



# ADVANCING TOGETHER

ANNUAL REPORT 2013–2014

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## President's Message

# A year of moving forward

A message to our members



View the video: [www.oclc.org/en-US/annual-report/2014/home.html#letter-video](http://www.oclc.org/en-US/annual-report/2014/home.html#letter-video)

## Dear colleagues:

I recently completed my first year as President and CEO of OCLC. It has been a wonderful privilege to meet librarians around the world, to work with new colleagues at OCLC and to lead this great organization as we plan our future together.

This has been a listening year for me. Your candor, insights and energy are genuinely appreciated.

Our members care deeply about OCLC and the passion comes through in every conversation. You will see many of the ideas you shared highlighted in this, our first digital annual report, which is organized around the “explore, share, magnify” theme that has resonated during my listening tour.

## Together, this past year we have:

**Explored the trends that shape our future.** Insight and evidence help us all plan with confidence. Our research this year has expanded our understanding and informed our actions in areas such as online learning and libraries, shared print, engagement with digital users and linked data.

**Shared data, work and resources.** Our history and our future are built on sharing. We are more than 16,800 members strong, spanning libraries of all types around the world. We are delivering new workflows by migrating more than 9,000 member libraries to a cloud infrastructure for resource sharing, by moving library management to the cloud, and by our continuing investments to expand the formats and collections represented in WorldCat.

**Magnified the impact of libraries.** Through partnerships that link library collections to Web services, search engines and social networks, we are connecting more libraries to more users in new ways. And through partnerships with foundations, government agencies, associations and corporate philanthropy, we helped more libraries deliver programs in health, education and jobs to their communities.

## Investing in a shared future

Even with our rich history, standing still is not an option. Technological change is accelerating. Education and learning are being reshaped in a networked environment. Civic and cultural engagement is evolving. We need to innovate and to invest in the future we share with member libraries.

OCLC has made major investments in cloud infrastructure and in new products and services over the last few years. This underlines a crucial difference between OCLC and other agencies in our field. We do not fund our development through venture capital, which exchanges investment for an ownership stake and influence over our direction. Nor do we fund product development through grants or other direct public funding.

We fund all of our development work through our own operations. It is vital that we are run in a sustainable and responsible way. This is a prime responsibility to our members, and a responsibility I take very seriously.

We have no other purpose than to serve library interests.

Our mission requires us to be financially secure so that we can invest in the activities and services that make the cooperative a valued part of your future, and so that we can continue to act in your interest.

As a nonprofit cooperative, we operate on a cost-sharing philosophy with a business-like orientation. This means that we strive to achieve an operating income, over time, that is 2–4% over our operating expenses. The level of our investment over the past few years, along with holding price increases flat or at moderate levels, has meant that we have fallen short of this goal. In fact, we have seen negative returns from our operations the last five years. We would all agree that this is not sustainable. Fortunately, a strong global investment market over the last few years has provided the cooperative with capital to invest for our future. As more of our services move to new cloud models, we anticipate that our funding from current and new services will create the required operating funds. The [Financials section](#) of this report provides additional details.

On my listening tour, it became clear to me that not all members understand our funding model or the related governance structure. I am committed to making this clearer and well-understood.

## Transformation never stops

I begin my second year at OCLC energized by our mission and by the power of libraries. We have taken strong steps forward together in 2014, but we have much more to do. Transformation never stops. At OCLC, look for it to accelerate in the months ahead.

Speed, accountability and execution will underlie all aspects of our work together.

We will continue to place a high level of attention on investments in infrastructure, customer services, product development and community and research activities this year. And we are already exploring new and improved ways to ensure that our communication and structure make it easier for you to engage with our staff, provide feedback on services and plan for your future.

Finally, I would like to say thank you to all who have welcomed me during my first year as President and CEO. I have heard what we are doing well and where we need to improve. My goal is to serve you, our members, and our public purpose from our unique position in the library ecosystem. Your input is vitally important to me and it will translate into action as we work with libraries to explore, share and magnify their work.

Respectfully,



**Skip Prichard**

OCLC President and Chief Executive Officer

## Our Members



# A year of collaboration

OCLC is member-led and member-driven. Members guide the development of our programs, policies, strategy and services. This year we realized several firsts, and reached new milestones, from member attendance levels at global meetings, to innovative approaches and collaboration.

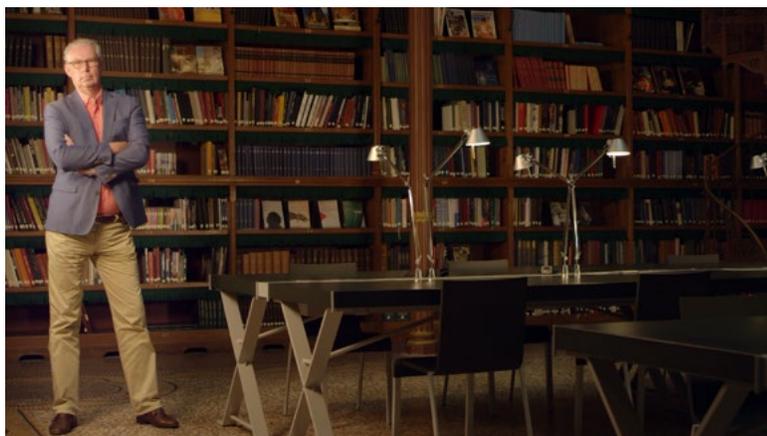
## An active, engaged community

More than 1,200 members attended a Regional Council meeting this past year—in Thailand, South Africa or the United States.

Members also engage with the cooperative through advisory committees, user groups and special task forces. These groups are vital to our cooperative; member communities directly inform our services, programs and decisions.

“As a worldwide cooperative, OCLC is very different from other organizations. The chance to share and cooperate with so many other libraries around the world helps us all move forward and grow together.”

SRICHAN CHANCHEEWA, DIRECTOR,  
UNIVERSITY LIBRARIES, THAMMASAT  
UNIVERSITY, THAILAND



View the video: [www.oclc.org/en-US/annual-report/2014/our-members.html#member-collaborating](http://www.oclc.org/en-US/annual-report/2014/our-members.html#member-collaborating)

## Collaborating on a global scale

### Art Discovery Group Catalogue

Sixty OCLC member libraries from art museums in 16 countries came together to build an art-focused research experience within WorldCat. The Art Discovery Group Catalogue is an efficient, complete and user-friendly resource that is meeting the needs of art historians all over the world.

# Paving the way

## University of Delaware

As the first ARL and the 200th library to go live with WorldShare Management Services (WMS), the University of Delaware Library and OCLC worked together as innovators and pioneers to develop the features and functionality required to meet the needs of students, faculty and staff at a larger research institution.



Morris Library, University of Delaware, Delaware USA

“The University of Delaware Library is pleased to be at the forefront of this transition to cloud-based library management services for ARL libraries, and looks forward to working with OCLC to help guide its continued evolution.”

SUSAN BRYNTESON, VICE PROVOST AND MAY MORRIS UNIVERSITY LIBRARIAN, UNIVERSITY OF DELAWARE LIBRARY, USA

# Our membership is global and growing

**103** new members in **14** new countries in FY14



- NEW New member country
- Existing member country

**New countries represented:**  
Bangladesh, Bermuda, Bosnia and Herzegovina, British Virgin Islands, Cayman Islands, Ecuador, French Polynesia, Gibraltar, Guyana, Honduras, Luxembourg, Mongolia, New Caledonia, Panama

## A diverse membership

Public Libraries	5,193	Federal, State and Municipal Government	1,621	Foundations and Associations	633
College and University Libraries	5,053	Corporate and Business	1,159	State and National Libraries	111
School Libraries	1,875	Community College and Vocational	1,063	Other	149

# 16,857 members in 113 countries

Member libraries have a voice through their elected representatives.

Three Regional Councils—**Americas Regional Council**, **Asia Pacific Regional Council** and **Europe, Middle East and Africa (EMEA) Regional Council**—energize local collaboration and support the regional needs, communications and discussions that matter most to members in their communities.



**Americas**  
12,705 members  
in 27 countries

**EMEA**  
2,417 members  
in 65 countries

**Asia Pacific**  
1,735 members  
in 21 countries

The fifth EMEA Regional Council meeting was held in Cape Town, the first OCLC EMEA meeting to take place in South Africa. Attendees included 267 librarians from 27 countries.



A record 340 librarians from 14 countries attended the Asia Pacific membership meeting in Thailand.



The Americas Regional Council meeting held at the ALA Annual Conference in Las Vegas drew 400 in-person attendees and more than 250 virtual participants.

# Dynamic leadership

## New Global Council leaders

In FY14, each Regional Council elected member representatives to Global Council, which consists of 48 delegates and three officers. These 51 leaders represent the voices and perspectives of 19 countries.



**BARBARA PREECE**  
 GLOBAL COUNCIL PRESIDENT  
 Director, Loyola Notre Dame  
 Library, USA



**ANJA SMIT**  
 GLOBAL COUNCIL VICE  
 PRESIDENT/PRESIDENT-ELECT  
 University Librarian, Utrecht  
 University, the Netherlands

[View the current Global Council directory at oc.lc/councils](http://oc.lc/councils)

## Newly elected Board members

In FY14, Global Council elected two new members to the OCLC Board of Trustees. Their terms begin in November 2014.



**JOHN SZABO**  
 TRUSTEE  
 City Librarian, Los Angeles  
 Public Library, USA



**ELLEN TISE**  
 TRUSTEE  
 Senior Director, Library  
 and Information Services,  
 Stellenbosch University,  
 South Africa

[More about the Board of Trustees at oc.lc/leadership](http://oc.lc/leadership)

# The 2013–14 OCLC Board of Trustees



Front row, left to right:

**Bernadette Gray-Little**  
Chancellor, University of Kansas

**Brian E. C. Schottlaender**  
The Audrey Geisel University Librarian,  
University of California, San Diego Libraries

**Skip Prichard**  
President and CEO, OCLC

**Sandra Yee**  
Dean of University Libraries & School of  
Library and Information Science, Wayne  
State University

**Larry P. Alford**  
Chief Librarian, University of Toronto  
Libraries

**Cindy Hilsheimer**  
Managing Principal, BeecherHill

**Barbara Lison**  
Director, Bremen Public Library

Back row, left to right:

**Loretta Parham**  
CEO and Director, Woodruff Library, Atlanta  
University Center

**Kathleen Imhoff**  
Library Consultant

**Anthony Ferguson**  
Academic Library and Information Consultant

**David Roselle**  
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Estate

**Edward W. Barry**  
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**Berndt Dugall**  
Direktor a.D./Librarian, Universitätsbibliothek  
Johann Senckenberg, Universität Frankfurt

**James G. Neal**  
Vice President for Information Services and  
University Librarian, Columbia University

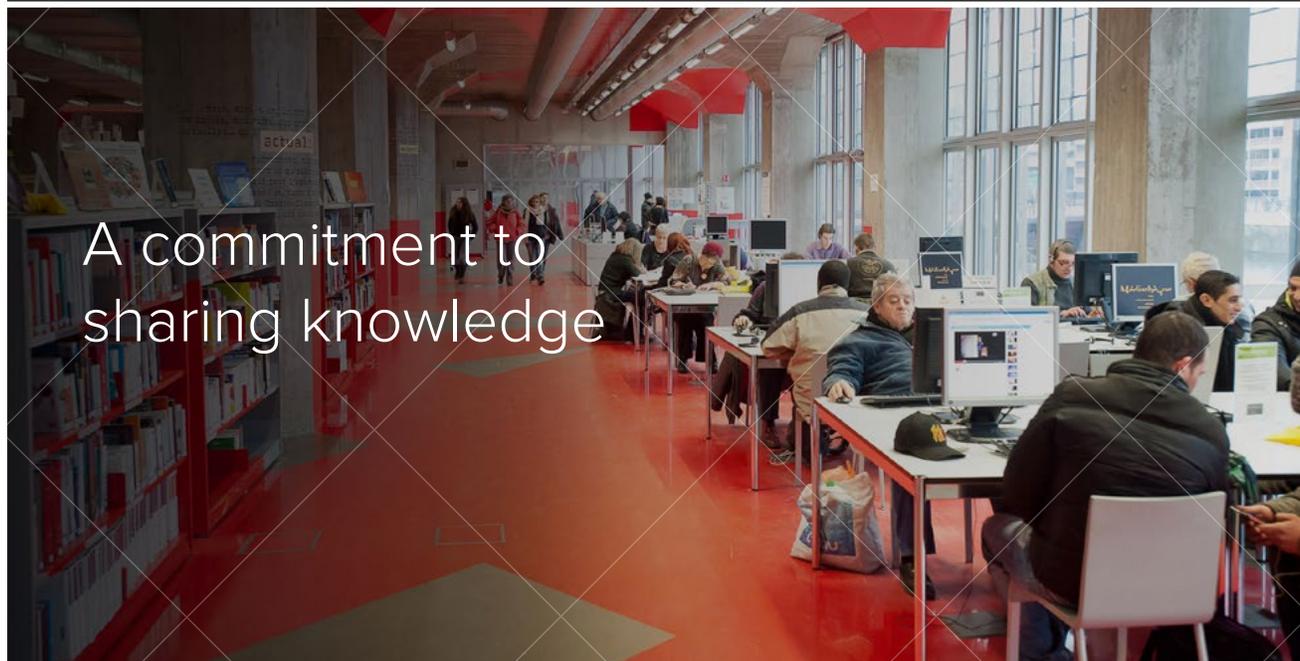
**Jennifer Younger**  
Executive Director, Catholic Research  
Resources Alliance



“Making library collections more accessible can only help us fulfill our mission as libraries.”

ANGI FAKS, ASSOCIATE LIBRARY DIRECTOR, ACCESS, INSTRUCTION AND RESEARCH SERVICES, MACALESTER COLLEGE, USA

## WorldCat



A commitment to sharing knowledge

# Expanding WorldCat together

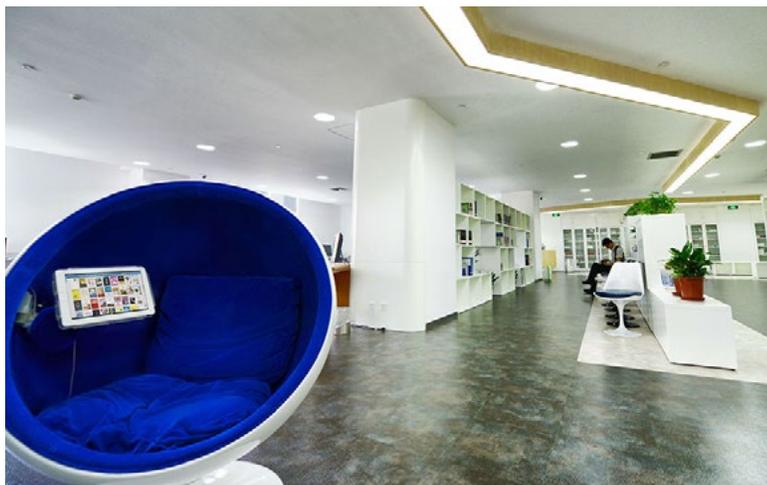
For more than 40 years, members have built and expanded WorldCat, creating the world’s most comprehensive network of data about library collections and services.



In FY14, WorldCat grew by 18.7 million records and 100.3 million holdings. WorldCat data supports a range of OCLC and partner services, driving efficiency in library management, improving discovery of library collections and increasing the visibility of libraries on the Web.

## Sharing collections globally

### Shanghai Library



The Innovation Space of the Shanghai Library is an area with the latest devices and digital readers.

Shanghai Library, the largest public library in China and one of the largest libraries in the world, takes great pride in meeting the needs of users—local, domestic and global. The library contributed 2 million holdings to WorldCat, including some 770,000 unique bibliographic records, to share its collection worldwide. The contribution enhances the richness and depth of Chinese materials in WorldCat as well as the discoverability of these collections around the world. Since the library added its records to WorldCat, its interlibrary loan and document delivery activity have increased fourfold.

“Being a member enhances our connection with the global library community. WorldCat provides an opportunity not only to share a wider range of resources with more libraries, but also to fully surface our local resources to a worldwide audience, which is imperative for a world-class library.”

DR. JIANZHONG WU, DIRECTOR, SHANGHAI LIBRARY, CHINA

### The National Library of Jamaica

The National Library of Jamaica wants to share Jamaican heritage, identity and culture with the world. In order to do that, its materials need to be visible and discoverable on the Web—any place in the world, any time of the day. The library became a member in FY14 and began adding records and holdings to WorldCat, enabling its rich collection and library data to be shared with many online services where users go to search. The library contributed more than 50,000 records—20,000 of them unique—and is one of 45 national libraries currently contributing records to WorldCat.

“The dream is for the National Library of Jamaica to be the place of choice online for information about Jamaica, and we are one step closer with WorldCat.”

WINSOME HUDSON, NATIONAL LIBRARIAN AND CEO OF THE NATIONAL LIBRARY OF JAMAICA



The National Library of Jamaica, Kingston, Jamaica

Every second,  
WorldCat is searched 22 times.

## Continued WorldCat growth

as of June 30, 2014

New records (FY14)	18,674,695
Total number of records	321,590,025
New holdings (FY14)	100,297,404
Total number of holdings	2,133,005,376



Every week,  
2,000,000 people use WorldCat.

# 484 languages represented in WorldCat

61% Non-English

39% English

## Top 50 language contributions

Number of records as of June 30, 2014

English 125,613,067	Czech 1,448,725	Malay 258,051
German 41,148,749	Catalan 930,091	Bulgarian 255,625
French 29,211,118	Finnish 895,436	Hindi 255,623
Spanish 14,475,094	Thai 836,319	Yiddish 237,596
Chinese 9,893,125	Korean 590,240	Tamil 225,294
Japanese 9,499,420	Indonesian 589,143	Frisian 203,526
Italian 7,046,484	Turkish 560,879	Urdu 196,103
Dutch 5,003,950	Hungarian 490,108	Greek, Ancient (to 1453) 188,827
Latin 4,205,962	Norwegian 489,218	Slovak 141,349
Russian 4,035,042	Greek, Modern (1453–) 475,945	Lithuanian 121,487
Polish 3,755,337	Croatian 467,408	Bengali 119,655
Danish 2,973,417	Serbian 367,079	Sanskrit 93,925
Portuguese 2,506,125	Persian 328,131	Basque 92,792
Swedish 2,327,034	Romanian 320,540	Icelandic 87,747
Hebrew 2,032,096	Ukrainian 306,239	Welsh 85,125
Slovenian 1,963,565	Afrikaans 266,617	Armenian 80,678
Arabic 1,543,699	Vietnamese 263,306	

## Top 10 lending libraries

as of June 30, 2014

Minitex	60,930
The University of Chicago	48,485
University of Texas at Austin	39,427
University of Michigan	37,086
Baylor University	36,119
University of North Carolina at Chapel Hill	35,826
University of Wisconsin–Madison	34,157
Indiana University	33,916
Pennsylvania State University	33,126
The Ohio State University	32,592

## Top 10 online original catalogers

Original records added FY14

University of Hong Kong	69,905
National Central Library (Taiwan)	36,891
Peabody Essex Museum	29,066
National Library Board, Singapore	24,947
National Taiwan University	19,891
National Agriculture Library	16,920
Stanford University Library	15,024
University of Illinois at Urbana–Champaign	13,642
New York Public Library	12,600
The Ohio State University	11,722

## WorldCat community maintenance

Member libraries voluntarily improve and upgrade WorldCat master bibliographic records in these ongoing quality programs.

	Records
Expert Community	306,491
Database enrichment	293,471
Minimal-level upgrade	223,666
Enhance regular	146,107
Enhance national	50,001
CONSER authentication	10,513
CONSER maintenance	49,934
<b>Total</b>	<b>1,080,183</b>

## Year in Review



# Year in Review

In FY14, we advanced our commitment to our public purpose. We conducted original research to **explore** the important trends that will impact libraries in the future. We improved the ways by which libraries can **share** data, resources and services. And, we helped member libraries **magnify** their collective visibility and relevance.

 **Explore**  
Research • Trends

 **Share**  
Data • Services

 **Magnify**  
Advocacy • Partnerships



To meet the demands of today’s information consumers, librarians must continually look forward, monitoring trends and user perceptions.

In FY14, we tracked growing support for system-wide library programs and services. We saw that changes in learning and education are driving libraries to rethink roles and priorities, both in terms of managing data and user behavior. We explored the unique role libraries can play in their institutions and communities by preserving digital heritage and maintaining the scholarly record. These trends impact our community today and lead us to future opportunities.

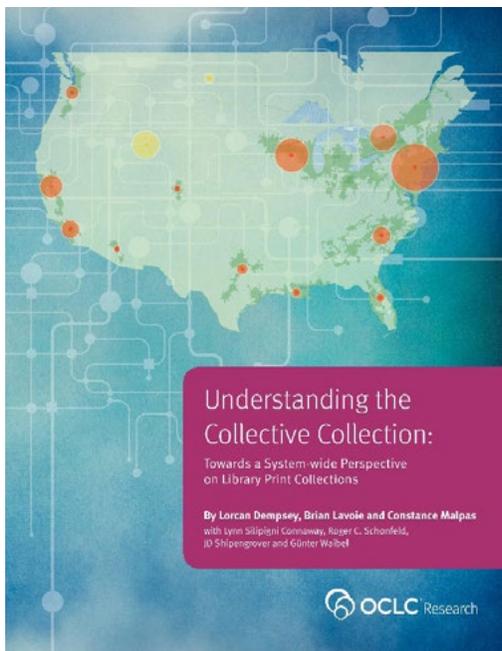


“At OCLC, we do research that helps to solve the problems and challenges that are too large or too complex for any one library or institution to address.”

LYNN SILIPIGNI CONNAWAY, PH.D., SENIOR RESEARCH SCIENTIST, OCLC RESEARCH

View the video: [www.oclc.org/en-US/annual-report/2014/year-in-review.html#explore-video](http://www.oclc.org/en-US/annual-report/2014/year-in-review.html#explore-video)

## Understanding the system-wide library



We are seeing major changes in how librarians think about collections in a networked, Web environment. ***Understanding the Collective Collection: Towards a System-wide Perspective on Library Print Collections*** has changed the way that libraries think about collections and the scale at which they must organize to deliver new and traditional services. As an acknowledgment to the importance of this work, OCLC Research was awarded the ALCTS Presidential Citation for outstanding service.

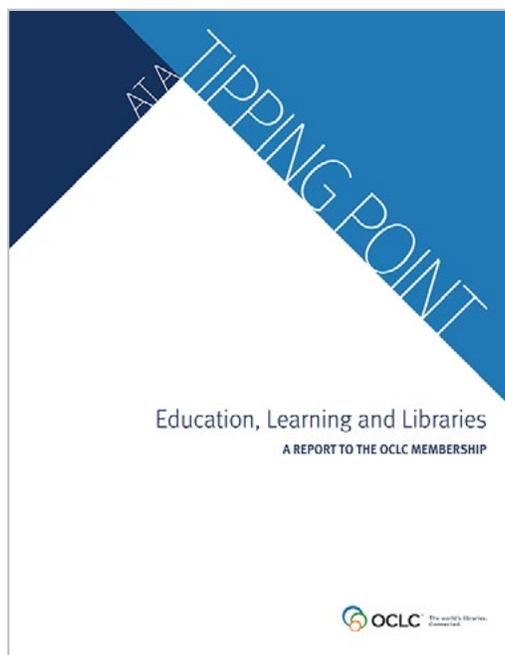
“*Understanding the Collective Collection* will long stand as a landmark work in the field.”

PRESIDENTIAL CITATION, ASSOCIATION FOR LIBRARY COLLECTIONS & TECHNICAL SERVICES (ALCTS)

**Right-scaling Stewardship: A Multi-scale Perspective on Cooperative Print Management** explores the shift from traditional, institution-scale stewardship of library collections toward newer group-scale approaches. It presents the benefits and tradeoffs of “above the institution” strategies for managing monographic collections. OCLC Research, in partnership with the Committee on Institutional Cooperation (CIC), The Ohio State University Libraries and OhioLINK, hosted a symposium that featured panel discussions and keynote presentations about this topic. More than 100 librarians attended the symposium. The report and the event generated community conversation about shared print management.

“The data collection will be a basis for changed thinking.”

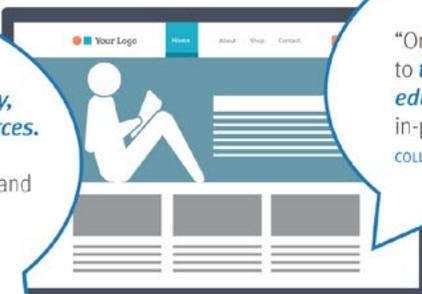
WES BOOMGAARDEN, PRESERVATION OFFICER (RETIRED), THE OHIO STATE UNIVERSITY LIBRARIES, USA



## Redefining learning and education

A new future is coming to education. Online shopping, searching and social networks came first—education is next. OCLC’s newest user perceptions study, **At a Tipping Point: Education, Learning and Libraries**, explores how empowered consumers fueled by economic incentives use online learning platforms and MOOCs to set new expectations for education—and for libraries. The report explores the behaviors, perceptions and motivations of online learners: how they evaluate the cost/value trade-offs of higher education, how they use and succeed with online education—and how they use and perceive the library.

*“I absolutely needed a library, particularly for online resources. I picked online learning for its flexibility away from a campus and libraries are crucial for that.”*  
FEMALE, AGE 29



*“Online learning allows you to **take control of your education** in a way that in-person learning lacks...”*  
COLLEGE STUDENT, MALE, AGE 33

# Starting the data management policy conversation

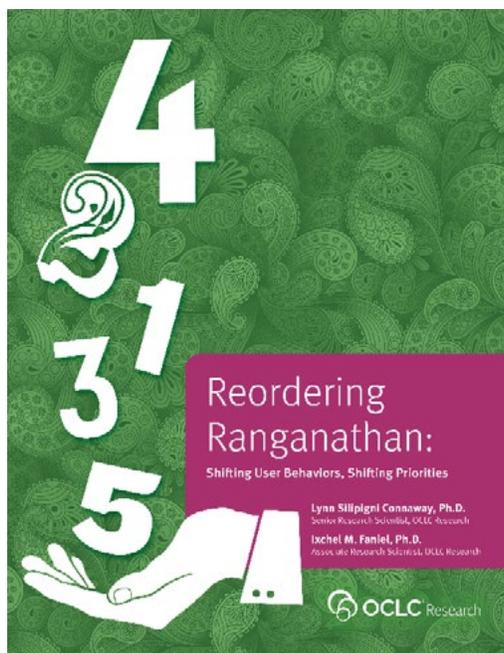
**Starting the Conversation: University-wide**

**Research Data Management Policy** suggests that library directors should initiate a conversation among stakeholders to get buy-in for a proactive, high-level, responsible data planning and management policy. The report addresses the various topics that should be discussed and includes a checklist of issues to help the discussion result in a supportable and sustainable policy.

“It is great to see the momentum building from this call for action and the conversations that have started as a result.”

DONNA MCROSTIE, ASSOCIATE DIRECTOR RESEARCH, THE UNIVERSITY OF MELBOURNE, AUSTRALIA

# Reordering the Five Laws based on user behavior in the digital age



Shiyali Ramamrita Ranganathan’s Five Laws of Library Science have provided powerful guidance for librarians since they were first published in 1931. As a framework for evaluating library programs, policies and strategies, there is probably not a single document as widely known, respected and referenced, even today. But with all the change that has occurred over 80 years, are the laws still relevant? They are, but in a new context and a new order. **Reordering Ranganathan** suggests that Ranganathan’s Five Laws can be reinterpreted to reflect today’s library resources and services, as well as the behaviors that people demonstrate when engaging with them.

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“Today’s library users challenge librarians to move from the simple declaration of ‘save the time of the reader’; meeting today’s users’ needs requires embedding library systems and services into their existing workflows.”

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REORDERING RANGANATHAN: SHIFTING USER BEHAVIORS, SHIFTING PRIORITIES

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## Preserving our digital heritage

National libraries, government archives, broadcasting archives, scientific data archives and university repositories are all investing substantial resources in the creation and maintenance of metadata for the curation and long-term preservation of their digital collections. **Preservation Health Check: Monitoring Threats to Digital Repository Content** suggests that standardized preservation metadata can be used to support the day-to-day operational needs of digital repositories.

“I found your story very clear...it inspired me to set up our own metadata policy.”

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LIESBETH VAN WIJK, SYSTEMS LIBRARIAN, LEIDEN UNIVERSITY, THE NETHERLANDS

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## Organizing discussions about the evolving scholarly record

A confluence of trends is accelerating changes to the scholarly record’s content and stakeholder roles. **The Evolving Scholarly Record** provides a framework to help cultivate the shared understanding and relationships needed to identify, collect and make accessible the range of materials in the evolving scholarly record.

“The portion of the scholarly record that a single institution can hope to collect, store and offer locally is getting smaller and smaller.”

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THE EVOLVING SCHOLARLY RECORD

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## FY14 was a year of transition and transformation as we continued to migrate services to the cloud on the WorldShare Platform.

The transition to **WorldShare Interlibrary Loan** was completed in FY14. More than 200 libraries have now fully implemented **WorldShare Management Services (WMS)**, which continue to evolve based on feedback from the community. **WorldCat Discovery Services** were launched to help unify end-user search experiences across libraries’ print, licensed and digital materials. And significant progress was made toward adding and improving **WorldShare Metadata Services** features on the WorldShare Platform.

## Sharing resources: interlibrary loan

More than 9,000 members moved to **WorldShare Interlibrary Loan (ILL)**, completing the migration of **WorldCat Resource Sharing** to the new WorldShare architecture. WorldShare ILL allows libraries to participate in the largest resource sharing network in the world, with more options for getting materials directly into the hands of library users.

“...we need to continue to provide library resources, we just need to do it in as economical of a fashion as possible, and that’s where the power of the cooperative really shines.”

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KARL STUTZMAN, ASSISTANT DIRECTOR,  
DIGITAL LIBRARY SERVICES, ANABAPTIST  
MENNONITE BIBLICAL SEMINARY, USA



View the video: [www.oclc.org/en-US/annual-report/2014/year-in-review.html#share-sharing](http://www.oclc.org/en-US/annual-report/2014/year-in-review.html#share-sharing)

## Streamlining workflows: library management

In FY14, we continued to build momentum and scale with **WorldShare Management Services**. We celebrated the first ARL member and the 200th library to go live—The University of Delaware Library. We also celebrated the first academic library group to implement WMS, The Private Academic Library Network of Indiana (PALNI), and the selection of WMS by another academic group, LIBROS, which consists of 16 academic libraries in New Mexico. By the end of the fiscal year, there were 210 libraries live and another 83 in implementation spanning three continents—Australia, Europe and North America. These members represent research libraries, consortia, academic, public, school, legal, medical and special libraries and museums.



“Moving the direction we did—with WMS with OCLC—was such a key component because we weren’t buying a system, we were buying a community that understood our community.”

KIRSTEN LEONARD, EXECUTIVE DIRECTOR,  
PRIVATE ACADEMIC LIBRARY NETWORK OF  
INDIANA, USA

View the video: [www.oclc.org/en-US/annual-report/2014/year-in-review.html#share-palni](http://www.oclc.org/en-US/annual-report/2014/year-in-review.html#share-palni)

## The Vera Bracken Library

The Vera Bracken Library at **Medicine Hat College** went live with WMS in June 2014. The appeal of WMS lay in its seamless design: worldwide discovery of resources and ease of interlibrary loans for patrons, with continued development of new features and system enhancements. Since the launch, users are noticing not only the single-search access to both physical materials and online databases in the new catalog, but also the simplicity of requesting materials. New efficiencies found in acquisitions and cataloging allow staff to dedicate more time to enhancing student services and conducting special project work, such as special collections cataloging. The library staff have received positive responses from students and faculty.



Inside the Vera Bracken Library at Medicine Hat College, Alberta, Canada

“WMS is helping our library define our future and better serve our community.”

KEITH WALKER, DIRECTOR OF LIBRARY SERVICES,  
MEDICINE HAT COLLEGE, CANADA

## UKB Consortium



UKB member: Delft University of Technology, Delft, the Netherlands



A new agreement with the UKB consortium to move its services to WorldShare offers new opportunities for Dutch university libraries and the National Library of the Netherlands. The agreement allows UKB members to integrate their metadata management, resource sharing and discovery services into a global network to maximize efficiencies in workflow and IT infrastructure.

“This agreement with OCLC will help libraries put their services and collections where their users are. With this approach, we are creating the ultimate digital academic library experience for our future.”

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ANJA SMIT, CHAIR OF THE UKB BOARD OF EXECUTIVES, AND UNIVERSITY LIBRARIAN AT UTRECHT UNIVERSITY, THE NETHERLANDS

## Connecting users: discovery

To unify our various discovery offerings and bring new value to our 18,000 reference users, we launched **WorldCat Discovery Services** in March 2014. More than 600 libraries participated in the beta program to help design the workflows, user interface and functionality of this new reference and discovery service. We will enhance WorldCat Discovery Services with new features and functionality as we migrate libraries and their users to this service suite.



Dakota State University's previous library discovery interface was difficult for its tech-savvy students and faculty to use. By transitioning to WorldCat Discovery Services, the library now offers a cleaner and more intuitive interface with additional improvements rolling out on a monthly basis.



Teamwork in the library at Dakota State University

“We wanted a way for our campus community to identify the wide array of materials we held with a single search and to also have easy ways to drill down and isolate the key information being sought.”

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ETHELLE BEAN, LIBRARY DIRECTOR & ASSOCIATE VICE PRESIDENT OF SPECIAL PROJECTS, DAKOTA STATE UNIVERSITY, USA

## Managing electronic collections: metadata

In FY14, OCLC continued to focus on e-resource metadata and management to improve discovery, sharing and use of electronic resources by library patrons. The **WorldCat knowledge base** (maintained using **WorldShare Collection Manager**) has grown to more than 12,000 electronic collections from more than 5,900 providers. Collection Manager users now have the ability to approve/deny changes, submit changes and add new records/collections to the WorldCat knowledge base, **making it the world's first cooperatively managed knowledge base.**



Drexel University Library



Drexel University librarians had grown used to a series of workarounds related to managing e-content records from multiple sources. Access to a shared knowledge base and the ability to manage metadata at the collection level eliminated much of the complexity.

“Using the WorldCat knowledge base with WorldShare Collection Manager’s automatic record delivery is just a better workflow overall. It has given us better access to and discovery of our e-books. It’s just an easier way to deal with all of our e-book collections.”

HOLLY TOMREN, HEAD OF METADATA SERVICES, DREXEL UNIVERSITY LIBRARIES, USA

# Expanding solutions

## OCLC acquires HKA

To extend services to public libraries in the Netherlands, in October 2013, **OCLC acquired HKA**, a systems provider for libraries and educational and cultural organizations. OCLC and HKA are working together to accelerate the development and delivery of innovative services that create efficiencies and value for libraries.



Public Library Nieuwegein, the Netherlands

“By combining HKA’s knowledge of Dutch public libraries with OCLC’s expertise in cloud solutions, we can deliver a new generation of library systems for our users. This is not only a very important step for HKA but also for our libraries, who will benefit from this move with expanded and new services from OCLC.”

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HENK KUIJPERS, DIRECTOR, HKA, THE NETHERLANDS



Shining a light on the unique and important work that libraries do was a critical part of advancing together in FY14.

Programs like **Geek the Library** have been shown to help build support for funding, while the **Outside the Box** initiative gives libraries a chance to do more community outreach. Helping users navigate new healthcare laws drew librarians into challenging educational situations that they met cooperatively through programs such as **Health Happens in Libraries**. For a different kind of library visibility, our **linked data** initiatives put library metadata into exciting, new mainstream workflows, which contributed to additional **partnership opportunities**, leveraging the combined influence of all OCLC member libraries.

# Building library support



Geeking spirituality at a railway station in the Netherlands

## geekthelibrary.org

We expanded the Geek the Library community awareness campaign to an additional 1,000 libraries in the U.S. and introduced pilot programs in Austria, Germany, Switzerland and the Netherlands. Supported by the Bill & Melinda Gates Foundation, this national advocacy program increases attention on the need for funding public libraries. Approximately 2,000 libraries in five countries, including 48 U.S. states, will participate in this program before it concludes in 2015.

“I’m just so pleased with what all these outreach efforts have done for us. They’ve brought people in the doors. They’ve created an enthusiasm. They’ve inspired us to be better.”

MARY LOU CAROLAN, DIRECTOR, WALLKILL PUBLIC LIBRARY, USA



View the video: [www.oclc.org/en-US/annual-report/2014/year-in-review.html#magnify-wallkill](http://www.oclc.org/en-US/annual-report/2014/year-in-review.html#magnify-wallkill)

## Enhancing the community



OCLC signed its first public/private partnership with Redbox in 2013 to provide libraries with funding to create community-led outreach programming. Following the successful pilot project, 22 new placemaking libraries and 19 movie night libraries are participating in the 2014 Outside the Box program. Working with OCLC and the Project for Public Spaces, these libraries are bringing their communities together by hosting shared entertainment events that apply placemaking principles.



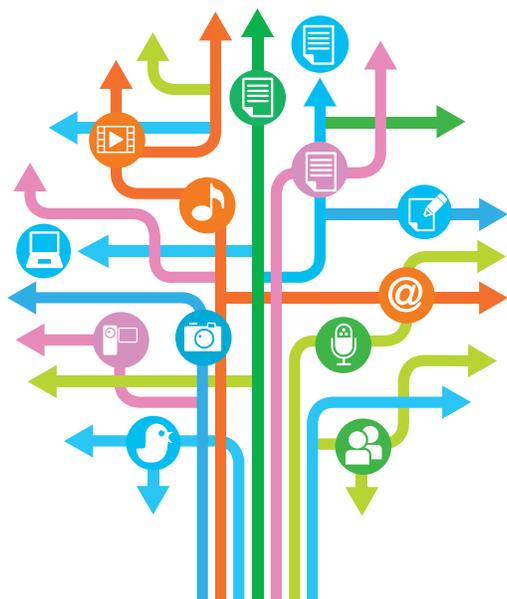
Families in Columbia, South Carolina, USA enjoy an outdoor event at the Richland Public Library

## Expanding user services



Through a grant from the Institute of Museum and Library Services (IMLS), WebJunction teamed with ZeroDivide to create resources, deliver webinars and share examples of how state and public libraries are providing timely health information to their patrons. In the coming year, the program will expand its focus to how libraries can grow their health and wellness services to their communities.

OCLC's first advocacy and large-scale library development program, WebJunction continues to be the place where the library profession gathers to build the knowledge, skills and support needed to power relevant, vibrant libraries. In FY14, this open, online learning community had 621,000 visits to WebJunction.org, and saw 23,000 registrations for webinars and 9,400 enrollments in courses.



## Increasing online visibility: linked data

OCLC helps magnify the work of libraries by exposing library collections to the wider Web community. In June 2014, OCLC made 197 million bibliographic work descriptions—WorldCat Works—available as linked data, a format native to the Web that will improve discovery of library collections. These collections are more easily discoverable through websites and services that library users visit daily, such as Google, Wikipedia and social networks.

## Working together: partnerships

One of the most significant ways that OCLC helps magnify the cooperative work of libraries is by leveraging their collective influence. As a group, OCLC members can act together and attract important partners to the table in order to better serve the interests of libraries and their users.

More than 170 publishers and aggregators make metadata, tables of contents, summaries or reviews about their electronic, digital and print resources available through WorldCat, the WorldCat knowledge base and WorldShare applications. OCLC also works with companies that build library services, helping to integrate data and activities in ways that enable greater choice, integration and innovation. And partnerships with search engines, consumer Web service providers and learning management systems make the collective collection of libraries more visible on the Internet to people everywhere.

In FY14, new collaborations brought new visibility to member libraries on the Web, and automation to e-book collection management. Forty-four new agreements with publishers added valuable electronic collections to WorldCat.

New FY14 partnership agreements included:

Content partners



Application partners



Consumer service partners



## Financials



# A year of investment and transition

OCLC is a nonprofit, library cooperative. We operate in a business-like manner and are driven by our public purposes of furthering access to the world's information and reducing library costs—providing shared services, research and advocacy programs to deliver on these purposes.

Our operations and research initiatives are funded by revenues generated by services provided to participating libraries. Unlike alternative library services organizations, OCLC invests resources into new services and programs rather than distributing funds to shareholders. OCLC also maintains an investment portfolio, or Sustainability Fund, that is managed in a manner similar to an endowment.

In FY14, revenues were in transition, as membership adoption of our newer cloud-based services is in the early stages of acceleration. Expenses outpaced revenue, as we continued to heavily invest in product development and innovation to support library relevancy in our rapidly evolving communities. The strength of our Sustainability Fund, which grew 15 percent, affords us these decisions.

## Financial highlights

In \$ millions

	FY14	FY13
Library service revenues	\$213.6	\$206.6
Operating loss before portfolio activity	(\$8.6)	(\$8.1)
Investment portfolio activity		
Dividends and interest income	\$13.2	\$5.3
Net realized gains	\$28.6	\$5.2
Net contribution	\$33.2	\$2.4

## Report of the Audit Committee

The Audit Committee, consisting entirely of independent trustees, assists the Board of Trustees in its oversight of OCLC’s financial reporting process, and is responsible for, among other things, reviewing with Deloitte & Touche LLP, independent auditors, the scope and results of its audit engagement.

[View the entire audit committee report at oc.lc/2014-audit-committee](http://oc.lc/2014-audit-committee)

[View audited financial statements at oc.lc/2014-audit](http://oc.lc/2014-audit)



“OCLC Board members and leaders strive for the highest levels of integrity, responsibility and accountability. It is imperative that we meet the needs of our membership.”

CINDY HILSHEIMER, CHAIR, AUDIT  
COMMITTEE, OCLC BOARD OF TRUSTEES

View the video: [www.oclc.org/en-US/annual-report/2014/financials.html#financials-report](http://www.oclc.org/en-US/annual-report/2014/financials.html#financials-report)

## Our revenues are transitioning

In FY14, our revenues increased 3.4% from last year primarily due to the acquisition of HKA and the growth in the number of libraries implementing WorldShare Management Services (WMS). HKA is a Dutch library systems provider that serves 60% of the public library market in the Netherlands. All Dutch library holdings are in WorldCat and this acquisition represents an extension of services to Dutch public libraries.

FY14 revenues include \$161.3 million from the Americas (75%); \$8.0 million from Asia Pacific (4%); and \$44.3 million from Europe, the Middle East and Africa (21%). Approximately one-quarter of our revenues now come from EMEA and the Asia Pacific regions.

The cooperative’s revenues are transitioning from our traditional product lines to our new, cloud-based services. Over the next three years, this change will accelerate as we migrate all services to the WorldShare Platform, which will drive new revenues with new functionality in e-services.

# We invest in the future of libraries while reducing library costs

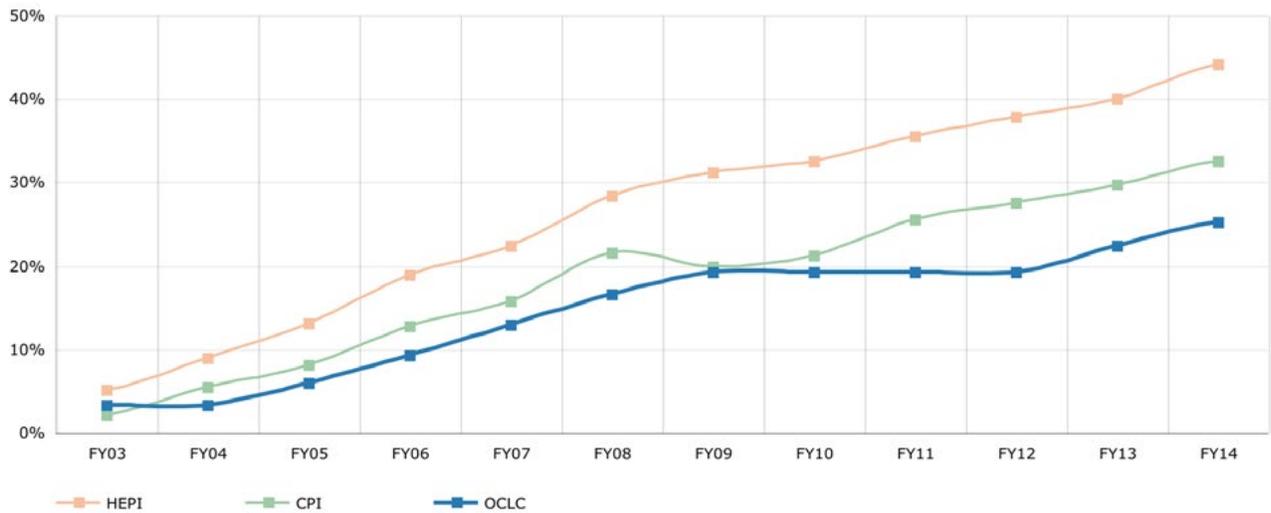
OCLC has historically operated at break-even, with revenues that approximate the costs to deliver services and programs. However, for the past four years, OCLC has consciously operated at a loss. This loss is attributed to:

The decision to support the membership during a challenging economy with three years (2010–2012) of no price increases in the Americas and only modest price increases outside the Americas. In FY14, we increased prices by a modest 3% on average following a 2.75% increase in FY13.

The accelerated and significant investment in the WorldShare Platform and the complement of cloud services including WorldShare Management Services and the WorldCat knowledge base of e-resources, which strengthen our foundation for the future and that of our membership.

## Controlling costs

**Percent change in HEPI, CPI and OCLC cost sharing**  
Cumulative percent increase



The cooperative has kept its cumulative price increases in the United States substantially below the level of inflation that educational institutions have experienced (Higher Education Price Index) and also below increases in the Consumer Price Index.

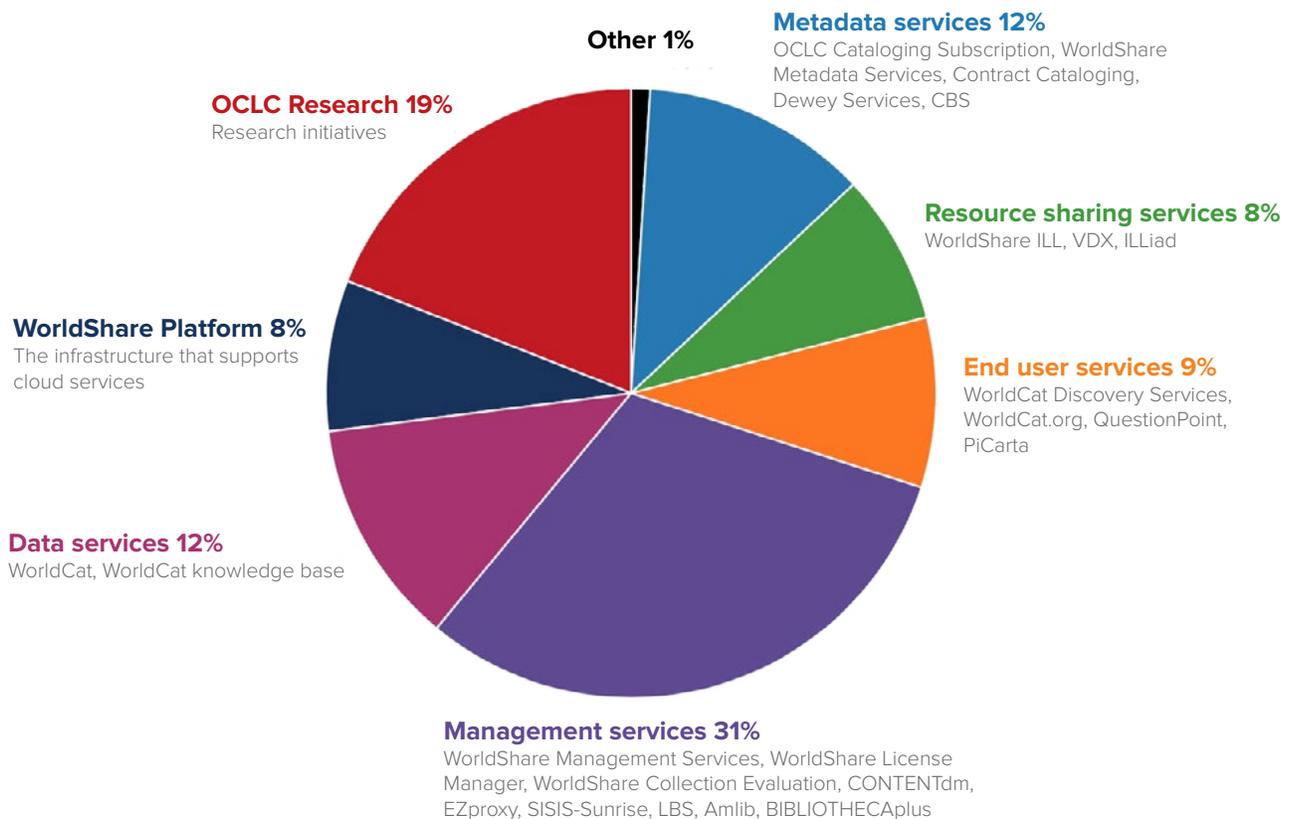
Operating at a loss long term is not a sustainable business model. Over the coming years, we will seek to achieve break-even by delivering new services to the membership, reducing costs of systems to be retired and the tapering of our capital investments.

In FY14, we continued to invest in research and development critical to the future of libraries. We spent \$38.1 million on the cooperative’s strategic initiatives, including WorldShare cloud services, development of the WorldShare Platform and the transformation of our traditional services. Over the last five years, these investments have totaled more than \$165 million.

Our cloud-based services are in the early stages of migration and the management services have a slower adoption cycle than our traditional services. But we are committed to investing forward—to engaging with our members to ensure that we are delivering services that support the libraries of the future. Our move to the cloud and our work to deliver new cloud services and applications have a powerful potential to both lower operating costs for members and provide a platform where we can work together to deliver value to our users.

## Investing in the future

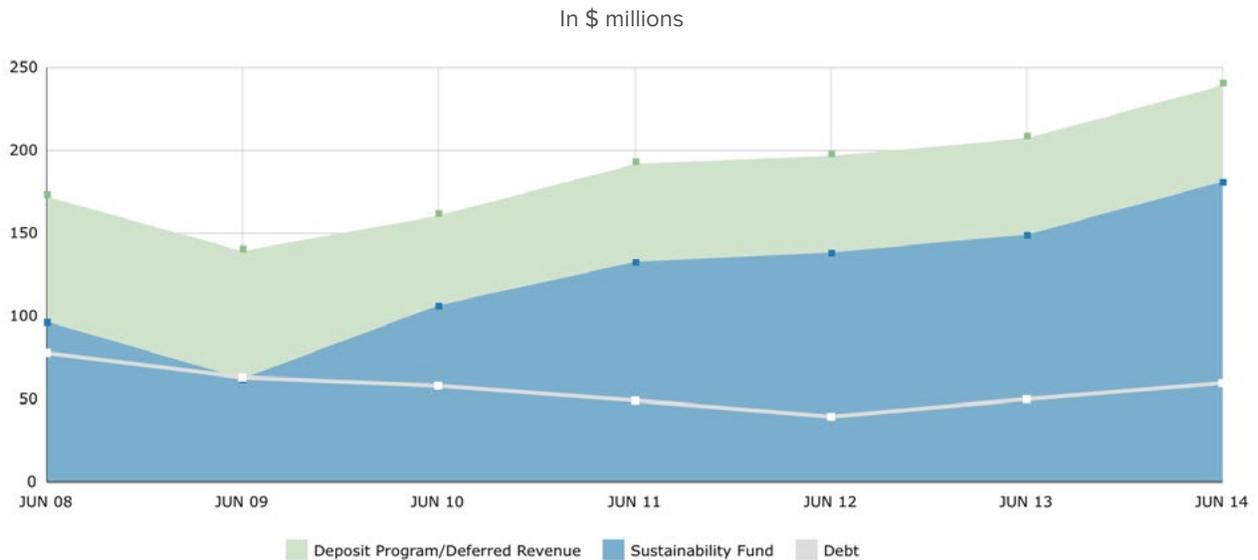
**FY14 research and development expenditures**  
Total \$38.1 million



# Our portfolio secures library services

OCLC maintains an investment portfolio that includes our Sustainability Fund and library funds entrusted to OCLC. At the end of the fiscal year, the portfolio totaled \$239.3 million, compared to \$207.7 million on June 30, 2013. The increase is due to the upswing in values in the financial markets, including capital gains of \$28.6 million that the cooperative realized and reinvested into the portfolio during the year. The interest and dividend income is allocated to partially support library service and research activities. In FY14 the portfolio generated \$13.2 million in interest and dividend income. The portfolio also funded a 4% return to members who made advance payments on their subscriptions.

## Investment portfolio & debt composition



Built up over many years, the portfolio is professionally managed in a manner similar to a university endowment and includes a Sustainability Fund of \$181.6 million, which serves as a reserve that potentially could cover about 80% of the cooperative’s operating expenses. The portfolio secures library deposits for services and deferred library service revenues, which totaled \$57.7 million on June 30, 2014.

The Sustainability Fund also secures short- and long-term debt borrowings, which were \$59.8 million on June 30, 2014, and helps the cooperative borrow at low interest rates, much lower than the investment returns realized in the Sustainability Fund. By June 30, 2014, OCLC was in a much stronger position than at the depth of the recession in FY09 when outstanding debt approximated the size of the Sustainability Fund.

# The cooperative's finances support its vision

In FY14, OCLC had an operating loss of \$8.6 million. This loss was offset by interest and dividend income of \$13.2 million from the investment portfolio. Net contribution of \$33.2 million was significantly better than both budget and prior year due to favorable non-operating activity—investment income—combined with unbudgeted gains of \$28.6 million on OCLC's investment portfolio.

OCLC is financially stable and strengthened by its growing global membership and investment in the WorldShare cloud solutions. We are well-positioned to advance our unique mission of delivering services that leverage cooperation and deliver efficiencies of scale to libraries around the world. As of June 30, 2014, the cooperative had assets of \$428.8 million and corporate equity of \$266.9 million. Net working capital, which represents funds available for current operations, was \$182.1 million. Cash and investments were \$252.4 million.

## Thank you for your interest in OCLC

For further information, please see:

 [Our complete audited financial statements for FY14 at oc.lc/2014-audit](#)

 [OCLC news and events at oc.lc/news](#)

 [Additional stories from our members at oc.lc/stories](#)

If you have any questions or comments about this annual report, please send an email to [annualreport@oclc.org](mailto:annualreport@oclc.org).