

# Information Access Alliance

American Association of Law Libraries | American Library Association | Association of College and Research Libraries | Association of Research Libraries | Medical Library Association | SPARC



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## LIBRARIES URGE JUSTICE DEPARTMENT TO BLOCK CINVEN AND CANDOVER PURCHASE OF BERTELSMANNSPRINGER Publisher Mergers Threaten Access to Crucial Research

Washington, D.C. – The Information Access Alliance, a group of six library organizations, is urging the U.S. Department of Justice to block Cinven and Candover's proposed purchase of BertelsmannSpringer. The Alliance is concerned that this transaction will bring about a reduction in access to critical research information.

Cinven and Candover, a partnership of UK-based private equity firms, has announced its intent to acquire BertelsmannSpringer, the academic publishing arm of Bertelsmann AG. The partnership also announced its intent to merge BertelsmannSpringer with Kluwer Academic Publishers, which Cinven and Candover acquired in January, to form the second largest publisher of scientific journals in the world, trailing only Elsevier Science.

The Information Access Alliance, comprised of the American Association of Law Libraries, American Library Association, Association of College and Research Libraries, Association of Research Libraries, Medical Library Association, and SPARC (Scholarly Publishing and Academic Resources Coalition), was created because of a shared concern about the effects of mergers among publishers of science journals and legal serial publications.

"Because of the anti-competitive impact we believe will result from the combining of Springer and Kluwer Academic Publishing, the Information Access Alliance is urging the Department of Justice to stop this merger," said Mary M. Case, Association of Research Libraries and spokesperson for the Alliance.

"History shows that when journal publishers merge, consumers suffer," said James G. Neal, Vice President for Information Services and University Librarian at Columbia University. "The increased market power resulting from recent mergers has allowed publishers to boost prices. This has led to subscription cancellations, which deprive scientists of access to basic tools they need to conduct research."

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According to David Shulenburger, Provost at the University of Kansas, "The scientific research that journals support and document is a key contributor to the quality of life and economic well-being of our nation. The erosion of access to research not only poses a risk to tomorrow's discoveries, but because the U.S. government spends \$100 billion annually on research, it reduces the American taxpayers' return on investment. It is a situation that urgently needs to be addressed."

Libraries are the main market for science journals, according to the Alliance. Over the past 20 years, the prices libraries pay for journals have risen at three times the rate of inflation. Analysis by the Alliance suggests that merger activity has been a significant factor in this inflation. For example, Harcourt's purchase of Churchill-Livingston and Mosby in 1997 and 1998, as well as Wolters Kluwer's purchase of Plenum Publishing, Thomson Science, and Waverly in 1998, resulted in average prices for the journals in each of the two new combined portfolios that were well above their pre-merger levels.

"Reduced access is particularly problematic in the medical arena," said the Medical Library Association's Executive Director Carla J. Funk. "Physicians all over the country depend on access to journals to help them with the diagnosis and treatment of patients. And researchers' access to earlier works have led to such notable advances as the development of penicillin and the unraveling of the mysteries of DNA and the human genome and is essential for the prevention of medical errors in the treatment of patients."

The emergence of electronic publishing and the Internet, rather than solving the problem, may actually be contributing to the concentration of market power in the hands of a few large publishers, according to the Alliance. "The large science publishers are now offering electronic versions of their journals to libraries primarily as large bundles of titles, and these bundles increase in price each year at several times inflation," according to Ross Atkinson, Associate University Librarian for Collections at Cornell University. "If one refuses to buy the whole bundle, and opts instead for individual journals, the prices of those single journal titles are greatly increased by the publisher—so that a library is left with the choice of either buying the whole bundle or being able to afford only a limited number of journal titles from that publisher. Buying the whole bundle also places enormous strain on library budgets, leaving little funding left over to purchase the equally important journals of smaller, often not-for-profit publishers. Allowing another huge for-profit science publisher to emerge, which will likely employ similar bundling methods, will certainly further exacerbate this situation."

BertelsmannSpringer is a publishing company specializing in the science and business-to-business sectors. It publishes approximately 700 science journals. Cinven and Candover already owns Kluwer Academic Publishers which publishes approximately 700 science journal titles. The two companies combined would control approximately 20 percent of the science market (as measured by the number of commercial titles included in the Institute for Scientific Information citation database).

News reports indicate that BertelsmannSpringer is being sold for more than 10 times its current pre-tax profit. Cinven and Candover have stated their intention to increase the new combined entity's profit margin to 38 percent, in line with Elsevier Science. While operating efficiencies will likely contribute part of the rise, experience following other mergers in the industry shows that returns are likely to be driven by price increases, as well.

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#### **Information Access Alliance member organizations**

The **American Association of Law Libraries (AALL)** is a nonprofit educational organization dedicated to providing leadership and advocacy in the field of legal information and information policy. AALL's more than 5,000 members respond to the legal information needs of legislators, judges and other public officials, corporations and small businesses, law professors and students, attorneys, and members of the general public.

The **American Library Association (ALA)**, the oldest and largest library association in the world, is a nonprofit organization of over 64,000 librarians, library trustees, and other friends of libraries dedicated to the development, promotion, and improvement of library and information services to enhance learning and ensure access to information for all.

The **Association of College and Research Libraries (ACRL)**, a division of the American Library Association, is a professional association of academic librarians and other interested individuals. ACRL currently has a membership of approximately 12,400, accounting for nearly 20 percent of the total ALA membership. ACRL provides a broad range of professional services and programs for a diverse membership.

The **Association of Research Libraries (ARL)** is a nonprofit organization of 124 research libraries in North America. ARL programs and services promote equitable access to and effective use of recorded knowledge in support of teaching, research, scholarship, and community service.

The **Medical Library Association (MLA)** is a nonprofit, educational organization of more than 900 institutions and 3,800 individual members in the health sciences information field, committed to educating health information professionals, supporting health information research, promoting access to the world's health sciences information, and working to ensure that the best health information is available to all.

**SPARC** (Scholarly Publishing and Academic Resources Coalition) is an initiative of universities, research libraries, and library organizations that supports increased competition in scholarly publishing. SPARC publishing partnerships and educational activities encourage expanded dissemination of research and reduced financial pressure on libraries. Its worldwide membership currently includes 277 institutions and organizations, with 188 members in the United States.