



From Print to Digital: Emerging Models for Institutional E-textbook Adoption

June 2012

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**CAMPUS
TECHNOLOGY**

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Introduction

In the last year a number of colleges and universities have begun or expanded pilot projects to test the use of digital textbooks. These programs are intended to work out instructional and technical challenges and to help institutions better understand the impact of e-books on textbook usage and affordability. What's often being left as an afterthought in these initiatives, however, is consideration of the business model for digital textbooks. How should e-book programs be structured to create "win-win-win" propositions for students, faculty, and publishers?

Although students have a multitude of ways to acquire the textbooks they'll use for a particular class, a majority, according to the National Association of College Stores as reported by Publishers Weekly this year, still go to the bookstore to buy or rent them there. Yet, the model of the traditional campus bookstore that carries an inventory of textbooks is far less relevant in a scenario where the textbook can simply be accessed by clicking a "download" link.

Students believe that the university should play a key role in shaping the digital textbook market, according to a study done by Indiana University (IU)—one of the schools profiled here. But what role should that be? This report explores digital textbook business models being tested at three different institutions.

Digital Opportunities

As schools are discovering, the strategic use of digital content in their courses can address a number of challenges: affordability, access, and changes in learning modes.

AFFORDABILITY

According to a two-year research project at Daytona State College, 29 percent of students admitted to not purchasing a required textbook at least once during their college experience due to cost. Twenty four percent blamed textbook expenses for being the reason they took fewer credit hours than they wanted to during a given semester.

Those schools that have tested digital textbook usage have found that well-planned e-book programs can help reduce the cost of learning materials to students. It can also help ensure that every student within a course has immediate access to the content the moment it's needed, eliminating the dilemma faced by instructors who must find instructional workarounds or face frustrating delays when they discover that some students are still waiting for the bookstore to take delivery of required texts or that others hope to muddle through the course without any textbook whatsoever.

ACCESS

Another issue with digital textbooks is ensuring that students can access them. This has two aspects, one addressing how students gain access to e-books in the first place, and the other addressing how they use the materials once they have access to them.

First, there's acquisition of the material itself. Pilot projects at a number of schools have discovered that they've replaced a simple visit to the campus bookstore with a confusing array of options. E-books may be delivered as an IT function, handled through an institutional portal, made available in the learning management system (LMS), posted to the library or bookstore website, and provided directly by the content publisher. If not reigned in, that panoply of options can confuse students and faculty and delay



instructional work from getting done. Institutions are learning that because the LMS is at the center of the virtual campus learning environment, it also serves as an effective repository for course materials.

Second, there's sorting out "device" issues. At most campuses, students show up with multiple kinds of digital devices—laptops, smartphones, tablets, and e-book readers. While a lack of institutional computing standards enables them to work on the devices that best suit their individual needs and styles, it also means schools need to ensure that the digital learning materials they choose for courses are made available in many formats to work on any kind of device. Done well, that selection presents an opportunity: Students will be able to access their e-books anywhere and anytime.

LEARNING MODES

The stand-and-deliver mode of instruction is giving way to a more collaborative, results-oriented, virtual learning environment. A hallmark of 21st century learning is that students are now just as likely to study and work on projects as a member of a team—accessing documents and other files through online mechanisms and using social media for communication—as they are to sit in a lecture hall and record important lecture points in a spiral notebook.

Digital textbooks are integrating features to facilitate this same sort of social learning approach, including the ability for a student to reach out through the content to his or her social or class network. Likewise, students can maintain a virtual set of notes through digital highlighting and annotations as the course progresses that help later on in projects and exams.

Innovative Business Models for Digital Textbooks

As approaches to these challenges are sorted out and pilot programs expand on campuses, institutions are finding that the next step in their digital textbook evolution is to establish what kind of business model to follow. The traditional model has been for the student to pay the publisher indirectly when he or she buys a textbook; the bookstore or online seller acts as the intermediary. With e-books, however, the approaches are different. They currently take three primary forms: the course fee model, the bookstore model, and the flat rate model.

COURSE FEE MODEL: In this model the expense of digital textbooks varies from course to course and is encompassed in a student course fee assessed by the college or university as part of tuition. Students pay the university to access the digital learning materials and the university passes this money onto the publishers. This model is being followed by Indiana University, a tier one research institution with eight campuses serving 110,000 students.

BOOKSTORE MODEL: Here the campus bookstore is brought into the equation to manage the delivery and billing of e-books. The bookstore collects enrollment information for a course and bills student bursar accounts directly for the cost of the digital course materials. In this model, the bookstore pays the publisher for the digital content. This model is being followed at the University of Minnesota (UM), a university with 69,000 students at a main campus in St. Paul and additional campuses in six other locations.

FLAT RATE MODEL: This approach charges a fee that is the same across classes, no matter what e-book is being used. The model is being followed at Jones County Junior College (JCJC), a two-year rural college in Ellisville, Mississippi with 5,500 students. Jones County Junior College charges students a course fee for their digital learning materials, but flat rate models can also use bookstores as well.



The Course Fee Model at Indiana U

Indiana University kicked off its e-text pilot in August 2009. Under the management of Nik Osborne, chief of staff in the Office of the Vice President for IT, the university worked with textbook publishers and other vendors to establish new models of digital textbook delivery that would substantially reduce costs for students. The thinking was that by distributing the books digitally, publishers and sellers could save on the costs of printing, warehousing, and shipping physical textbooks; that savings would be passed onto students.

The approach taken by Indiana U also addresses a major dilemma that publishers have faced for years and that has driven textbook prices ever higher: the shrinking window for the publisher to sell a given edition. “The publishers and authors are stuck in this really vicious cycle, because they only get paid whenever that new book is sold. They’re in a situation where they really have one or two semesters in order to make all the money on an edition of the textbook,” Osborne explains. The problem, he notes, is that after the first or second semester of using a new edition, students may be able to obtain a copy of the textbook on the used market; they may decide to download an illegal copy of a textbook through a BitTorrent site; or they may forgo the use of a textbook altogether. In none of those scenarios does the publisher earn a dime.

During that first year of its pilot efforts, IU assessed the costs of textbooks in the 20 largest courses on its main campus. It found that not all books were eligible for “buyback” when new editions were forthcoming; and not all students succeeded in selling their textbooks once they were done with them. So the school focused on a goal of providing e-books to students at a price that would make them a better deal than buying a new or used text and selling it back at the end of the term.

Indiana U accomplished this cost reduction by shifting to a new way of buying and selling materials. Instead of expecting students to buy textbooks at retail prices, the university contracted with publishers to buy e-books at wholesale prices. The cost of the book was included as a course fee when students registered. E-books are now provided to students and faculty through Sakai, the institution’s LMS, and are available to them for as long as they’re enrolled at the university.

The course fee model enables the publisher to provide learning materials directly to 100 percent of the students taking a given class. “We said, if the publishers will drop the prices dramatically, we’ll guarantee that each student who touches their textbook pays for it,” says Osborne. That approach allows the publisher to see revenue beyond the initial publication of the new book. In this scenario, Osborne points out, everybody wins. “Each student is going to pay a much lower price, and the publisher and author will end up making more money, because they have made money each time that book was used rather than the first two semesters.”

By fall 2011 the university had finalized bulk discount agreements with a number of publishers. But to ensure that students didn’t have to learn a different interface for each new e-book, Indiana U also contracted with Courseload to provide reader and annotation software that was integrated with the institution’s LMS.

Through Courseload’s eText software, students can highlight, take notes, underline, print, use social annotation with fellow students and instructors, and access their e-books on any HTML5-capable device, including computers, tablets, and smartphones. Where students preferred paper editions, they could order a print-on-demand copy for \$20 to \$30.



On the faculty side, instructors could embed videos and other materials directly into the textbooks to customize them. They could also mark up the text with their own commentary (“Don’t read this section!”) to make students feel as if they had a coach personally guiding them as they progressed through the digital content.

During the initial pilot, Osborne said, 130 sections with a total of over 5,000 students used e-books. Nine of 10 students “abandoned” paper and chose to read their e-books on a digital device, usually a laptop computer. In courses where faculty made active use of the digital content, six of 10 students reported that they preferred the use of the e-books. Students also reported reading more assigned material and highlighting and annotating more, and they found themselves better prepared for discussions and exams.

Likewise, the university succeeded in its initial goal of reducing the expense of textbooks. Eighty six percent of students found that e-books were a cheaper alternative to printed ones, according to a report published by the institution. In fact, the university estimated that its program saved students an average of \$25 per book compared to the purchase of printed textbooks, whether new or used.

Now the course fee model is being tried out by a number of other institutions, including U California Berkeley, Cornell University, and the University of Minnesota, among others. Indiana U provides training and support materials to help others get up to speed. It’s also expanding the use of digital textbooks on its own campuses too. For the fall 2012 semester over 200 sections have decided to use e-books, said Osborne, “a good solid increase.”

The Bookstore Model at U Minnesota

The University of Minnesota is tapping into another innovative model for institutional e-book adoption—the bookstore model. In this scenario, the bookstore manages the sales of e-books and bills student accounts directly. Like the model in use at Indiana U, e-book pricing is predicated on a 100 percent sell through model. The publisher can expect to deliver course materials directly to every student taking a given course. But unlike IU’s practice of using the IT organization to negotiate terms with publishers, the bookstore, in cooperation with the UM administration, has taken on that responsibility.

The university bookstore at U Minnesota is already a leader in e-textbook sales. About three percent of textbook sales that have an e-book option as well come from e-book sales -- more than any other university bookstore in the country. But that’s “still a tiny number,” insists Manager Bob Crabb. While the store carries about 2,800 different textbook titles (of which e-book sales make up just one percent), it only has about 600 e-book titles in a typical semester. However, the e-books tend to represent the major courses offered on campus, most with enrollments greater than 50 students.

U Minnesota is leveraging its e-book sales experience—working with the institution’s administration and publisher McGraw-Hill to negotiate discounted pricing—to establish the bookstore e-book business model. UM’s bookstore collects textbook selection information for courses that will use e-books. The bookstore has access to enrollment information for each of those courses. Students receive their e-books, through the institution’s LMS, on their web-enabled devices. The bookstore bills students’ bursar accounts for the discounted e-books. It also handles all of the details for charging scholarship programs and financial aid where appropriate. At the beginning of the semester—just after the drop-add period—the bookstore pays the publisher the discounted e-book price for 100 percent of each class’ enrollment.



In this model, the bookstore manages the back end accounting details, “a piece that’s not addressed in the Indiana model,” Crabb notes.

U Minnesota is also changing its bookstore’s practices to make this new e-book model work. Instead of applying a set mark up to each e-book, the bookstore now charges a flat service fee for each transaction. Not only does this help keep down the costs of course materials, this practice also establishes a new sustainable digital age model for the bookstore.

Longer term, Crabb explains, the bookstore will work with publisher reps to help them identify faculty members or courses that would be good prospects for the e-book model; it will also educate faculty members on how the model works. It’ll be up to the faculty to let students know before or at the time they’re registering for a class that it would involve the use of an e-book and an e-book platform and that they’d be charged a specific amount on the first day of class, which will show up in the records as a bookstore charge.

U Minnesota has been talking to a number of college stores about this model, says Crabb, several of which he expects will run pilots in the fall. “We basically want to show proof of concept this fall and then learn from that. If it works, great—we’ll try to expand it throughout the industry.”

The Flat-rate Model at Jones County Junior College

Jones County Junior College entered into its e-book pilot in fall 2011 for two reasons. First, the school wanted to save its students money. “You come to school for a semester at Jones County for \$1,190, which is great,” notes Rick Youngblood, vice president of Business Affairs. “But then when books are \$700 or \$800, that’s a big part of what you pay percentage-wise for school.”

Second, the college wanted to understand what was involved in using e-books. “We knew this was going to be the future,” Youngblood says. “We wanted to get a good feeling about whether this was a direction we wanted to go in.”

The pilot focused on the business school, which had an enthusiastic faculty, and involved every instructor in the department (with one exception), all of whom used books from the same publisher. That was the first contract Youngblood negotiated, which covered the licensing of about 4,000 e-books. He also worked out flat-rate deals with the publishers of art and English composition textbooks to make them available in e-book form for those courses.

A college task force studied how the flat rate approach would potentially work out before it was put in place. “We had several scenarios,” Youngblood says. “One was if you took all business classes, you saved several hundred dollars. If you took some business and some other classes, you might break even. You’d save on the business books, but you’d still have to buy the device and have regular textbooks for other classes. The combination of classes you took determined what you saved.”

The college treated payment for the e-books like a lab fee charged to each student enrolled in the course. “If you enroll in Accounting Principles 1, you have a lab fee attached to it for the e-book, for which you have access in Blackboard immediately upon the class starting,” Youngblood says.



Eight Keys to a Successful E-book Deployment

These models suggest that for e-books to find success on campus, eight principles need to be addressed:

1. **Ensure the 100-percent coverage requirement.** There are obvious benefits for schools and publishers to negotiate in a climate where every student in a class will pay for the course materials, as Indiana University's Osborne observed. Publishers will deliver e-books at significantly discounted rates for institutions that require students to purchase learning materials directly from the publisher.
2. **Get as many programs and departments on board as possible for pilot programs.** Initial pilots need to involve as many instructional programs or courses within programs as possible to generate momentum for shifting to e-books and to generate the kind of licensing volume that will ensure major publishers sit up and take notice.
3. **Foster academic freedom through "opt-in" use of e-books.** Without faculty support, the transition to digital content on any campus cannot occur. Educating faculty on the benefits of choosing e-books and allowing them to decide whether or not to use e-books in their courses not only preserves their academic freedom but has been shown to lead to greater faculty support of moving from print to digital.
4. **Choose a platform that offers enhanced learning tools and LMS integration.** The e-book platform should provide features that boost the usage of the text—such as the ability to create study notes and collaborate—and also accommodates e-books from multiple sources—mainstream publisher, specialty publisher, and open educational resources. Likewise, the platform needs to integrate with the campus LMS, because that's ultimately the portal through which most users will access their e-books.

Sidebar Continues



The junior college chose VitalSource to provide access to the digital files for the e-books, which provides search, highlight, annotation, and accessibility features. It was specifically selected, Youngblood explains, because the student can either download the book or access it online, "We have a lot of rural areas, and not everyone has internet access. [With VitalSource] the students can download the book onto their device and take it anywhere and not have to have internet access whenever they're reading the book."

Most of the publishers he's working with will also allow the student to print out a copy of the digital textbook one and a half times, once to have a full copy of the text and the other to be able to print a few chapters or pages as needed.

Although the college hasn't finished compiling results from the pilot, Youngblood anticipates that use of e-books will spread across campus. In fact, in the spring semester, social science courses were added to the mix. "The sooner you get to across-the-board with e-books, the sooner everybody saves money," he says.

Beyond the E-book

One barrier to widespread use of digital learning materials has been the perception that e-books—in their current form—do not yet deliver a better learning experience than a print textbook. While e-book platforms continue to evolve, incorporating enhanced features and functionality, other emerging "digital-first" learning tools and services may turn out to be "the textbooks of the future." Some of these tools include adaptive learning products, lecture capture technology, and homework management systems. Designed to facilitate effective instruction, these tools enable educators to better assess and drive student outcomes.

Once an institution establishes its e-book strategy and infrastructure, faculty and students can take advantage of these types of emerging digital products. The same process used to integrate e-books into the campus LMS can also be used to deliver these next-generation learning tools. So while the conversation around e-books today has centered on textbook affordability and access, the conversation tomorrow may well be focused on the ability of these new digital learning tools to measurably increase student performance, engagement, and retention. Institutions that lay the groundwork for greater implementation of digital learning materials today may be best positioned to take advantage of the learning tools of tomorrow.

Conclusion

The time is right for every institution of higher education to jump into the e-text movement and begin to explore its opportunities. When done right, as demonstrated by the institutions featured in this report, an e-book program can deliver a number of benefits. As Stephen Watt, an associate dean and faculty member at IU, notes, students often find themselves having to cobble together "precarious options" to avoid having to buy high-priced textbooks. When that happens, "The results often include failure, withdrawal from courses, and inadequate progress toward completion of a degree." By taking on the problem of reducing the high cost of textbooks, he writes, "The e-text movement, and that's what it is, can generate benefits for students, faculty, and publishers alike."

Eight Keys... (Continued)

5. Determine who on campus should lead your e-book initiative. Since instructors control what curriculum will be used in a given course, e-book deal-making goes beyond a simple commodity purchase. The institution needs to designate the department on campus best suited long-term to handle negotiations with publishers, whether that turns out to be IT, business affairs, the bookstore, some other operation, or some combination.
 6. Establish metrics ahead of negotiations. Schools need to set baselines in two areas to know when the negotiations are acceptable: how long students should have access to the digital textbooks and what kind of overall price discount will be meaningful to students.
 7. Provide students with print options. Not all students may be ready for digital textbooks. Others may have limited access to computers or other digital devices. Providing ways for students to print out their e-books, or cost-effectively access print on demand versions, enables them to choose the format that best suits their needs.
 8. Negotiate short term contracts. Given the rapid growth of the marketplace, shorter contracts will better serve the institution's long-term goals. Terms that may look quite favorable in the beginning could turn out to be yokes after the first year or two when compared to the deals other schools are getting.
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LINKS

CAFESCRIBE

<http://www.bkstr.com/Home/10001-216405-1?demoKey=d>

COURSELOAD

<http://www.courseload.com/>

COURSES MART

<http://www.coursesmart.com/>

DAYTONA STATE COLLEGE

<http://www.daytonastate.edu/>

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