Against the Grain

ATG Interviews Steve Potash, Founder, OverDrive

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by **Nancy Herther** (Sociology Librarian, University of Minnesota) <herther@umn.edu>

Steve Potash founded OverDrive in 1986 to serve the needs of mostly public libraries for distribution and service. This was at a time when few foresaw the revolution in technology that was to up-end the publishing industry. For OverDrive, the rise of the internet and digital books in the 1990s caused the company to refocus their service mission, and launch their content distribution service in 2000. Today, "along with the industry's leading digital reading platform, OverDrive now offers the largest digital content catalog in the world to more than 40,000 libraries and schools in 70 countries and the highest-rated apps that are built to create reading happiness." With the purchase of OverDrive by Rakuten in 2015, the company changed its brand name to Rakuten OverDrive and the infusion of resources only furthers OverDrive's dominance, especially for public libraries across North America. Steve shares some of his experience, vision and perspectives with ATG.

ATG: In the past two months we have had announcements on new eBook terms from both PRH and Macmillan/TOR, as well the new Panorama Project. Are publishers still so unsure of the role of libraries, or is this one of the few channels they feel they can still control? Do you see the Panorama Project as making a difference? I know that OverDrive is one of the sponsors.

SP: OverDrive introduced public libraries and institutional lending for popular trade eBooks and audiobooks 16 years ago.

Since then we have seen an ongoing evolution of access models offered and adopted by publishers to balance their commercial interests to promote retail sales for print and digital, while still providing libraries broad public access to popular titles. Changes over the years have included **HarperCollins'** 26 circulation limit policy per unit and term limitations from **Simon & Schuster** and others.

I am delighted to report that the majority of changes to library lending models have actually increased options for libraries and schools. Today more trade publishers offer their titles for libraries to promote and lend as simultaneous access models. We also have had a surge of publishers and authors promoting their titles for simultaneous access as part of digital book clubs and city read programs.

There is another recent option for libraries to add popular titles with no wait list under a "cost per checkout" model. We are now offering schools short-term lease terms for classroom sets of eBooks for students. All of these access models complement the principle "one-copy, one-user" model.

Recent announcements from **Penguin Random House** and **TOR (Macmillan)** are another step forward in fine-tuning the available models. I expect these terms to continue to evolve as more data is uncovered on how readers discover and embrace new authors and series, and purchase books. The Panorama Project has several research efforts underway to determine how libraries, both in their 16,000 locations in the U.S. and online through their OPACs, apps, and discovery services, promote books for readers to discover, and, in many cases, buy. The Panorama Project will be the first wide-scale data project seeking to understand the impact libraries have on book discovery and retail sales outside of the library.

ATG: Pricing in the academic environment has been particularly difficult. Some eBook pricing is far higher than print (one university press charges $28 for a print and $750 for unlimited eBook access). Some textbooks are reportedly going for nearly $1,000 as eBooks. The PRH plan would require a subscription system, which would ultimately cost libraries thousands of dollars over time for ongoing access. Will academic/research libraries be able to work with these models?

SP: We expect academic libraries to curate and offer PRH titles that their readers want under the new pricing and access model. It may result in collections becoming more selective from authors and genres that align with the readership of the institution. **OverDrive** has consistently advised all authors, agents, and publishers that their economic interests are lifted by offering flexible and reasonable terms to enable every library to acquire rights to not only frontlist titles but backlist and complete series of titles as well. As the new model rolls out to the market, we will learn how it impacts institutional buying patterns which may ultimately impact the publisher's model going forward. The terms for library lending of digital books will continue to evolve so we

should not assume any terms will be the only option in the future.

ATG: Public library needs are different from those of academics/research libraries. How do you see eBook publishing and acquisition shaking out in the coming years?

SP: With a flood of content available from so many sources, publishers and authors need to compete for attention and mindshare from users looking for quality content. Books and long-form reading need champions to keep the long-term interests of book publishers healthy and growing. There are no better advocates for reading and discovery of books than librarians and the institutions committed to promoting reading and access to information from books.

I expect that outcomes from the Panorama Project will help provide data that impacts publisher and author appreciation for the values that libraries offer for their brand and titles. All commercial publishers are facing an increasing challenge to have their books discovered and appreciated from an increasing universe of free digital books and a myriad of digital content in other media formats. I expect to see premium eBook content continue to evolve and grow in value to readers and the institutions that supply access to them. We are moving quite quickly where mobile and digital formats for books are becoming the norm for many categories of books.

ATG: You clearly have good contacts with other book jobbers. How are they faring in this environment? They have little power or control and in an increasingly eBook-only environment (if this were to dominate), how could they survive? Are jobbers trusted by publishers any more than libraries?

SP: OverDrive promotes reading in all formats and encourages the discovery and appreciation for print. Physical books will never go away and are a preferable format for millions of readers. This will provide book jobbers an ongoing role for all institutions and libraries. The momentum and more significant growth opportunities for book sales are in the digital realm. Authors and publishers have enjoyed a print sale, royalty reporting partnership with retail bookstore and book jobbers for 200 years. This is a trusted channel that provides consistent reporting and royalties to agents and authors. The newer digital book channels are evolving and will gain more support from authors going forward.

OverDrive is working with authors and publishers to provide transparency on library buying patterns for their titles to share information on where, how many, and use for their eBook and audiobook titles. We expect this new transparency for library and institution investment into digital books

within **VIVA**. Further, and in keeping with the original aims of the project, numerous shared eBook collections were negotiated and acquired using the resulting data from the collection analysis. More information about the project is available here: *http://vivalib. org/monographic_analysis*. With the General Assembly, we focused on how this data would enable **VIVA** to buy materials we knew to be broadly relevant across the consortium. We knew we could be more strategic in our approach to publishers and save the state money through a central investment, and this turned out to be a convincing approach.

ATG: Are there any words of wisdom or additional advice that you can share with other library consortia interested in developing a similar program?

AO: You have to be willing to speak with your funding for these rights. If we stop buying resources that don't have the rights we want and support publishers moving in a positive direction, the environment can change. An RFP process can also create a good, competitive environment for rights negotiation, and I think that it is important to emphasize the marketing power of ILL, as many libraries use ILL data to inform their collection development.

ATG: VIVA's Open Textbook Network is another innovative program. Can you tell us about it? How does it work?

AO: This program began as an Open Textbook Network (OTN) System Membership pilot in 2016, when we held training to create Campus Leaders (those who would hold OTN workshops on their own campuses) and funded the training of three System Leaders at the OTN Summer Institute. This program was so successful — it created $2.5 million in student savings in its first two years — that we were able to pitch a much larger program to the General Assembly that included a course redesign grant program, expansion of the OTN program, affordable course content initiative, and two new central staff personnel. This funding request was successful, and $600,000 was added to our annual base by the state. We are so grateful to the consortia and groups that have been innovators before us in this area, such as LOUIS, Open Oregon, and GALILEO; we were able to learn from them and customize a program that would fit within Virginia.

ATG: How do you maintain quality in a program that relies on open educational resources?

AO: Faculty reviews are foundational to the success of the Open Textbook Library, both as a means to introduce faculty to OER and to provide information about quality and relevance. We are just in the beginning stages of creating our own discovery portal for resources through our program, but curation and discussions with faculty will be a big part of it.

ATG: Faculty buy-in is essential for a program like this. What has been the faculty's

response? Has it been more successful for some VIVA members than others?

AO: I want to recognize first that there were already a number of OER initiatives within the state. Our community college system, particularly **Tidewater Community College**, is nationally recognized for its Z-degree program, where all textbooks for a given degree program are free to the student, and **Virginia Tech** is another standout institution, with the creation of important open textbooks. Our program was an attempt to build on these successes, and others throughout the state, to create a more statewide approach. Through our OTN pilot, we have had adoptions of open textbooks at all of our institution types — two year, four year, doctoral, and private — which was an important factor in our considering it a success. The faculty response has been most direct and enthusiastic in response to our new course redesign grant program. The grant program recognizes that faculty, regardless of enthusiasm for the idea of open and affordable, also need to be given the time, space, and resources to make these types of dramatic changes to their curricula. We released our first RFP in December, and faculty across the state at a wide variety of institutions have expressed interest in participating. This really feels like a game changer for what our faculty will be able to do.

ATG: From your experience what are the most effective strategies in encouraging faculty involvement in a project like this? Which strategies haven't worked quite as well?

AO: Faculty are busy and pulled in many directions; incentives such as funding or time are critical to enabling the work that goes into the adoption, adaptation, and creation of OER. A local presence is also important. Having the information about OER come from a librarian they already know and trust is much more powerful than information from a new, unfamiliar source.

ATG: Anne, what do you see in VIVA's future? Are there any new projects in the offing? Do you have a "scoop" that you can share?

AO: We are really excited about our new Sustainable Journal Pricing project. We are trying to create a new model for negotiation that is reflective of **VIVA's** consortial values, sustainable for member library budgets, and flexible enough to adapt to a more Open Access future. This work builds on the past assessment work of **VIVA**, including the Value Metric Project, which incorporated factors such as Open Access, faculty publishing, and usage rights into our renewal and cancellation decisions. There is a crisis point for journal subscriptions happening, particularly with regard to Big Deals, and we want to help our members negotiate the agreements they need for long-term success.

ATG: This new sustainable journal pricing project sounds like a real challenge. How far along are you in developing the model? Do you have a target date for implementation? Is there a website that interested readers can go to in order to learn more?

AO: It is definitely a challenge. Untangling the different funding streams for journals, Open Access, and the larger higher education business of those publishers is no small feat. We also know that we need broad consensus to achieve the leverage we need to shift the model, so communicating about this project consistently across our institutions is an important part of the task force's work. We are beginning to run numbers, focusing on content relevance to Virginia and its authors, and hope to have an approach ready for an initial discussion with publishers soon. A number of our task force members discussed this project at the 2018 **Charleston Conference** in a presentation called "Flipping the Model," and more information is available here: *http://vivalib. org/sustainablepricing*.

ATG: It strikes us that being the Director of VIVA is both rewarding and challenging. However, everyone needs some down time. So, we were wondering what you do for fun and relaxation? Are there any activities that you particularly enjoy?

AO: The best part of my day is playing with my daughter, and I also enjoy reading, doing yoga, and playing board games with my husband. A special treat is listening to great stand-up comedy.

ATG: Anne, Thanks so much for taking time out of what we know is a very busy schedule to talk to us.

AO: Thank you for the opportunity! 🐿

will result in a greater appreciation for the digital book channels through libraries. One area of significant growth for publishers and authors is the global market and instant access **OverDrive** provides for eBooks and audiobooks. Today, over 40,000 institutions in 72 countries are purchasing eBooks and audiobooks under a variety of access models to serve students, readers, employees, and others worldwide. 🐿

*"A Conversation with Steve Potash" by Nancy Herther was first posted on the ATG NewsChannel website as part of Nancy's article "Publishers Still Unsettled Over The Future Of Ebooks: Part 3 — Distribution Trends From Overdrive's Steve Potash." It along with links to the other two parts of the entire article are available at: **https://www. against-the-grain.com/2018/11/atg-original-publishers-still-unsettled-over-the-future-of-ebooks-part-3-distribution-trends-from-overdrives-steve-potash/.***