

Summary of Meeting on the Future of the GPO Sales Program

**U.S. Government Printing Office
Washington, D.C.
March 16, 2004**

Comments can be submitted by e-mail to jrussell@gpo.gov, or online at www.gpoaccess.gov/about/reports/econmodel.html.
Comments must be received by Friday, May 7, 2004.

On Tuesday, March 16, 2004, Judith C. Russell, Managing Director for Information Dissemination and Superintendent of Documents, United States Government Printing Office (GPO) convened a meeting of experts to discuss the future of the GPO Sales Program. The basic objective of this meeting was to get advice and feedback on how to build a sustainable economic model for the GPO Sales Program that will generate \$30 to \$50 million in additional revenue for GPO annually. The model must be one that is acceptable to publishing agencies, complements free public access to government information through the Federal Depository Library Program (FDLP), and avoids inappropriate competition with commercial publishing.

A select group of experts representing Federal agencies, the Federal Depository Library community, and the information/ publishing industry participated in a daylong discussion of this issue. The participants were as follows:

AGENCY REPRESENTATIVES:

- Jane Griffith, National Library of Medicine
- John Kavaliunas, Census Bureau
- Kurt Molholm, Defense Technical Information Center
- Hedy Rossmeissl, U.S. Geological Survey
- Forrest Williams, STAT-USA

LIBRARY REPRESENTATIVES:

- Richard Akeroyd, New Mexico State Library
- Dan Barkley, Chair, Depository Library Council
- Bill Gordon, Former Executive Director, American Library Association
- Steve Hinckley, University of South Carolina Law School

INFORMATION /PUBLISHING REPRESENTATIVES:

- Chris Burns, Independent Consultant
- Daniel Duncan, Independent Consultant
- David LeDuc, Software and Information Industry Association

OBSERVERS:

- Prudence Adler, Association of Research Libraries
- Mary Alice Baish, American Association of Law Libraries
- Lynne Bradley, American Library Association
- Glenn King, Federal Publishers Committee
- Susan Tarr, Federal Library Information Center Committee

GOVERNMENT PRINTING OFFICE:

- Bruce James, Public Printer
- Judy Russell, Superintendent of Documents
- Bob Willard, Strategic Marketing Officer

The opening remarks by Public Printer Bruce James and Superintendent of Documents Judy Russell set the stage for the meeting. Mr. James explained that the GPO has five business areas:

- In-house printing, primarily for the Congress, but also including the *Federal Register*, *Code of Federal Regulations*, and some other Executive Branch publications
- Printing purchased from private sector printers on behalf of Federal agencies
- Consulting services to assist agencies to design publications and write specifications necessary to produce them
- The Federal Depository Library Program
- The GPO Sales Program

The FDLP and the Sales Program are both administered by the Superintendent of Documents and historically each program has taken advantage of the opportunity to procure copies of publications for distribution by “riding” agency print orders that come in through GPO’s Customer Service organization.

The purpose of this meeting was to focus on the GPO Sales Program, which has been losing money steadily over the past few years, mainly due to the fact that many of the publications and subscriptions sold through the program are now available for free online via *GPO Access* and from other Federal agency web sites. Due to the declining sales, GPO is following the lead of many private sector companies and has begun to move to a print on demand model for most of the titles that it distributes in printed form. This will allow GPO to provide the most efficient and economic service to agency publishers and to the public, while reducing the risk of unsold inventory and out-of-print titles.

Mr. James noted that the current model for distribution of digital information on the Internet was not anticipated. In the print environment, the Federal Depository Library Program and the Sales Program were complementary. GPO sent copies of printed documents to depository libraries, so that their patrons could come in and look at the documents, but if someone wanted a personal copy of a document or a library required additional copies, they could purchase them from the Superintendent of Documents.

Mr. James made it clear the GPO is not going to sell the *Congressional Record* or *Federal Register* online. GPO is not going to sell the information that is already online through *GPO Access*. He said, "Forget it; it is just not going to happen." He also said that GPO will continue to put more information online at no fee and will continue to make it widely available for individuals to access through their own computers via the Internet.

Nevertheless, he expressed the belief that there is an opportunity that GPO has never really addressed for revenue coming out of government information that is distributed via the Internet. For example, when a user pulls information from the Internet through a query, as currently occurs with *GPO Access*, the information is available at no fee, but if GPO pushes that information to the user via a subscription of some kind, the agency might charge for that service. Because such a service would be designed to accomplish business purposes, individuals and businesses might well be willing to pay for the convenience.

He also spoke about the opportunity to partner with the private sector and using government information in conjunction with private sector information to create new revenue streams that have not previously existed. For example, many information companies supply data to their customers on a subscription basis, with fees of \$10,000 a year or more. They may have only a few dozen or a few hundred customers for that product. Using the GPO web portal, GPO might be able to develop a means to sell that information by the drink or on demand, where an individual or a small business could come in and buy just what they need, just this one time. That would create a new revenue stream for the private sector company, and it would be a new revenue stream for GPO, as well.

Mr. James urged the group to consider these examples and think outside of the box in that fashion. He also explained that GPO has informed potential partners that they will have to supply access to such joint products and services, even when they combine private sector content with government information, at no fee to the depository libraries, so the public can come in and access it. He noted: "We have yet to have anyone say that is a stupid idea; we won't do it." In general, these companies understand that GPO cannot go forward in a partnership with them unless there is some accommodation that takes into account access for depository libraries.

Judy Russell then laid out the main objectives for the meeting. She noted that this is not a decision making group. GPO invited the participants and observers in order to benefit from their combined experience and obtain advice about how to proceed. The intent is to generate a document summarizing the meeting, which GPO would then share broadly with the all of the communities that have an interest to get some feedback before it goes forward. In doing this, GPO is making the assumption that there is both a genuine need and a real opportunity for a healthy Sales Program that recognizes the interests of the library community and those of the information industry and can assist publishing agencies in the proactive dissemination of their information to the public.

There is a long tradition of free public access of government information products through the FDLP. Its roots are in a law passed in 1813 requiring the deposit of federal government information throughout the country for public access. The FDLP has been managed by the GPO for over 100 years and has served the country very well.

There is also a long tradition for the sale of reproducible (plates, negatives, etc.) to companies and organizations that wished to reprint government publications, and of finished products (publications, maps, posters, etc.) to the business community, law firms, libraries and the general public.

As noted earlier, for many years the Sales Program and the FDLP co-existed and were complementary. Then in 1994 *GPO Access* was launched to provide online access to the *Congressional Record*, *Federal Register*, and other Federal government information. *GPO Access* began by offering no-fee service to federal depository libraries and paid subscriptions to others. However, 18 months later the paid subscriptions were dropped and GPO began to provide no-fee public access, not just to depository libraries, but also to the general public.

GPO Access has been wildly successful. Currently, there are over 1 million files downloaded per day – the equivalent of 27 million typeset pages. However, the results of that action – and the simultaneous changes in agency dissemination from paper publications to posting on websites – have been devastating for the GPO Sales Program. Revenues have dropped from over \$80 million to \$30 million in 10 years. At one time GPO sold over 35,000 paid subscription to the *Federal Register*; now GPO sells less than 2,700 copies, while customers download in excess of 4 million free *Federal Register* documents per month. *GPO Access* has improved public access, but destabilized the Sales Program, which, in the past, was an important part of the overall revenue and income for GPO, making significant contributions to GPO's overhead and its economic well being.

As the Public Printer said, this change was not anticipated. GPO did not develop a new model for the Sales Program in response to the vast amounts of information offered for no-fee public access on *GPO Access* and the World Wide Web. Over the past decade, the Sales Program declined rapidly, to the point where it was losing over \$1 million a month, and draining the capital the GPO needs to invest in its future.

GPO has taken a number of steps in the past year to reduce the losses and re-establish a sustainable Sales Program. However, what is needed is a new economic model that will generate additional revenue for GPO. The model must be acceptable to publishing agencies, complement free public access to government information through the FDLP, and avoid competing inappropriately with commercial publishing. This is a difficult task that requires both innovative ideas and careful planning.

The Sales Program is suffering from a combination of factors. One is that agencies are ceasing to print many publications and instead offering information on their websites. Moreover, while there certainly are some in the public who still want to purchase print

publications, increasingly, people are satisfied with electronic access or local printing of downloaded files. So the market for the resale of government publications has changed, and GPO has to look at different kinds of products and different ways to take those products to the marketplace.

The participants were then given a chance to introduce themselves and give a brief summary of their thoughts on this issue. Here is a summary of the main thoughts and comments that came out of these introductory discussions:

- Representatives from the library community affirmed the belief that the public has a right to no-fee access to all government information.
- GPO needs to help smaller agencies meet their e-government mandates.
- Marketing Efforts:
 - ◆ Aggressive exploration and identification of regular and niche markets can result in a very successful business model.
 - ◆ There may be an opportunity for GPO to provide publishing, publication, and to distribution services to state governments in return for a fee, and possibly sell these publications in the sales program.
 - ◆ There may be an opportunity for GPO to share revenue from the sale of government information with the publishing agencies.
- Consideration needs to be given to the assumption that there is a need and space for the GPO Sales Program.
 - ◆ There may not be enough unique products or revenue opportunities in the market that will generate the level of revenue expected.
- New business opportunities exist in taking the lead on issues like accessibility, security, and authentication—and then in turn selling these services to agencies [This comment relates to other business opportunities for GPO to sell services to Federal agencies, but not to the Sales Program].
 - ◆ GPO could offer services in unique identifiers, rights management, authenticated format, version control, forward referencing to updates, metadata, etc.
 - ◆ Publishing agencies might pay to get their publications included in GPO's Catalog of Government Publications.
 - ◆ GPO could offer services to help publishing agencies reformat their publications to conform to print on demand specifications and standards.
- GPO could target more international markets:
 - ◆ International customers could be expected to pay more for information that is free to domestic customers.

- The aggregation and unification of information otherwise available for free is another possible new business opportunity.
 - ♦ With electronic information services, people buy the service, not the information. Similar information from a number of different sources could be combined and sold for a fee. This model is currently being used at STAT-USA.
- GPO should do cost benefit analyses and projected ROI reports for any new economic model it considers.
- GPO could “push” information to customers for a fee.
- GPO could partner with private industry to provide value-added services, such as booksellers, software companies, etc.
 - ♦ GPO should encourage cooperation between the public and private sector, not competition between the two.
- GPO is encouraged to identify niche markets that do not interfere with the current no-fee access online dissemination model or fee-based private sector services.

After these discussions, four main points were deemed suitable for further discussion and debate for the remainder of the meeting. These are listed and discussed in more detail below:

1. Is there a need and space for the GPO Sales Program?
2. Is there a market opportunity for repackaging of government information otherwise available free?
3. Should the new economic model involve both cost and revenue sharing with the publishing agency?
4. Should the new economic model allow for cost and revenue sharing with:
 - a. Non-Federal partners; or
 - b. Non-Federal content?

Issue #1: Is there a need and space for the GPO Sales Program?

Most of the group agreed that there is a need and space for the GPO Sales Program. However, the space is a small one, in that it must fit in between the no-fee access provided from GPO Access and the fee-based services that are currently offered in the private sector. In essence, GPO cannot compromise its no-fee access, but also must not offer products that compete directly with the private sector.

One attendee did not see a need and space for the Sales Program on the scale that the Public Printer sought, i.e., \$30 to \$50 million in additional revenue annually. The contention was that the Sales Program could not generate that volume of revenue unless GPO can find something that people want to buy and that the most lucrative opportunities were likely to have already been identified and addressed by private sector companies.

A parallel was pointed out between GPO and non-profit organizations. In the nonprofit world, the associations typically have a narrow range of people whom they are serving with products that fit between no-fee public access and offerings from commercial publishers. The suggestion was made that GPO adopt a similar model — targeting niche markets, individuals, and small businesses.

The following question was also raised: What would the effects be if GPO did not have a Sales Program? Most attendees seemed to agree that there is an inherent benefit to the public for GPO to have a Sales Program. While there would be other channels for the public to access Federal government information without the Sales Program (such as *GPO Access*, Federal agency web sites and the FDLP), public services would not be quite as robust as they were when there was a Sales Program. Furthermore, as noted above, at one time the Sales Program was an important part of the overall revenue and income for GPO, making significant contributions to GPO's overhead and its economic well being. It is to restore that balance that GPO is now seeking a new economic model for the Sales Program.

Issue #2: Is there a market opportunity for repackaging of government information otherwise available at no cost?

The second main issue presented was the possibility of GPO adopting a model in which it would still offer the same information for free through *GPO Access* and the depository program, but would also charge for that information repackaged in alternative ways. For example, there are other agencies, such as STAT-USA, that bring together and aggregate information from a number of different agency Web sites that otherwise are available for no fee. In essence, what the customer is paying for in this instance is the service of bringing the information together and displaying it in useful ways, not the information itself. It was noted, however, that there are many agencies and cross-agency collaborations that are offering similar services for no fee as well.

Several participants pointed out that repackaging, changing the nature of the content, or the context in which that content is presented, could raise a red flag in the information industry since many companies in the industry perform exactly this function. Others noted that there is some room in there between a public need that won't necessarily be served by what the government can provide at no fee and what the information industry sees as a viable commercial product.

Some participants offered the suggestion that GPO provide services whereby the customer can repackage content on their own. In this model, customers would have the opportunity to create archived or customized sites on a GPO server where they can retain and retrieve information. Another suggestion was to offer print-on-demand for publications that may not otherwise be available in print, including large documents retrieved from searches on *GPO Access*.

The idea was presented that GPO could offer a service through which a customer could build a profile that specifies a subset of a publication (such as the *Federal Register*) or group of publications. GPO would send applicable content to the customer each time such content was added to the *GPO Access* databases. The opinion of industry participants was that GPO must be cautious in offering many new services to assure that they do not compete with private sector firms.

Participants discussed the possibility of applying different pricing models for international customers. There may be some needs of the international marketplace that could be exploited without charging the domestic services. Some participants felt that international customers should not be charged for information they acquire from GPO. Others felt that international customers should receive nothing for free from GPO at all.

However, there was some concern about both of these ideas from other participants. A grey area around this issue is that it is sometimes difficult to determine who is an international customer. Examples like Daimler Chrysler were cited as were AOL and other Internet service providers whose accounts could originate anywhere in the world.

Issue #3: Should the new economic model involve both cost and revenue sharing with the publishing agency?

The third issue presented was that of a possibility of cost and revenue sharing with publishing agencies. In the current model, GPO bears the cost (and therefore the risk) of riding print orders for the Sales Program, and in turn is the sole recipient of the revenue. The question was raised whether or not the sharing of both costs and revenues with the publishing agencies is a good model.

The immediate reaction of the some of the agency participants was that many agencies do not have the authority or the ability to accept funds from GPO or anyone else. However, there are some models that could be adopted to overcome this problem. The idea was suggested that a model be developed where GPO could set up deposit accounts or “checking accounts” of sorts and agencies could use the funds in them to pay for printing or other publishing services they would normally purchase from GPO.

Reactions to this model were that the amount of revenue coming in may not be enough incentive for agencies to want to do this. Agencies may in fact be sharing in GPO’s debt rather than making money. Suggestions were made that perhaps offering hosting services to agencies is a better model. The suggestion was made that GPO can use its size and unique position to leverage itself as a Web hosting provider for the Federal Government. [Again, this is comment relates to other business opportunities for GPO to sell services to Federal agencies, but not to the Sales Program.]

Issue #4: Does the new economic model allow for cost and revenue sharing with:

- a. Non-Federal partners; or**
- b. Non-Federal content?**

Non-Federal Partners

In response to Bruce James' expressed desire for GPO to partner with non-federal entities and private sector firms in order to generate revenue for the Sales Program, the participants were asked whether this is a reasonable approach for GPO to pursue.

Most participants seemed to believe that it would be much easier for GPO to consider non-federal partners than seeking non-federal content. Industry would be concerned if GPO were seen as giving favoritism to one company over another. GPO must be sure to follow the proper procurement and contracting processes in order to be sure this does not happen.

Several suggestions were made as to what kinds of partnerships could be formed. The first was to partner with booksellers such as Amazon.com and Barnes & Noble in order to make GPO and agency publications more visible to the general public. Another was to provide authentication and content delivery services for private industry firms. Once again, the idea was to leverage on those competencies GPO has formed in order to create mutually beneficial partnerships.

Non-Federal Content

Much of the discussions about GPO providing non-federal content as a new revenue stream were met with hesitation on the part of the participants. The contention was made that this could be potentially dangerous for GPO to try for a number of reasons, the most important of which being the issue of mixing federal and non-federal content. The end consumer could have difficulty distinguishing what information is official, public domain Federal information or what is not, even with authentication assurances.

One area in which the participants seemed to believe there might be some space for non-federal content is that of State government information. Some participants stated that if it were clearly denoted as to what kind of information is being presented at any given time, there would be no room for anyone to complain.

Wrap-up Discussion

A great deal of valuable information was obtained in this daylong meeting. While the group was not able to identify a concrete economic model for the Sales Program, a great deal of expert advice was offered that can be used as a baseline for developing the model. The comment was made that GPO was able to do more research in one day than could have been done over the course of several weeks. The suggestion was made that follow-

up conversations be scheduled on this topic in the near future, to which GPO would bring specific ideas and examples of its planned course of action.

It is also important to note that the ideas presented during the meeting were not only focused on the GPO sales program, but also identified other future revenue opportunities for GPO. These comments have been shared with the GPO New Business Development organization for review.

Next Steps

GPO will disseminate this report and seek comments from interested parties.