

IUPAC Database Business Discussion
Teleconference
9:00am - 10:54am EST
February 12, 2015

Draft Minutes

IUPAC Attendees: Colin Humphries, Secretary General; Lynn Soby, Executive Director; Bonnie Lawlor, Chair, Committee on Publications and Cheminformatics Data Standards (CPCDS)

De Gruyter Attendees: Anke Beck, Managing Director; Katharina Butsch, Senior Acquisition Editor, Chemistry; Karin Sora, Senior Editorial Director, Chemistry and Materials Sciences

Lynn Soby opened the meeting at 9:00am EST. The objective was to begin to address the business issues surrounding the proposed IUPAC database on Standards and Recommendations that need to be resolved prior to contract signing. Katharina Butsch circulated a boilerplate database contract in advance of the meeting along with a spreadsheet summarizing the database costs and revenues for the next five years.

Current Status

Karin Sora reported that De Gruyter now has a completely signed copy of the Letter of Intent for database development. In addition, a freelancer has been hired and began working this week. The person is former colleague of Karin's who helped develop the database created from *Ullman's Encyclopedia of Industrial Chemistry* and who is quite knowledgeable and experienced. She does have a science background and her responsibility is to draft the instructions for De Gruyter's e-publishing group. The database tree structure has also been finalized in cooperation with IUPAC's Committee on Publications and Cheminformatics Data Standards (CPCDS) and it has been given to the freelancer along with some basic editorial guidelines. Karin noted that everything is currently proceeding on schedule.

Spreadsheet

Katharina Butsch circulated a revised version of the cost/revenue spreadsheet prior to the meeting. Colin Humphries asked that she and Karin walk everyone through the numbers so that we could have a better understanding of how they were generated.

Revenues

Karin Sora said that the sales team provided the numbers. The Global Sales Director is Ben Ashcroft who worked in sales at Cambridge University Press for fifteen years, most recently serving as their Sales Director, Academic and Professional Books, before joining De Gruyter. Karin noted that they are offering two options for customers who want to access the database:

- Subscription (rental) Model: Fee is 1,000€ per year
- Purchase Model: Fee is 4,000€ (this is for permanent access to the entire back file that exists at the time of purchase; additional annual updates will need to be purchased going forward if the customer wants to add the most recently-available information)

The purchase/rental fees will be increased 2% each year through 2020. All the prices listed on the spreadsheet are inclusive of taxes. Karin believes that the sales estimates are conservative. It was also noted that the estimates are for the academic market. De Gruyter hired a Corporate Sales Director in January 2015 and this person has not as yet had any input on the sales numbers. Those present at today's meeting agreed that the instrumentation market needs the IUPAC data and that market should be pursued. Hugh Burrows had identified this target market at an earlier discussion on the database.

Anke Beck said that De Gruyter expects the first two years to be very strong with new customers. Bonnie Lawlor asked if the sales estimates included the U.S. market. Anke said "yes." The numbers include Europe, Asia, and the United States. Anke asked Bonnie who she thought would be the primary market in the states. Bonnie said that members of the Academic Research Library Association (ARL) would represent the target academic organizations (see: <http://www.arl.org/membership#1>). For the government market it would be the major US. National Laboratories. Corporate targets would include the instrumentation providers as noted earlier. (Note: the Pittcon Conference is a possible place to promote the database in the USA. In 2016 it will be held in Atlanta, GA from March 6-11 (see: <http://www.mass-spec-capital.com/product/pittcon-2016-atlanta-the-pittsburgh-conference-analytical-chemistry-2001-20912.html>). Certainly a subset of the chemical and pharmaceutical companies would also be targets, although for any of the markets sales will be restricted to only those who are willing to pay for ease of access to the content since the Standards and Recommendations are available for free.

No one present at today's meeting could actually address how the sales numbers were derived. Anke agreed to request details from the Sales Director.

ACTION: *Anke Beck* will request that the De Gruyter Global Sales Director provide a write-up of how the sales figures were generated (e.g. target market(s), size of each, percent expected to be converted to customers, etc.).

Expenses

Karin Sora said that she believes that the actual cost of developing the database will be less than that budgeted based upon her experience with database development at Springer. The one-time budgeted costs include data preparation (76,000€), database set up (15,500€), and when implemented, the Content Management System (20,000€). Ongoing costs are for personnel expenses related to e-production, editorial (will be included when the CMS system is implemented), and Project/Acquisition-Editorial. The pre-launch expenses related to those items are estimated at a total of 12,800€. Ongoing annual costs are estimated at 3,400€ (this figure does not include editorial costs related to the CMS system which will not be used for the core database). There are "other" editorial costs that will be incurred prior to launch and these are estimated at 5,000€. In addition there will be sales/marketing costs for the prelaunch (estimated at 6,000€) and ongoing annual costs estimated at 14,000€/year. Total pre-launch costs are estimated at 135,300€. Break-even is expected in the second year (2017). The database will be amortized over five years. It was noted that the one-time costs of e-production were included twice in the spreadsheet and Katharina Butsch said that she will re-issue a corrected version.

Colin Humphries noted that he would not have included the amortization in the cash flow analysis as that is not actual money out the door. He did note that he approached the numbers according to his usual practices and that they are pretty much in alignment with what will be on the corrected version of the spreadsheet.

ACTION: Katharina Butsch will issue a corrected version of the cost/revenue spreadsheet.

Business Issues

Lynn Soby said that she can think of at least two approaches to a business agreement for the database: 1) a pure license agreement in which IUPAC licenses for a fee the use of its Standards and Recommendations to De Gruyter for the creation of the database; and 2) a co-development agreement in which both IUPAC and De Gruyter jointly develop the database.

Karin Sora said that De Gruyter does not usually license content from anyone, but if they do they have a license agreement put in place and usually give a royalty of 10% to the content owner. After some discussion it was agreed that a license agreement should at least be considered as it may be the simplest approach and Anke agreed to have a typical license agreement drawn up for review and consideration by IUPAC. Karin asked if IUPAC would want to be involved in the database development even if a license approach is taken. Lynn said that she believes IUPAC needs to be involved and that the level of involvement should be reflected in the royalty that is provided.

ACTION: *De Gruyter* will send IUPAC a sample licenses agreement for review.

Colin Humphries suggested that the database boiler contract circulated prior to today's meeting be discussed because it raises a number of issues that need to be resolved. He first asked what the agreement is trying to achieve – what is it for? Karin responded that the agreement is an attempt to establish the business arrangement for the creation of a database of IUPAC Standards and Recommendations – to identify the rights and obligations that both IUPAC and De Gruyter agree to assume. Colin then raised a number of issues examples of which are listed below:

- The content owned by IUPAC and the metadata created (and therefore owned) by De Gruyter become co-mingled in the database, but De Gruyter owns the rights to the database – how are the individual pieces owned and how can they be used in the future if the agreement is not renewed? What is the shared value? This is especially problematic with the use of joint organizational names and logos.
- If IUPAC's name and logo are used (and this is desirable from a branding perspective) how does IUPAC retain some level of control, especially to ensure quality?
- Many of the rights that are to be assigned to De Gruyter seem excessive if the purpose of the agreement is to create a product which has been defined as an online database; e.g. IUPAC is being asked to give De Gruyter the right to create derivative products in other media (print-on-demand books, anthologies, etc.). Only 2.g refers to a need for mutual agreement with IUPAC.
- "Content" is defined in section 1(1) as IUPAC's Standards and Recommendations as published in in the IUPAC journal *Pure and Applied Chemistry*, yet section 2.f gives De Gruyter the right to print the Content in whole or in part.
- De Gruyter wants the right to edit the Content so that it is compatible with the database (2.d). Colin noted that the Standards and Recommendations have legal implications and cannot be altered.
- Section 2(4) give De Gruyter *unrestricted* rights to modes of usage as yet unknown or for which the modes of economic exploitability are unforeseen – this seems excessive.

Colin also pointed to several sections of the agreement that mention deadlines and related penalties if they are not met. He said that De Gruyter already has the material in-house for the initial database,

and will have had the new material in-house for a year before updates are created. What are the deadlines to which the agreement is referring? Karen said that the agreement is referring to ongoing interactions between the two organizations and used the development of the tree structure as an example. If IUPAC agrees to complete an action within a given time period, that deadline should be met or De Gruyter should be told asap that it cannot be met and a revised schedule set. Bonnie said that she and the members of CPCDS are more than willing to schedule regular teleconferences to ensure that the conversation between the two organizations regarding database development is ongoing and smooth. It would also be preferable for the parties to work together to meet the targets and deadlines of an agreed project plan.

Karin said that there are a number of clauses in the agreement that are requested for inclusion by the lawyers, but which De Gruyter does not enforce. Both Lynn and Colin said that they prefer to have a simple, streamlined agreement that only includes those things that both organizations agree should be enforceable and that are focused on the core product – the database. Karin said that they will send a new agreement and that IUPAC should be explicit in what sections work and don't work.

ACTION: *De Gruyter* will send a new agreement based upon today's discussion.

There being no further discussion, the meeting was adjourned at 10:54am EST.

Respectfully submitted,

Bonnie Lawlor, Chair
IUPAC Committee on Publications and Cheminformatics Data Standards (CPCDS)

Summary of Action Items from Today and Prior Meetings

1. Anke Beck will request that the De Gruyter Global Sales Director provide a write-up of how the sales figures were generated (e.g. target market(s), size of each, percent expected to be converted to customers, etc.).
2. Katharina Butsch will issue a corrected version of the cost/revenue spreadsheet.
3. De Gruyter will send IUPAC a sample license agreement for review.
4. De Gruyter will send a new agreement based upon today's discussion.
5. IUPAC needs to provide De Gruyter with the following information:
 - The database title
 - Search criteria - *done*
 - Search functionalities - *done*
 - Section structure (tree structure) - *done*
 - Contacts for database planning, content, etc.
 - Names for the database Editor-in-Chief and/or Advisory Board

6. IUPAC needs to provide De Gruyter with the database aims and scope by June 30, 2015. This is essentially a database description that will be used for promotion on the De Gruyter website and in related marketing collateral.
7. De Gruyter needs to provide IUPAC with an updated timeline for the creation of the database.
8. Katharina Butsch will provide Lynn Soby with the workflow/timeline that has been developed in cooperation with the De Gruyter e-publishing group.
9. Once known, De Gruyter will provide IUPAC with the cost of creating additional metadata for the full-text articles.
10. Once provided with the costs of creating additional metadata for the full-text articles, IUPAC will make a decision regarding potential investment in the core database.
11. Karin Sora will find out if De Gruyter provides usage statistics for databases and if so, at what level.
12. De Gruyter will consider creating a promotional piece on the database for distribution at the IUPAC conference in August 2015 and to libraries for budgeting purposes.
