

Report of the ICOLC OCLC Task Force

March 29, 2021

EXECUTIVE SUMMARY

The International Coalition of Library Consortia (ICOLC) includes approximately 200 library consortia from around the world. The ICOLC OCLC Task Force was charged to work with OCLC to communicate its members' experiences with OCLC services and programs with the goal of improving overall service to libraries. ICOLC has proposed working with OCLC to reimagine services in the 21st century, and is providing this document to detail its concerns and request specific actions. ICOLC and its OCLC Task Force appreciate the time OCLC has taken in responding to the questions and concerns outlined thus far¹. To date, that response has included a virtual presentation at the ICOLC conference on July 22, 2020; a high-level written summary of that presentation; and access to the presentation slides (slightly redacted). This document continues that conversation and requests specific actions.

In the initial document, ICOLC acknowledged that "Together, OCLC and libraries have built a worldwide database and partnered to encourage collaboration and resource sharing globally. This long relationship is important to the community and should be maintained and enhanced if possible." OCLC has been a strength of, and an asset to, the library community. We appreciate the scale and wide-ranging offerings of the cooperative, the dedication and expertise of its personnel, the reinvestment it makes into the community through research, development and convening activities, and its commitment to inclusivity and global reach. However, recent trends are of serious concern, and it is important that the library community be able to constructively express these to OCLC.

ICOLC also has an important role in the library community. Like OCLC, ICOLC members support thousands of libraries worldwide. We represent a diverse, widespread, engaged, and concerned community. No two consortia are exactly alike, but many of them provide services that currently rely on OCLC products, or have needs OCLC could fill. Roles that consortia play on behalf of their members include:

- Hosting, supporting, or managing library services platforms (LSPs)
- Performing batch loading, processing, or deleting of records
- Running reports and providing data analysis
- Group licensing or consortial deals for services and content
- Paying for those licenses or content centrally
- Managing authentication systems
- Hosting, supporting, or managing platforms that integrate with or enhance LSPs
- Developing or using APIs and interoperability standards to connect platforms
- Providing technical support to and between vendors
- Managing resource sharing networks and the software that support them
- Investigating new and emerging technologies that may better meet library needs

¹ Initial concerns were outlined in "ICOLC Invitation to Conversation on OCLC Concerns," sent to OCLC on June 15, 2020.

This is not an exhaustive list, but it is provided in the hope that OCLC will recognize and appreciate the overlap between ICOLC member interests and their own. ICOLC members also possess an in-depth and long-term understanding of their member libraries - the same libraries OCLC serves. ICOLC can consolidate, distill, and communicate these libraries' needs efficiently to OCLC. Through a sustained effort including surveys, conversations, research, and other feedback, the Task Force has gathered those libraries' concerns and are now providing them to OCLC. Multiple library organizations have reviewed this report and provided their feedback and support to the document. This valuable market research is being provided to OCLC in an effort to help the organization better understand and meet user needs.

In this report, the Task Force, ICOLC members, and the larger library community have contributed significant time, effort, and expertise to provide strategic direction, insight, and assessment of OCLC products and services. We hope that OCLC will recognize the value of these insights from the library community and act upon them.

OVERVIEW

Each section below provides a detailed description of the concerns shared by ICOLC members, along with specific requests for action. Those specific requests are:

[Section 1: Pricing and Cost Transparency](#) (Pages 4 - 10)

1. Pursue a primary goal of creating and managing solutions that reduce overall library costs
2. Provide transparency into the underlying costs to support the services OCLC provides
3. Provide a transparent, predictable, tier-based pricing structure clearly tied to standard library metrics
4. For libraries that cannot afford base-level pricing, provide alternative methods of participation so that they can continue to bring value to the cooperative
5. Allow libraries to subscribe to single products, rather than bundling them

[Section 2: WorldCat Quality and Sustainability](#) (Pages 11 - 14)

1. Investigate ways to make the underlying WorldCat catalog an open (and/or free) product
2. Immediately begin to display all WorldCat holdings data in WorldCat.org at no additional charge to libraries
3. Consider additional revenue streams for WorldCat.org to offset costs for libraries (e.g., advertising, revising non-library partner agreements)

[Section 3: Standards and Interoperability](#) (Pages 15 - 18)

1. Ensure robust interoperability between WMS and external (non-OCLC) resource sharing systems
2. Support full resource sharing interoperability between OCLC and external (non-OCLC) ILL systems
3. Engage in an open effort to standardize the exchange and sharing of holdings information (including records providing detailed information about electronic subscriptions) to facilitate consortial resource sharing and local and collaborative collection analysis
4. Ensure that all relevant OCLC databases are COUNTER-compliant
5. Provide access to OCLC products and services via standard authentication methods (SAML, Shibboleth) and other vendors (OpenAthens)

[Section 4: Marketplace and Culture](#) (Pages 19 - 26)

1. Transition to a model of developing open and/or free solutions that meet library needs, with revenue-generating support services
2. Discontinue the use of non-disclosure agreements (NDAs)
3. Examine current governance practices to ensure that they are more closely aligned to those of a nonprofit organization than a vendor [*Note: Preferred first step is an independent outside review*]

[Conclusion and Next Steps](#) (Pages 27 - 28)

[Endorsing Organizations](#) (Pages 28 - 29)

SECTION 1: PRICING AND COST TRANSPARENCY

Consortia within the ICOLC community hold an in-depth understanding of members libraries' needs and budgets. This knowledge provides consortia with valuable vendor pricing experience and insights into potential OCLC pricing strategies. Consortial relationships also allow ICOLC members to clearly see discrepancies and areas where pricing appears problematic. When libraries with similar characteristics (size, budget, geographic area, type, etc.) are charged very different fees for the same services², that results in problems with optics, parity, and trust.

OCLC, in their presentation to the ICOLC community, expressed the need to offer sustainable pricing models. We do not dispute that OCLC's pricing model should be sustainable, but take issue with OCLC's lack of transparency in its pricing. In addition to being transparent, pricing should reflect what libraries value today, and address budget realities. OCLC's current pricing strategy is likely to drive libraries to other choices over the next several years. This is especially true as the current pandemic is heightening libraries' need to drop some services to balance budgets. OCLC reported renewal rates as an indicator that pricing strategies are in line with library expectations. However, using renewal rates as the primary pricing model's measure of success and sustainability is shortsighted. OCLC's strategy of bundling services and pricing in a way that makes dropping subscriptions difficult fails to recognize that while libraries are often slow to make changes, once gone they are unlikely to return. In addition, as available library holdings data shrinks, the collective data available to member libraries loses its value. This impacts products across the board, including WorldCat, ILL, and GreenGlass. Without high-quality comprehensive collective data, other libraries will leave or seek to pay less for reduced value products. In the current economic landscape, libraries are now willing to seek alternative approaches and lower cost solutions. Library communities and other vendors see this opportunity and are actively developing competing solutions.³

Problems with OCLC's Current Pricing Model:

The OCLC website⁴ states:

OCLC is a nonprofit cooperative, funded by our membership's use of shared services and programs. Our financial plans require us to balance costs, revenues and long-term sustainability. To do so, we set the goal of generating revenues over expenses of 2 to 4 percent. This goal helps us operate as efficiently as possible while investing wisely for the future.

Later, on that same page, the revenue goal is expressed as "a five-year rolling average of 4 to 6 percent." We understand that this 2 - 4% (5-year 4 - 6%) goal of revenue over expenses model includes income from other investments and does not necessarily mean that library costs will rise that much each year. However, it sets an organizational expectation for revenue increases that is not reflective of typical library budgets, which do not consistently increase by 2% or more each year, let alone 6%. Libraries have reported pricing increases from OCLC well above levels of inflation. For example, one research library notes that their bill has increased an average of 6.5% per year over the past five years.

² See document "Examples of pricing in public and academic libraries" that was shared with OCLC in May 2020.

³ These include Project ReShare, whose community is building an open source, highly-scalable platform that supports discovery, fulfillment, and delivery workflows, with a focus on user-centered design.

⁴ <https://www.oclc.org/en/about/finance.html>

While the lack of transparency in overall pricing and inconsistent pricing administration between libraries make it difficult to determine an average annual increase, libraries have commented that OCLC costs consume an ever larger portion of limited library budgets each year -- in some cases, surpassing their materials budgets.

Additionally, a model of increasing pricing annually, without providing insight into underlying costs, mirrors that of vendors rather than nonprofits. As a nonprofit, member driven organization, OCLC could greatly increase libraries' trust in its pricing models by providing transparency into the actual costs required to support the service (including technology, infrastructure, and services) as well as a reasonable cost for development and overhead. Any annual increase should be predictable and justified.

Additionally, there often appear to be discrepancies in similar libraries paying vastly different base subscription costs. The Task Force earlier provided a document⁵ to OCLC providing examples of these issues in both public and academic libraries. For example, two public libraries with similar budgets in the same geographic area have vastly different OCLC fees: one serving a population of 127,000 pays a \$2,967 fee, while the other serving a population half that size pays a fee of \$67,177. An analysis of academic libraries shows that OCLC fees do not appear to correlate with any usual metrics such as FTE, materials budget, size of collection, or Carnegie classification. OCLC has stated that much of its pricing is based on historical agreements that cannot be changed without increasing the costs for all libraries. However, if libraries were provided with tier-based pricing models that are clearly tied to typical library metrics, along with a reasonable phased-in approach to adjusting pricing over time, that would again greatly increase trust in the overall approach. These models may include contributions made by the libraries that result in different pricing, but these contributions need to be made transparent.

The pricing models should also reflect the value that libraries both gain from and contribute to OCLC. Not all libraries wish to subscribe to all OCLC products. Current pricing models that bundle products together or make it difficult to subscribe to one without another force libraries to make "all or none" choices that may not provide the best value. In the short term, those libraries may choose to continue subscribing, but once other options are available, they may choose to leave. If they leave, they take with them the value that they in turn bring to the OCLC products.

The pricing model also needs to be sustainable, both for OCLC and libraries. In the current pandemic, some libraries are taking unprecedented budget cuts, which may continue for some time. Due to static or declining funding streams, libraries and other government or nonprofit entities often have to cut costs before they can achieve a balance of revenue and expenditure. Sustainability in this environment means that decreases to current costs should be pursued.

Additionally, in some cases OCLC appears to be pricing products on a commercial vendor model, rather than a nonprofit model, that seeks to significantly increase profit margins. One very clear example of this is EZProxy.

OCLC bought EZProxy from its original vendor, Useful Utilities, in 2008. Prior to its acquisition by OCLC, EZProxy was available for an annual license fee of \$495 per server. A one-time perpetual

⁵ See document "Examples of pricing in public and academic libraries" that was shared with OCLC on June 15, 2020.

license was also available for \$1,000 per server. This service helped libraries because hundreds of EZProxy instances could be hosted on a single server at a low cost. This type of technology at this price point is what libraries need to stay relevant and useful to the communities they serve.

Since OCLC acquired EZProxy, costs have risen dramatically, while changes in functionality have not been substantial.

In August 2017, GALILEO asked OCLC for a quote to update its 400+ locally-hosted EZProxy instances. GALILEO had purchased the perpetual use license from Useful Utilities (\$1000 per server) many years previously. OCLC quoted GALILEO \$30,000 annually for a license for the updated EZProxy instances.

Just three years later, in August 2020, they quoted GALILEO \$400,000 for a hosted EZProxy solution.

GALILEO explained that it didn't need the hosted solution, but rather a local license for local instances on one server. OCLC declined to give a firm quote, other than to reiterate the "list price" (\$200,000 - \$400,000 for local licenses) and to state that "while we are prepared to offer a group discount, we are not able to reduce it to the levels you said you'd consider."

Even if OCLC had discounted that list price by 50%, it is still more than **three to six times higher** than the pricing they gave just three years earlier, for the exact same product.

Even more disturbing, such pricing is **400 – 800 times more** than what the original vendor would have charged 12 years earlier.

While OCLC certainly has some development and support costs for the product, and hosting costs for the hosted version, this increase is clearly excessive. In the case of EZProxy, OCLC has taken a very low-cost solution that was working well for libraries, and commercialized it far beyond what is necessary. At a time when libraries need solutions that reduce costs, this product that provides a key service has been used as a revenue generator beyond the costs of the product and in ways that are harmful to library interests.

Another example of problematic pricing comes from the shared print community:

OCLC has not adequately valued the data that libraries contribute to WorldCat. Registration information on shared print is an excellent example. When the major shared print programs such as EAST and HathiTrust were ready (in 2016/17) to register commitments in WorldCat, prices originally quoted were unrealistically high. Over time, OCLC seemed to come to realize the value of having WorldCat include this increasingly valuable collection information, but it took four years from the original quotes provided to availability of the service to larger programs. And, as is the case with so many OCLC offerings, the registration service is only available and free to those libraries who are Cataloging subscribers.

Other examples⁶ include an inconsistent pricing spread for WorldShare (ILL) pricing. Pricing ranging from \$300 to over \$8,000 per library within a single consortia, The higher pricing appears to depend, at least in part, to whether a library previously subscribed; OCLC pricing based on monograph

⁶ Source: ICOLC surveys and feedback.

expenditures that haven't been in place for more than a decade; and OCLC costs increasing automatically despite materials budgets plummeting. In one case, a library reported that their OCLC bill was double the amount of their entire firm order budget.

We recognize that in some cases, OCLC may be using income from profit-making services and using those funds to subsidize other areas. If this is the case, providing a full and transparent description and justification for that subsidization would increase library satisfaction and trust in OCLC.

What Do Libraries Need from OCLC?

OCLC's current purpose⁷ has a goal of "reducing the rate of rise of library per-unit costs." As a technology-focused, member-driven, nonprofit organization, however, OCLC can best help libraries by pursuing a primary goal of reducing library costs overall, combined with a pricing model that is transparent, value-based, and sustainable.

Based on our members' collective experience as nonprofit organizations themselves, ICOLC believes that a successful nonprofit pricing model is:

1. **Transparent**
 - Pricing should be explicitly transparent, predictable, and straightforward
 - This includes the tier structure or cost-share, any annual increases, and dependencies with other services or infrastructure
 - Costs to support the service should also be transparent and justifiable, including technology, infrastructure, services, development, and overhead and profit margin
2. **Value-Driven**
 - Based on current levels of use and other relevant metrics that reflect the value to the library
 - Allowing libraries to subscribe to the products that they want, and only those
 - Recognizing the value that all participating libraries bring to the product
3. **Sustainable**
 - Supports broad participation by considering the library's ability to pay and limiting annual cost increases
 - Balanced between the development and investment needs of OCLC, and the library's need for value received and sustainable pricing
 - Flexible enough to accommodate changes within the library sector

Key to all of this is transparency and trust. OCLC needs a transparent pricing model for its products based on the actual support costs for each program or service. Members of the Task Force are not aware of a cohesive pricing model that OCLC has shared, either with individual organizations or the community. While we understand the complexities of legacy products, credits, and long-standing memberships, there should be equity across the community. This can only be achieved by sharing a transparent pricing model with members that is based on actual costs.

⁷ <https://www.oclc.org/content/dam/oclc/membership/articles-of-incorporation.pdf>

Libraries understand that pricing may increase over time. When the costs for supporting a product or service increase (technology, underlying licenses, infrastructure, human resources) then the price libraries pay will also increase. A need for increased pricing should be clearly explained to all OCLC libraries and tied to actual costs. Increased costs should reflect increased expenses and overhead necessary to develop, sustain, and subsidize services, not earn a profit. If there is an annual increase in cost, it should be planned, predictable, and justified.

Likewise, if the product or service increases in scope or functionality, there may be costs to cover that development. Libraries expect a small price increase to cover development costs for products that are being continuously improved. Alternatively, libraries can be asked to pay an additional fee for new features and functionality they desire, so long as the expected improved results are clearly communicated and significant increases are optional. This approach means that libraries are paying only for what they need.

In addition, solutions that take advantage of new technologies or architectures and decrease costs for libraries should be vigorously pursued.

While the Task Force arrived at these conclusions independently, we later realized that our concerns are not new. In the final report of the 2010-2011 OCLC Global Council Cost Sharing Models Task Force,⁸ several key recommendations were made then that align with the current recommendations of the ICOLC OCLC Task Force. One is “Recommendation 5: Differential pricing,” which states:

OCLC’s pricing model should combine a set of factors to create differential pricing that seeks to reflect each member’s ability to pay and value derived across or within a region. Components of differential pricing should include:

- *Geographic area, such as The World Bank List of Economies or the United Nations Human Development Index*
- *Exchange rate to reflect currency differences*
- *Value derived, such as FTE or population served*
- *Product differentiation*
- *Consortium pricing, based on the efficiency or value added through a group purchase*

In the interest of transparency, OCLC should provide members with easy access to the differential price factors employed at any given time.

Additionally, the section on infrastructure costs in the previous report reflects our concern about product bundling in ways that do not meet library needs or ability to pay. This section describes the need for OCLC to reduce costs through differentiating products:

A key to creating compelling products and minimizing price is product differentiation: matching product features to their intended use. When products offer features that are designed to meet the specific needs of members, then

⁸ “Final Report of the Cost Sharing Models Task Force,” 2011 June 3, John F. Helmer, Chair.
<https://www.oclc.org/content/dam/oclc/councils/documents/csmtf-final-6-3-2011.pdf>

- *Members potentially pay lower prices because they are encouraged to purchase what they need but **are not required to purchase more services than they need**, and*
- *Support costs potentially decline because OCLC is not required to support unneeded features.*

In short, to encourage broad adoption and low prices, product features need to reflect the varying needs of OCLC members.

There was an even earlier predecessor group, the OCLC Task Force on Cost Sharing and Pricing Strategy⁹. That group delivered recommendations that were adopted by Global Council in June 2010 and were considered as “givens” by the subsequent task force. Those recommendations, approved by Global Council, were:

- *Cost sharing should support the public purposes of OCLC.*
- *Differential pricing is advantageous to current OCLC members and encourages membership growth.*
- *Factors influencing differential pricing should include*
 - *Ability to pay, including regional differences, exchange rates, type of institution*
 - *Value derived*
 - *Contribution to the collaborative*
 - *New markets for OCLC services*
- *OCLC pricing should be transparent and simple to understand.*

Global Council should clearly identify and periodically review OCLC’s public purposes; this information should be maintained on a prominent web page.

It’s been ten years since those task force reports and these fundamental concerns persist. Why have these earlier recommendations not been implemented? We recognize that OCLC may be reluctant to provide full transparency into costs and pricing due to the tension inherent in acting as both a vendor and a nonprofit. In the “Marketplace and Culture” section of this document we provide some additional discussion on that tension and suggested actions to help resolve it.

Like the previous task forces, we recommend a new pricing model that is transparent, value-based, and sustainable. OCLC should consider ongoing financial pressures on libraries and pursue a primary goal of creating and managing solutions that reduce overall library costs. As one librarian stated on the ICOLC survey¹⁰: “OCLC’s pricing model is not sustainable for our library. We cannot afford the continued increases when our budgets (at best) are flat, or more likely, often decreasing. OCLCs products are useful and necessary, but when we cannot afford them we will be forced to look for alternatives.”

⁹ “Final Report and Recommendations: Task Force on Cost Sharing and Pricing Strategy,” 2010-06-01, John F. Helmer, Chair.

¹⁰ Survey report was provided to OCLC on June 15, 2020.

Action Items for Pricing and Cost Transparency:

1. Pursue a primary goal of creating and managing solutions that reduce overall library costs
2. Provide transparency into the underlying costs to support the services OCLC provides
3. Provide a transparent, predictable, tier-based pricing structure clearly tied to standard library metrics
4. For libraries that cannot afford base-level pricing, provide alternative methods of participation so that they can continue to bring value to the cooperative
5. Allow libraries to subscribe to single products, rather than bundling them

SECTION 2: WORLDCAT QUALITY AND SUSTAINABILITY

Libraries pay to add their holdings to the underlying WorldCat database, both through their cataloging subscription fees, and with their staff time and related resources. In some cases, ICOLC consortia pay those fees for libraries; in other cases, we manage processes and tools that directly impact the WorldCat database; at times, consortia staff update WorldCat records themselves. Increasingly, individual libraries are unable to keep their holdings up-to-date and are looking to consortia to help.

The best way to keep WorldCat relevant is to ensure that its bibliographic records and holdings are complete, accurate, and updated with the lowest possible technical and financial barrier to libraries - libraries who have already contributed their time, effort, and money to the development of those records.

OCLC's existing documentation¹¹ provides an excellent description of the principles of WorldCat quality.

WorldCat's relevance depends upon four factors:

- *Its scope, the extent to which it accurately reflects the full holdings of libraries, museums and archives*
- *Its timeliness*
- *The usefulness of WorldCat records for end users and participating institutions*
- *The functionality and flexibility of OCLC systems and software which support access to and use of records and services*

Recognizing the importance of these factors, member institutions, partner organizations and OCLC work together to build and maintain WorldCat and to promote the responsible use of WorldCat and OCLC systems and services.

However, OCLC is falling short of these principles, as detailed below and elsewhere in this document.

Problems with Current WorldCat Quality and Sustainability:

First, the scope and timeliness of WorldCat data are problematic. WorldCat no longer “accurately reflects the full holdings of libraries, museums and archives.” This is true both of the underlying WorldCat catalog, and even more so in the free, public WorldCat.org.

The free version of WorldCat.org used by the general public does not include all the data in the underlying catalog: only the holdings of those libraries that subscribe to additional products such as FirstSearch / WorldCat Discovery will display in the free WorldCat.org. Although OCLC disputes the specific figure, their staff have stated in meetings that only 50% of the holdings in the underlying WorldCat catalog are now displayed in WorldCat.org. This is a distinction that is almost certainly missed by the general public and organizational partners who believe the free catalog is comprehensive, and likely missed by many libraries as well. As one librarian responded on the ICOLC survey¹²: “I was shocked to learn that this is not the case already. Seems to me, that if a library pays the cataloging fee

¹¹ <https://www.oclc.org/content/dam/oclc/worldcat/documents/principles-of-cooperation.pdf>

¹² Survey report was provided to OCLC on June 15, 2020.

and has their holdings on records, they should display in every version/iteration of WorldCat. I only ever use Connexion Client (backend) and not WorldCat.org so didn't even occur to me that there could be a difference; I just assume the backend data generates the front and especially holdings would be represented in both by default.”

Asking libraries to pay a fee to catalog their holdings in WorldCat, to take the time and effort to do so, and then ask them to pay yet another fee to have those holdings display in WorldCat.org is not only unreasonable, but also diminishes the quality of WorldCat.org.

Additionally, many libraries around the world can no longer afford to keep their holdings up to date in the underlying WorldCat catalog. Some have opted out entirely; others choose to update their holdings only periodically, which reduces the timeliness. One consortia reported¹³ that many of their members no longer update their holdings at all: “This has resulted in vastly incorrect holdings in WC. I've tried to work with OCLC to have these holdings removed, for the greater good of folks not misdirecting ILL requests. They seemed interested until they realized that there was not funding to support this, and then stopped responding. Consequently, years later, this incorrect information still exists.”

WorldCat is certainly far from the comprehensive catalog it could be, and the free WorldCat.org is even less comprehensive. As more and more libraries opt out of either WorldCat service, their comprehensiveness only declines further. In January 2020, the “About OCLC” page listed membership as 17,983 libraries in 123 countries¹⁴. In February 2021, it had dropped to 15,637 libraries in 107 countries.

This is especially troubling because, as the first principle above emphasizes, the value of WorldCat lies in it reflecting the **full** holdings of the world’s libraries. As those holdings decrease, the product becomes less valuable to libraries, which means libraries are less likely to subscribe, which means it becomes even less valuable to other libraries. Products and services that rely on the accuracy and completeness of the underlying WorldCat data (e.g., GreenGlass, resource sharing services, WMS) will likewise be degraded as WorldCat itself declines in quality. If unchecked, this compounding effect will continue, resulting in a WorldCat that becomes increasingly irrelevant, and forcing libraries to choose other services to meet their needs.

The free WorldCat.org is also used by non-library organizations. In its response to the initial task force questions, OCLC said “WorldCat.org has additional costs related to developing and maintaining the hundreds of partners that link their sites to WorldCat.org, including GoodReads, Wikipedia, NPR, etc., which drive traffic back to libraries worldwide.” These non-library partners also have a significant stake in ensuring that WorldCat is as accurate as possible. Are they aware that WorldCat.org is not actually reflecting the holdings of all libraries? Are these partners bearing any of the costs to maintain their access? If not, why?

Issues with scope and timeliness affect related OCLC services such as ILL and GreenGlass. Ultimately, libraries want WorldCat to be as accurate and timely as possible. But currently, costs and quality do not align. Libraries should only pay what is absolutely necessary to maintain the quality and timeliness of

¹³ Survey report was provided to OCLC on June 15, 2020.

¹⁴ <https://web.archive.org/web/20200102123011/https://www.oclc.org/en/about.html>

the underlying catalog. Asking them to pay a second time to have their holdings displayed in the free WorldCat.org, especially if other partners using that data (some for profit) pay nothing, is unacceptable.

The quality and usefulness of the records for libraries is also an issue. Though OCLC has made steps to improve record quantity and quality, much of the enhancement falls to libraries. Some comments from affected libraries include¹⁵:

- Certain vendors are dumping very brief records into WorldCat but not upkeeping or improving them, so it's making more duplicates and work in various ways for the actual librarians and library staff cataloging them and cleaning it up.
- I'd be curious to know about their cataloging and QA staffing since it seems there are less OCLC staff in those areas than past years and more reliance on algorithms and automated processes which in itself is problematic. I just wish OCLC would re-commit itself to quality metadata and internal staff for it, instead of assuming the members can and will take care of it when so many libraries have fewer staff and less time, it seems, especially in tech services and cataloging departments these days. WorldCat becomes less and less valuable if rampant duplicates and poor/incorrect data continues to increase and linger for longer, due to various reasons.
- Many records will be overlaid by LC when they get around to cataloging it. I do occasionally encounter books published as late as 2019 that are stubs waiting for LC. Because of coding in the brief record in OCLC, I can't update them without the potential of losing my enhancements. This has happened to me because OCLC did not preserve the unique fields the LC record lacked. I was not amused.

Duplicate records are especially frustrating to catalogers, who report difficulties in notifying OCLC of duplicate record entries and then waiting for lengthy periods for issues to be addressed. This impacts the usefulness of the records especially in relation to e-resource holdings and access for users.

Long-time professional catalogers well versed and actively contributing original records have also had to undergo additional certification processes before they can clean up these issues, many of which were created by OCLC. As one librarian put it: "The sheer number of records that need updating by constituents is mind boggling when you consider the limited number of credentialed staff that are allowed to do it (partly due to professional staff reductions and partly due to training). In order for OCLC to increase the quality of bibliographic records, these restrictions (primarily coded in the 042 field) have to be eliminated."

OCLC's core business is bibliographic data, and yet they have reduced their investment in its quality. This is not a good long term strategy.

What Do Libraries Need from OCLC?

One approach would be to transition the entire WorldCat catalog to a fully open platform, with libraries and consortia able to copy records, add and remove holdings, and mine data at zero charge. If they no longer had to pay cataloging subscriptions or FirstSearch / WorldCat Discovery costs to update, copy,

¹⁵ Comments from survey data provided to OCLC on June 15, 2020, and in response to a draft of this report.

or view these records, libraries would be much more likely to keep holdings up to date. Vendor competitors would also lose most of their incentive to create alternative products if WorldCat were open. See more discussion of this recommendation in the “Marketplace and Culture” section of this document.

Whether through that or a different approach, however, it is critical that OCLC has a viable strategy for the future of WorldCat and related metadata services. If the quality is no longer worth the price, libraries will find adequate, lower-priced solutions, and both the quality and revenue stream will continue to diminish. As outlined in the “Pricing and Cost Transparency” section of this document, if libraries must pay to keep their holdings up to date in WorldCat, their costs should be minimal, sufficient only to cover the operational costs for the service plus a small fee to support development.

Whatever the model for the underlying WorldCat catalog, it is imperative that both it and WorldCat.org reflect the full and complete holdings of libraries, ending the policy of requiring a separate charge to have holdings display there (i.e., all WorldCat records and holdings must also always appear in WorldCat.org).

It may be possible to leverage the existing WorldCat.org functionality, or the relationships OCLC has established with non-library partners that use WorldCat.org, to offset some or all of the costs to support that service. OCLC has said that ads in the free version of WorldCat.org have historically been unacceptable to libraries, but discussions within the Task Force and with other library organizations indicate that this may no longer be accurate - especially if there is an ad-free version for those libraries who do subscribe to products such as FirstSearch/WorldCat Discovery. Additionally, relationships with the “hundreds of partners” that link their sites to WorldCat.org (e.g., GoodReads, Wikipedia, NPR, etc.) should be reassessed to determine whether a business model related to their access and use of the data is viable. These approaches might be acceptable ways to achieve an open- or lower-cost overall WorldCat solution, though any advertising models would need to be approached very carefully to ensure they reflect libraries’ values of patron privacy and security.

Action Items for WorldCat Quality and Sustainability:

1. Investigate ways to make the underlying WorldCat catalog an open (and/or free) product
2. Immediately begin to display all WorldCat holdings data in WorldCat.org at no additional charge to libraries
3. Consider additional revenue streams for WorldCat.org to offset costs for libraries (e.g., advertising, revising non-library partner agreements)

SECTION 3: STANDARDS AND INTEROPERABILITY

ICOLC members have a vested interest in ensuring that OCLC products follow standards and interoperate with other products. While consortia vary widely in their levels of staffing and technical expertise, many are responsible for managing library platforms on behalf of their members. If those platforms don't work as expected, don't meet standards, or don't work well together, it falls to consortia to try to resolve the issues. Technical staff are often frustrated when they see how products should or could work better, but are barred from implementing solutions due to a lack of standards or interoperability. Many consortia also support members who are operating a wide range of products, and are tasked with tying those solutions together to gain system-wide efficiencies. For example, a consortium might be supporting libraries that use three or four different library management platforms that wish to use a common product to enable resource sharing.

We appreciate that OCLC has publicly affirmed its commitment to standards, that it participates on committees and in communities that are developing standards, and that it has in many cases (such as VIAF and FAST) been at the forefront of supporting these efforts. However, there are also many cases where OCLC products have not met established standards, or do not interoperate well with other products. In some instances, OCLC's insistence on non-disclosure agreements (NDAs) have hindered the ability for libraries to implement solutions that best meet their needs.

Two of the four principles for WorldCat relevance outlined in OCLC's existing documentation¹⁶ directly address this area:

- *The usefulness of WorldCat records for end users and participating institutions*
- *The functionality and flexibility of OCLC systems and software which support access to and use of records and services*

Again, OCLC is falling short of these principles. Other library platforms and services are being developed to meet international standards and interoperability needs, and all OCLC services must do the same or risk becoming irrelevant.

Problems with Current Standards and Interoperability:

The issues are well summed up in a comment from a librarian on the ICOLC survey¹⁷: "We at [redacted] are very concerned about OCLC's products lack of interoperability with other vendor products. They appear to build their own products specifically to thwart such interoperability - by not adhering to NISO and ISO standards....we have run into multiple instances in which WMS does not adhere to NCIP standards."

Below are some specific examples of where OCLC products currently do not meet established standards or lack interoperability:

¹⁶ <https://www.oclc.org/content/dam/oclc/worldcat/documents/principles-of-cooperation.pdf>

¹⁷ See survey report provided to OCLC on June 15, 2020.

- NCIP LookUpUser Message and LookUpUserResponse were not implemented in WMS and do not work with EZ Proxy. As one consortium noted, OCLC insisted on an NDA with their third-party vendor for their patron-initiated borrowing program, Auto-Graphics, which makes communication on this issue difficult. OCLC has indicated that ISO 18626 is due to be implemented in WorldShare ILL and Tipasa in December 2020, but no date has been identified for implementation in WMS.
- NCIP AcceptItem is another example where communication has not been forthcoming (likely due to another NDA). OCLC has targeted 2022 as a date for implementing this, but the implications for ISO 18626 are unclear. In the meantime, consortial staff are under continued strain with having to do manual intervention for WMS clients for resource sharing.
- Despite early hopes that OCLC would be a leader in implementing the NCIP standard, they have failed to integrate it with WMS. Other OCLC products appear to have some workarounds; however, APIs are currently the only option for WMS.
- Other third-party, for-profit vendors will often report that OCLC is the stumbling block to full integration. As a nonprofit, member-focused organization whose primary mission is to serve libraries, this unwillingness to implement standards is especially frustrating.
- In its earlier written response, OCLC also stated that “Decisions about whether to interoperate two OCLC products are made based upon the remaining anticipated life of the older product and underlying technology, while weighing the cost of the development of the integration against the customer benefit.” Several examples contradict this statement, however. OCLC canceled OCLC Navigator after acquiring D2D, prior to D2D being fully compatible with other OCLC products. This change coincided with a large-scale implementation of Navigator for more than 500 Texas public libraries, at the same time as they announced Navigator’s gradual retirement. A second example is where third-party resource sharing software products were not able to integrate with WorldCat Discovery, where such problems did not occur with other for profit vendors’ discovery products.
- OCLC’s databases are not COUNTER-compliant. Not only does this mean that its library customers do not have access to the consistent and comparable usage data that the standard would provide, but it demonstrates a lack of support for this important shared initiative between libraries and information providers. This lack of standard usage data makes it difficult to assess the benefit of the resources to library stakeholders, or to make the case to justify library costs and price increases. In addition to the high payments being asked of libraries to support FirstSearch/Worldcat.org subscriptions, data provided on usage was incomplete, error-prone, and unclear, making it even more difficult to justify the costs of this service.
- OCLC provides limited options for accessing its products and services via standard authentication protocols (SAML/Shibboleth) or other vendor solutions (OpenAthens).

These specific examples are provided to illustrate the larger, shared issues of transparency, communication, and adherence to standards across all products.

With unclear communication, long development timelines, and inconsistent API support, OCLC fails to meet libraries' expectations as a vendor. Unnecessary NDAs, such as with NCIP, cause further frustration. In the earlier response, OCLC stated that it incorporates user expectations in making decisions about development and enhancement. However, it is unclear how OCLC measures its users' expectations when making decisions regarding interoperability and implementation of standards.

What Do Libraries Need from OCLC?

In order to serve libraries better, OCLC needs to address four main areas:

1. OCLC should ensure robust interoperability between WMS and external resource sharing systems. This is essential to bring WMS in alignment with market-leading LSPs. While OCLC may argue this is already in place, there remain barriers to full implementation. Project ReShare, for example, has experienced multiple issues in connecting to WMS, and remains unable to connect as of this writing.

The functionality described here should be considered a baseline for any modern LSP acting as a repository of materials to share:

- NCIP 2.0 (ISO Z39.83): LookupUser, CheckInItem, CheckOutItem, AcceptItem
 - Z39.50 (or SRU) support, including an ID-number search and live circulation status, preferably using the Z39.50 OPACRecord syntax or ISO 20775 SRU Holdings Standard
 - Support synchronization (adds, deletes, updates) of discovery records with an external bibliographic database using OAI-PMH or similar (see item 3, below)
2. OCLC should support resource sharing interoperability between other ILL systems and its own.
 - Support for ISO 18626 for any libraries managing their ILL using OCLC tools (e.g., Tipasa, ILLiad, Relais D2D), to enable them to easily and openly collaborate with libraries using other platforms
 - Engagement in conversations of an open model for representing library directory entries, including addresses, protocol service access points, loan policies, etc.
 - i. Inclusion of ISO 18626 endpoint addresses in WorldCat Library registry profiles
 - ii. Creation of consumable XML-based standard of library loan and deflection policies
 3. OCLC should engage in an open effort to standardize the exchange and sharing of holdings information - including records providing detailed information about electronic subscriptions - to facilitate consortial resource sharing and local and collaborative collection analysis.
 - Provide an endpoint (such as OAI-PMH) to support publishing and extraction of library's bibliographic metadata and holdings to other support services
 - At a minimum, monographs and title-level serials should be included (both electronic and print holdings), but ideally, a standardized representation of journal and monographic part-level holdings (tables of contents) should be included, both electronic and print
 - Allow the export and harvesting of deduplicated discovery record sets from Worldcat for inclusion into institutional discovery layers

- Allow real-time search of WorldCat index (e.g. using SRU or similar) as an external search target for commercial and open source discovery services
- 4. OCLC should ensure that their databases are COUNTER-compliant, and provide relevant statistical information in that standard. That information should be complete and error-free.
- 5. OCLC should provide access to its products and services via standard authentication methods (SAML, Shibboleth) and other vendors (OpenAthens). For example:
 - OCLC WMS does not support encoded links, making it difficult to use other authentication systems without EZProxy to link to content. Enabling content to work with other authentication systems requires substantial and time-consuming configuration work
 - OCLC Hosted ILLiad only supports EZProxy authentication. This limits systems interoperability and a true single sign on experience for users
 - Most ILS vendors provide a means to share user data via API or other means to support the secure use of patron data for identity management. OCLC WMS and more recently, OCLC Wise are not designed to support this functionality

Action Items for Standards and Interoperability:

1. Ensure robust interoperability between WMS and external (non-OCLC) resource sharing systems
2. Support full resource sharing interoperability between OCLC and external (non-OCLC) ILL systems
3. Engage in an open effort to standardize the exchange and sharing of holdings information (including records providing detailed information about electronic subscriptions) to facilitate consortial resource sharing and local and collaborative collection analysis
4. Ensure that all relevant OCLC databases are COUNTER-compliant
5. Provide access to OCLC products and services via standard authentication methods (SAML, Shibboleth) and other vendors (OpenAthens)

SECTION 4: MARKETPLACE AND CULTURE

Libraries around the world have a vested interest in OCLC's continued success. If WorldCat and other cooperatively-managed services were to go away, ICOLC and its members would need to find ways to recreate many of them. ICOLC members are regularly approached by vendors offering products that supplant some of OCLC's offerings, and we see open source solutions being developed as well. If OCLC does not take action, it runs the risk of being sidelined by alternative solutions either already in place or being developed.

OCLC has indicated that the concerns in this document are largely limited to US libraries, and to some extent that is true. However, that perception may be in large part because OCLC services are more deeply embedded in North American libraries' workflows than elsewhere in the world. A survey was distributed in advance of the recent ICOLC European meeting that asked three questions about member relationships with OCLC. While the response set was limited, it is clearly evident that outside of North America, very few consortia consider OCLC services to be essential to their members. However, discussion at that virtual meeting indicated that libraries outside the US and North America share many of the larger concerns outlined in this document: they want visibility of their data in WorldCat; they want choices in subscription models; they want transparency in invoicing. Even libraries for whom OCLC services are not essential still want the option to keep working with OCLC and want communication lines to remain open.

Importantly, many libraries outside North America have alternatives that meet their needs - alternatives which might also serve as models for libraries that currently rely on OCLC.

As demonstrated throughout this document, issues with trust, perception, and accountability have eroded the relationship that OCLC has historically enjoyed with libraries. We have already outlined several concrete action items around pricing and cost transparency, WorldCat quality and sustainability, and standards and interoperability that could be taken to help repair that relationship. However, there are also larger issues around the culture of OCLC, and especially the tension between acting as both a nonprofit organization and a vendor, that need to be addressed.

As noted earlier, the OCLC website¹⁸ states: "OCLC is a nonprofit cooperative, funded by our membership's use of shared services and programs. Our financial plans require us to balance costs, revenues and long-term sustainability."

OCLC's existing documentation¹⁹ also provides its stated values of:

- Cooperative Engagement
- Economy of Scale
- Excellence
- Inclusivity
- Innovation and Research
- Open Communication
- Respect

¹⁸ <https://www.oclc.org/en/about/finance.html>

¹⁹ https://www.oclc.org/content/dam/oclc/membership/values_principles.pdf

- Sharing
- Sustainability
- Trust

Finally, the OCLC homepage also provides a concise synopsis of its core values, registered as a trademark: **“Because what is known must be shared.®”**

ICOLC supports these values. However, we feel that OCLC is failing to adhere to at least some of them, and to play its needed role in the marketplace as a shared cooperative.

Problems with Current Marketplace and Culture:

Problems in this area fall into two main areas: 1) OCLC not adhering to its stated values, and 2) OCLC operating as both a nonprofit cooperative and a vendor.

OCLC has been uniquely positioned as a trusted, nonprofit partner to the world’s libraries. However, as demonstrated throughout this document, key values are often not adhered to. In the “Pricing and Cost Transparency” section, we showed how the values of open communication and sharing are impacted by OCLC’s current practices. In the “WorldCat Quality and Sustainability” section we showed that cooperative engagement, economies of scale, excellence, sustainability, and sharing are at risk. The “Standards and Interoperability” area is affected by a lack of open communication, cooperative engagement, and innovation and research. All of this further degrades perhaps the most important value, trust.

The stated value of cooperative engagement is at the heart of the other main concern, that of OCLC acting as both a vendor and a nonprofit. OCLC has “commercialized” the core services upon which it was founded as a nonprofit: the bibliographic catalog, cataloging services, and sharing of that data. Especially concerning is that this commercialization is being done with the libraries’ own data - libraries which often subsequently pay additional costs for (and see limited benefits from) these commercialized services. The WorldCat cooperatively-maintained database has been the historical linchpin of OCLC’s success, and its marketplace differentiator. Those metadata services are the core “public good” of OCLC and need to be protected as such. However, the sustainability of this database is increasingly at risk, and this trust is being diminished as OCLC increasingly competes in the vendor space. It is imperative that those core services be provided to libraries at the lowest possible cost. If additional services - for-profit or otherwise - are built on top of this platform, their development and ongoing costs must be clearly differentiated.

In the presentation to ICOLC on July 22, 2020, OCLC said: “We are a cooperative *and* a vendor.” At a minimum, the tension between those two roles causes trust issues with the community OCLC serves and results in an organizational culture that resembles that of a commercial vendor rather than a nonprofit. If not resolved, there could be larger long-term issues.

Courts and the IRS have looked to the “commerciality doctrine” to determine whether an organization is operating too similarly to a business to retain its nonprofit status. This doctrine holds that if the

organization has the characteristics of a trade or business, it must be one. Factors evidencing a commercial purpose are as follows:²⁰

- Pricing to maximize profits;
- Generation and accumulation of unreasonable reserves;
- Use of commercial promotional methods, such as advertising;
- Sales and marketing to the general public;
- High volume of sales;
- The organization uses paid professional staff rather than volunteer labor;
- The organization discontinues money losing programs; and
- The organization does not receive significant charitable contributions.

OCLC arguably meets all these criteria to at least some degree.

As OCLC has moved to act as a vendor in the marketplace, their organizational culture has likewise reflected corporate values more than those of a nonprofit cooperative. One clear example of this is in executive compensation. OCLC executive compensation²¹ is outside the norm, not just for libraries but for other nonprofits. This puts the organization at risk of losing the support and trust of the libraries which are the main revenue stream for OCLC.

A recent CEO salary analysis²² by the Economic Research Institute (ERI) notes that “payments in the high millions for [nonprofit] CEOs are not the norm, with typically only the largest of organizations paying executives in that vicinity. The average [nonprofit] CEO pay for the year was much lower, coming in at \$145,364.” The lowest paid Vice President at OCLC made more than twice that amount (\$320,808) and the highest paid non-CEO executive made four times that amount (\$610,628). Average pay for a **non**-CEO executive at OCLC is more than 3 times the national average for a nonprofit CEO. OCLC’s CEO compensation is even more atypical.

The Economic Research Institute also has a whitepaper, “2020 CEO Pay Trends in the Nonprofit World,”²³ available for download from its website. It’s true that as an organization increases in size, CEO compensation increases, and OCLC falls within the largest band of revenue (>\$100,000,000). Of the 2,853 nonprofits ERI examined in this largest band of revenue, the mean compensation for CEOs was \$820,835; the median was \$528,816; and the compensation at the 75th percentile was \$888,887.

In the latest 990 filed for OCLC, CEO compensation was reported at \$1,670,675. This is almost twice the average compensation for the very largest nonprofits. OCLC is a unique organization, so peer comparison may be difficult. However, in the table below we provide a few comparison points taken from the most recent publicly-filed 990 forms²⁴ for several nonprofit organizations for the fiscal year ending June or December 2018. Executive salary comparisons were obtained from 990 Part VII, Column D, which includes (i) Base compensation, (ii) Bonus & incentive compensation, and (iii) Other

²⁰ <https://charitylawyerblog.com/2009/11/08/501c3-organizations-and-the-commerciality-doctrine/>

²¹ All salary and revenue information herein was obtained from publicly-available 990 forms.

²² <https://www.eri.com/blog/post/top-10-highest-paid-ceos-at-nonprofits-2020>

²³ <https://resources.eri.com/2020-nonprofit-ceo-pay-trends-white-paper>

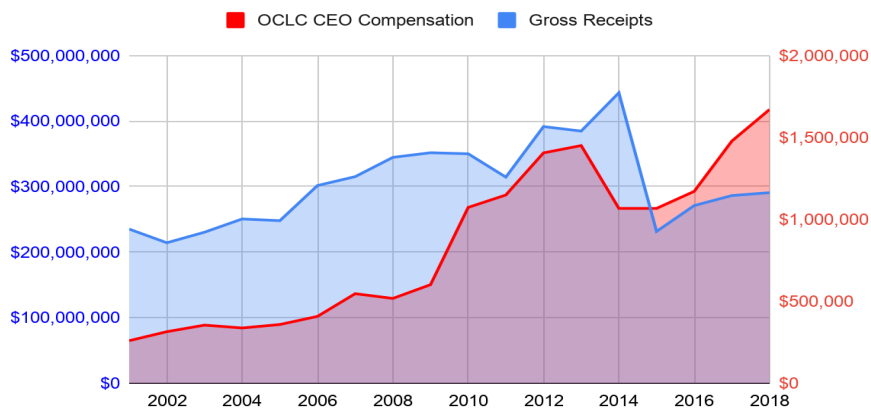
²⁴ <https://projects.propublica.org/nonprofits/>

reportable compensation, but does not include retirement or deferred compensation or other nontaxable benefits.

Organization (FY18)	Gross Receipts	CEO	CEO Compensation	Number of Employees	Trustee/Board Compensation
OCLC	\$290,816,014	Skip Pritchard	\$1,670,675	969	\$422,358 (\$30,168 avg)
Smithsonian Institute	\$2,126,263,058	David Skorton	\$966,034	7,364	\$0
New York Public Library	\$877,550,697	Anthony Marx	\$898,480	3,684	\$0
Linux Foundation	\$96,582,653	Mike Woster	\$874,951	230	\$0
Khan Academy	\$77,743,020	Salman Khan	\$824,000	234	\$0
National Public Radio	\$407,737,202	Jarl Mohn	\$676,905	1,335	\$0
American National Red Cross	\$3,948,381,510	Gale McGovern	\$673,735	20,771	\$0
ITHAKA	\$126,116,064	Kevin M. Guthrie	\$548,780	410	\$50,000 (\$3,333 avg)
Public Library of Science	\$37,176,279	Alison Mudditt	\$375,664	205	\$0
Wikimedia	\$127,441,897	Katherine Maher	\$358,871	229	\$0
ALA	\$69,910,615	Mary Ghikas	\$224,314	307	\$0

Between 2001 and 2018, OCLC CEO compensation increased from \$260,000 annually to \$1,670,675 annually - an increase of over 540%. Over that same time period, gross receipts only increased by 23.6% (from \$235,230,213 to \$290,816,014).

OCLC CEO Compensation and Gross Receipts



OCLC’s role as a global library cooperative ought to drive executive and board compensation to the low end of the spectrum; its vendor role has the opposite effect. This issue is complicated further by the fact

that OCLC pays its board members. While legal, this is unusual in the nonprofit sector.²⁵ (See comparison information for other nonprofits' board compensation in the table above.)

OCLC's website states: "Early in OCLC's formation, an independent study of OCLC governance recommended that members of the OCLC Board of Trustees should be compensated. That practice has been in place for nearly 40 years." In 2018, OCLC compensated their trustees an average of \$30,168 a year. The highest paid trustee in 2018 received \$56,000; historically, that has reached as high as \$77,732. For comparison, the average salary for librarians in the US is just under \$60,000. Paying board members the equivalent of a full- or half-time salary is likely to impact their view of OCLC significantly, and in turn means that they are less likely to appear to the OCLC membership as trusted and unbiased in their governance of the organization.

The OCLC Board of Trustees is made up of 12 - 16 members. Currently, it has 14 members, six of whom were elected by OCLC's Global Council, and eight of whom were appointed by the board itself. Trustees may serve two or even three terms. Of the six elected members, all are in their first term with an average tenure of 2.5 years. Contrast that with the eight members appointed by the board itself: none are in their first term, and three are in their third term. The average tenure for the current board-appointed member is more than eight years. Two have served 11 years.

Traditionally, the library-elected representation to the board has significantly less experience and history with OCLC governance, and is less likely to remain in place for multiple terms. This means that the trustees most likely to affect the direction of the organization are those that are appointed by the board and likely to receive the most compensation over time, not those elected by the membership itself,

Given that paying board members is atypical in nonprofit organizations, even those much larger than OCLC, this practice should be revisited. To preserve trust in and autonomy of the board in reflecting the needs of the full, cooperative membership of OCLC, the role of library-elected board members and terms should also be examined.

In its presentation to ICOLC in July 2020, OCLC provided insight into the vertical integration of library vendors, with competitors such as EBSCO and Ex Libris acquiring or developing products that tie together services. As a vendor, OCLC is pressured to compete with these companies. But, as they stated in their written response:

OCLC's neutrality allows it to partner with many companies while building and maintaining needed services. As industry analysts like Marshall Breeding have indicated, the consolidation and decrease in alternatives for libraries is likely one reason that the US Federal Trade Commission is investigating the most recent consolidation between ProQuest/ExLibris and Innovative.

If OCLC operates both as a cooperative and a vendor, however, can it remain neutral? Is OCLC's nonprofit status at risk as library vendors come under federal scrutiny? If there are areas where OCLC must compete as a vendor (e.g., in the ILS marketplace) can we clearly differentiate those efforts in order to protect core services that should be managed in a nonprofit manner?

²⁵ See <https://www.eriari.com/blog/post/nonprofit-board-members-to-pay-or-not-to-pay-in-2018> and <https://www.councilofnonprofits.org/tools-resources/can-board-members-be-paid>

As one librarian remarked on the ICOLC survey:²⁶ “They are not a member-driven, non profit organization. They are a for profit corporation. It’s time we all admitted that and treat them accordingly.”

Alternatively, OCLC could recommit to the nonprofit practices on which it was founded.

What Do Libraries Need from OCLC?

OCLC could better serve libraries by recommitting to its stated values (especially those of open communication, sharing, and trust) as outlined elsewhere in this document, and by returning to the role that it has historically held: that of a robust, member-focused nonprofit organization. This includes rolling back the commercialization of core services and reexamining certain aspects of corporate culture.

One main service that differentiates OCLC from other vendors is the cooperatively managed WorldCat catalog. As a core “public good” provided by OCLC, transitioning WorldCat to an open service would protect it and ensure that it will remain the robust, community-owned, comprehensive catalog that it was initially envisioned to be. Exactly what “open” means for WorldCat (and potentially other services) is an area ripe for exploration and discussion. For libraries, it means that their shared data is freely accessible for updating and open for reuse. While the current catalog is based on the MARC record format, it could be that an open version of WorldCat relies on a different standard. We also recognize that some content in WorldCat is provided by vendors who might be unwilling to provide that data in a free and open manner. Nonetheless, if a basic version of WorldCat were open and libraries no longer had to pay cataloging or FirstSearch / WorldCat Discovery costs to update / view these records,

- Libraries would be much more likely to keep holdings up to date
- Libraries could use those funds for other services
- OCLC could develop premium services to support the open products
- Other vendors would lose most of their incentive to create competing products

ICOLC recognizes this approach may be unpalatable to OCLC, given that metadata subscription services accounted for 43% percent of the organization’s program service revenue between 2001 and 2018, although it has declined in recent years.²⁷ However, that only increases the need to ensure OCLC has a viable strategy for the future of WorldCat and related metadata services. If the quality is no longer worth the price, libraries will find adequate, lower-priced solutions, and that revenue stream will continue to diminish. For example, several research libraries in conjunction with the Library of Congress are in the final development stages of replacing MARC with an RDF Linked Data supported LMS and are currently training catalogers on that model. In the long term, a closed, MARC-based WorldCat catalog is at risk of becoming obsolete.

While WorldCat is the main service that would benefit from being open, there may be other membership-oriented services that would also benefit from such an approach. ILS platforms and discovery services are offered by multiple other vendors and may benefit from being part of that competitive marketplace, whereas services such as EZproxy or basic ILL might best be served by an

²⁶ See survey report provided to OCLC on June 15, 2020.

²⁷ In 2011, metadata services were 52.37% of program revenue. In 2018 they were 40.47%. (Source: [OCLC filed 990 forms](#))

open source or nonprofit approach. Products such as Relais (prior to its acquisition by OCLC) and Rapid have already led to a decrease in the use of OCLC for ILL, a trend that is likely to continue. Project ReShare has the potential to erode that usage further. Partnering with an open community such as Project ReShare to develop fully open ILL services could be beneficial for both the library community and OCLC.

Other vendors have embraced a model of developing open solutions while building for-profit services around them. Commercial competitors such as IndexData recognize the value of that approach; even EBSCO is exploring this model for some services. With a robust, open version of WorldCat at its core, OCLC could still develop other proprietary services using the WorldCat data. Many libraries would also be willing to pay for premium services around WorldCat such as enhanced records, analytics, or loading and updating tools.

Regardless of whether any of its own products transition to becoming open, OCLC should support the library community's efforts to develop open source solutions that meet their needs. As EBSCO has provided funding for FOLIO development, OCLC should likewise look for opportunities to invest in solutions that meet library needs, regardless of their ability to generate revenue.

To encourage the development of new services and features, as well as to ensure full interoperability between its own services and other library solutions, OCLC should discontinue the use of non-disclosure agreements. Very little of what OCLC does should be confidential. This ensures healthy community input and transparency, values which are highly regarded in the library community. If an NDA is unavoidable, a full explanation and justification must be provided to the library stakeholders involved.

OCLC's own internal processes and governance practices should also be examined to ensure that they are more closely aligned to those of a nonprofit organization than a vendor. For example, current executive compensation appears to be far outside the norm for most nonprofit organizations. In 2001, the OCLC CEO earned about **six times** the average salary for a librarian; by 2018, the CEO salary was almost **30 times** that of a librarian. Other examples include paying board members, in some cases the equivalent of a librarian's salary or more. Practices such as these, however long-standing, occasion perpetual comment from the community, seem out of step with the sector and its current realities, and put the organization at risk of losing the support and trust of the libraries which are the main revenue stream for OCLC.

An important first step would be to engage an outside review by a board of disinterested (non-OCLC board) library member leadership to examine CEO and executive compensation and commit to sharing the results of that report publicly. Additional suggestions from ICOLC members include asking the OCLC Board to publicly comment on the rationale for current compensation levels, including why they so far exceed comparable non-profit salaries and salaries of most librarians in executive roles; to transparently explain the incentive payments provided to executives, such as a long-term incentive plan or management incentive plan payments provided to the CEO; to detail the plans for the current investment balances (mutual funds) and cash on hand; and to describe how any "financial sustainability" plan incorporates the need to insure the financial sustainability of the library community.

Action Items for Marketplace and Culture:

1. Transition to a model of developing open and/or free solutions that meet library needs, with revenue-generating support services
2. Discontinue the use of non-disclosure agreements (NDAs)
3. Examine current governance practices to ensure that they are more closely aligned to those of a nonprofit organization than a vendor *[Note: Preferred first step is an independent outside review]*

CONCLUSION AND NEXT STEPS

We hope that OCLC will receive this document as it was intended, as a thoughtful and in-depth analysis of the needs and perceptions of ICOLC members' libraries. As noted earlier, OCLC has long held a trusted and unique place in the library community, and while the last two decades have seen an increase in practices that more closely resemble those of commercial vendors, we hope that OCLC will take the actions outlined in this document and return to playing the role that it has historically held: that of a robust, member-focused nonprofit organization that provides necessary services to its libraries at the lowest possible cost.

This document outlines 16 specific action items across four broad areas of concern. We recognize that some of these will be easier to implement, or more attractive to OCLC, than others. We have surveyed the ICOLC community, and asked them to rank the action items in order of importance to their library. These are the highest-ranking items, in order:

- Pursue a primary goal of creating and managing solutions that reduce overall library costs
- Provide a transparent, predictable, tier-based pricing structure clearly tied to standard library metrics
- Examine current governance practices to ensure that they are more closely aligned to those of a nonprofit organization than a vendor
- Immediately begin to display all WorldCat holdings data in WorldCat.org at no additional charge to libraries
- Allow libraries to subscribe to single products, rather than bundling them
- Support full resource sharing interoperability between OCLC and external (non-OCLC) ILL systems
- Engage in an open effort to standardize the exchange and sharing of holdings information (including records providing detailed information about electronic subscriptions) to facilitate consortial resource sharing and local and collaborative collection analysis

The first three items above were ranked as essential or high priority by more than 90% of survey respondents; the other four were ranked as essential or high priority by over 85%. It should also be noted that all of the action items in this report were ranked as essential or high priority by at least 70% of respondents (with the exception of the COUNTER action item, which was added post-survey). Most concerns were equally supported by respondents outside the Americas, with the exception of the items that refer to OCLC's non-profit status (since OCLC is not a non-profit in those areas).

The ICOLC OCLC Task Force has spent the last six months reviewing data and information to include in this document, gathering feedback from the larger library community, and determining which action items to include. We recognize that we do not have access to all the information which OCLC has at its disposal and which will influence its reaction to this report. As we have stated throughout this process, our goal is to work with OCLC to reimagine services in the 21st century and improve overall service to libraries.

The next full ICOLC meeting takes place virtually on April 19 - 21, 2021. While we do not expect OCLC to respond formally by that date, we do plan to provide an update to the membership and would like to report on anticipated next steps at that event. We likewise expect that OCLC will discuss this document

with its Board of Trustees and Global Council at their upcoming meetings, but do not see dates for those meetings posted on the OCLC website. As an immediate next step, we invite OCLC to meet with a small group of representatives from the Task Force and the ICOLC Coordinating Committee, to discuss these action items and how we can best move forward.

We thank you for reviewing the report and giving these action items your full consideration. We look forward to working with OCLC to achieve greater understanding and partnership in the future.

ICOLC OCLC Task Force:

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Rick Burke (SCELC) - Chair, ICOLC Coordinating Committee
Scott Garrison (MCLS)
Lucy Harrison (GALILEO) - Task Force Chair
Kirsten Leonard (PALNI)
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Marie Waltz (CRL)

Endorsing Organizations:

60 ICOLC organizations representing 11,794 member institutions or programs voted to approve sending this document to OCLC. The organizations below requested to be listed as public endorsers of the report. Additionally, several have written letters of support which are attached or will be sent separately to OCLC leadership.

ALA Core Board of Directors
ALA Core Collections and Metadata Management Section
AMICAL Consortium
Association of Southeastern Research Libraries (ASERL)
Butler University Libraries
CARLI
Carolina Consortium
CLIC (Cooperating Libraries in Consortium)
Colorado Alliance of Research Libraries
Community College League of California
Connecticut State Colleges & Universities Library Consortium
ConnectNY

Consortium Luxembourg
Council of Atlantic University Libraries (CAUL-CBUA)
Council of Prairie and Pacific University Libraries
Council of University of Wisconsin Libraries (CUWL)
Eastern Academic Scholars' Trust (EAST)
Florida Academic Library Services Cooperative
GALILEO
George Fox University Libraries
Karmann Library
LIRN
LOUIS: The Louisiana Library Network
Midwest Collaborative for Library Services
Minitex
NC LIVE
NEOS Library Consortium
Novanet
Ocean State Libraries
Orbis Cascade Alliance
PALCI Board of Directors
Partnership for Shared Book Collections
PASCAL
Private Academic Library Network of Indiana (PALNI)
RAILS
SCELC
Tenn-Share
Treasure State Academic Information & Library Services
TRLN Triangle Research Libraries Network
ULAC (University Library Advisory Council) UNC System
VIVA
Whitman College - Penrose Library
WiLS (Wisconsin Library Services)