports for items ordered
- Access to electronic records for selection and ordering purposes
- The provision of MARC records with books
- The facility to establish subject profiles to assist in collection development
- The physical processing of books

It should be noted that not all libraries wanted all services and that the volume of business committed by each library also varied. The contracts were worded flexibly to accommodate the variation between ARLAC members.

Throughout 2003 the members of ARLAC collaborated to revise and agree on the content of the necessary documentation. Four documents resulted -

1) The Request for Proposal (RFP) – specified in detail the requirements for the supply of Australian and overseas books, as well as for ancillary services such as physical processing and MARC records
2) The Evaluation Matrix – listed the selection criteria and used to record the scores to assess and compare the different tenders
3) The Supply Agreements – the contracts for signature by the member libraries and the preferred suppliers (one each for Australian and overseas supply)
4) The Consortium Agreement – documents the relationship between the member libraries for the purposes of entering into and monitoring the contracts signed with the preferred suppliers.

As part of the process, each of the member libraries nominated a percentage amount of their book budget that they were prepared to commit to business with the successful service provider/s. These details were included in the RFP which was released to the trade in August 2003. At the closing date in September, ARLAC had received two proposals for the supply of Australian books and four proposals for the supply of overseas books.

For much of the year, meetings of ARLAC were conducted with the SA members participating via teleconference from Adelaide, however in October all members personally attended the meeting in Melbourne for the final selection process. The short-listed suppliers, all of whom had invested substantial time and resources in their proposals, were invited to give presentations to ARLAC’s Management Committee. In addition they answered questions arising from their responses to the RFP, provided demonstrations of their database services and proposed workflows with the potential to generate staffing and processing efficiencies for the libraries. Following their
representations, the Committee ranked the suppliers against more than one hundred individual selection criteria. It was an exhaustive process but following intensive discussions, the Committee reached unanimous agreement on the appointment of two preferred suppliers, one for overseas and one for Australian books. The contract for the supply of overseas books and ancillary services was awarded to the US based company, YBP Library Services, along with their UK partner Lindsay and Howes. The contract for the supply of Australian books and services was awarded to the Sydney based company, James Bennett Pty Ltd. The contracts are non-exclusive and accordingly members of the Consortium are not obliged to purchase materials solely from the two appointed service providers so long as they honour their expenditure commitments with them. The duration of the agreements is three years, with the option to extend for a further period by mutual agreement. Details of the terms of trade specified in the contracts are ‘commercial in confidence’, however it is nine months since the contracts commenced, and it is already clear that a mutually beneficial relationship has developed between the libraries and their preferred suppliers.

What have we learnt from the ARLAC initiative?
From the outset it was clear that within the consortium there was a range of different concerns and priorities amongst the members. Several libraries expressed an interest in procuring ancillary services, however their requirements varied considerably. For example some wanted physical processing of their books, including items such as security tapes, barcodes, ownership labels and stamps. Some wanted MARC records provided with their books and at least one library also wanted call numbers supplied on their records. Some libraries preferred hardbacks or paperbacks, others requested book covers or plastic covering. Accordingly it was important for the contracts to be written in a way that permitted the member libraries maximum flexibility in the products they elected to receive. While this flexibility is much appreciated and contributes to internal consistencies within the libraries, it no doubt causes complexity and increases costs for the suppliers who must honour the custom requirements.

Another attractive ancillary service is ‘new title alerts’. At Flinders Library we are implementing YBP’s GOBI Alerts service which assists with selection and collection development. Subject profiles are established according to the Library’s selection requirements and matched on a regular basis to the supplier’s database. Relevant new titles are identified automatically and referred to the Librarian responsible for establishing the profile and for reviewing the output. Depending on local practice, the Librarian may opt to personally select titles of interest for the collection, or alternatively s/he may opt to email the titles to relevant academics for selection purposes. In this way GOBI Alerts assists us to build our collections with the most recent publications available cost effectively and efficiently.

A particular challenge for a large consortium such as ARLAC is effective communication, especially where several members are interstate. It is far cheaper to have ‘virtual’ meetings by teleconference than to fly interstate to attend meetings, but experience has shown that it is not as effective and that the ‘unseen’ members do not find it completely satisfactory to contribute to discussion by telephone. Face to face communication is preferable, but not financially viable if there are a lot of meetings, as was the case when the RFP was being drafted and subsequently when the responses to it were being shortlisted. In future the Management Committee has decided to hold fewer, more intensive meetings to encourage the attendance of the SA members. Email of course is a great advantage and is used extensively by the consortium members to share information.

Another challenge for ARLAC was the sheer amount of documentation. The RFP alone totalled twenty-three pages and itemised the consortium requirements in substantial detail. Following review by the Management Committee it has been
decided to prefer a shorter, less prescriptive specification in future so that the respondents, all of whom could provide the basic supply services, will be able to elaborate more on additional services that they believe they can offer. It has also been agreed that tenderers will be requested to provide data in a table format in future for ease of comparison by the Management Committee.

In the case of the written contracts, these were drawn up by the legal advisers at one of the participating institutions and subsequently vetted by the legal representatives at each of the other institutions. This was frustratingly time consuming, as some advisers required many, often minor, amendments before they agreed to sign off on the contracts. In future the solicitors will be given a strict deadline after which no further amendments will be accepted.

As mentioned above, evaluation was an exhaustive process. Agreed weightings were applied to groups of selection criteria according to their importance, along with rankings for each individual criterion. Initially each institution assigned a ranking between one and five to each of more than one hundred selection criteria. Understandably this proved to be extremely time consuming and difficult to manage. In the final evaluation it was agreed to record consensus scores for the whole group rather than individual scores for each institution. The resulting discussions between members in order to reach a consensus score proved to be very valuable and it has been agreed that this approach will be preferred in the future.

A sound decision was to appoint a Tender Coordinator as the sole representative for liaison with the suppliers on behalf of all members. This action proved to be very successful and prevented any confusion arising through conflicting advice from different parties.

Following the signing of the contracts, there has been little need for further administrative work. The libraries are required to regularly monitor expenditure to ensure compliance with their contractual obligations and monthly reports are provided by the suppliers to assist with this process. Since the contracts run for a minimum of three years, it is not anticipated that there will be any significant administrative demands on the time of consortium members during this period.

What are the advantages of consortium purchasing?
For a consortium purchasing agreement to be successful it should be mutually beneficial. From the suppliers’ point of view there is a significant cost involved in responding to an RFP, and in offering discount prices and other services, but the advantages include a guaranteed number of sales that are locked in for a lengthy period of time. This in turn means less marketing and less promotional costs for the supplier.

Libraries on the other hand expect to receive better terms and conditions and improved services from preferred suppliers. They also hope to benefit from efficiencies created by harmonising workflows with them and by exploiting the use of information technology. The tender process requires suppliers to bid in a highly competitive environment and this encourages more competitive pricing policies. By taking advantage of discount prices and cost effective ancillary services, libraries can stretch their budgets further and maximise the number of books they can purchase. This provides a better service for students and scholars through enhanced collections and provides better value to taxpayers for the tax dollars invested in higher education.
In conclusion, a business partnership such as that established between ARLAC and its preferred service providers, YBP, Lindsay & Howes, and James Bennett is a bit like a marriage … hopefully a successful one!

It requires a commitment from the participants to work together collaboratively over an extended period of time.

It requires the establishment of a harmonious and successful relationship that is based on respect and trust.

It requires effective communication and continual monitoring and review.

If these requirements are met, and the relationship works effectively, the outcomes will be mutually beneficial for all of the parties involved.