



WHITE PAPER

The True Cost of Information:
Measuring the ROI of the Information
Center – Mary Ellen Bates

ADVANCING
DISCOVERY

Information centers are faced with a constant push to reduce expenses and staff, despite the fact that most information professionals are already struggling to keep up with available resources and client demand. In order to respond to questions of the value of an information center, we must be able to identify our organization's key goals, find ways to tie the information center's activities to those goals, measure the information center's impact and then effectively communicate the quantifiable value that the information center brings to the organization. This white paper is designed to help you clearly articulate the ROI of your information center and your information services.



Why You Do What You Do

Libraries and information centers exist in order to support the purpose of their parent organizations. Successful library directors identify the strategic goals and values of their organization, and then tangibly align their services with what matters most. They constantly monitor both internal and external communications to identify new concerns; they seek out user groups to find out about new developments and spot unmet information needs.

As you consider how your library is aligned with your organization's strategic goals, you may need to conduct some internal research to identify these goals. Read your organization's press releases, monitor your organization's social media updates, read the annual report or strategic plan, and reach out to any newly-formed strategic teams that report to upper management.

Depending on the type of organization you work in, your goals might be increasing profitability, building market share, expanding into a new business, or increasing the number of new products in the pipeline. A university may want to deepen students' global engagement or increase job placement rates. A non-profit might focus on strengthening its relationship with partner groups.

Whatever type of organization you are in, look for ways to quantify and measure the relationship between your library and your organization's key goals. And while operational library statistics are useful for internal management, make sure you are also counting indicators of added value. This enables you to demonstrate that the library is more than just overhead; the info pros add tangible value by directly contributing to the organization's strategic objectives.

We info pros must recognize our roles as information analysts and product creators. We don't merely provide a literature search or download from an online subscription; we provide in-depth analysis, create original, actionable products and enable better decisions. In order to show that library resources contribute to revenue-generating (or at least expense-reducing) activities, follow up at the end of every high-value project to find out about the outcome. Questions that often elicit useful testimonials about the impact of library services include [What difference did the library make for this project?](#) and [What impact did the results of our work have on your outcome?](#) Use what you learn from these questions to identify and track the projects that had the most impact to your organization.

■ When asked about the ROI of the library at a health care organization, the library director responded, "How do you calculate the value of a life? Because of the research we supported, a clinical procedure was changed that saved patients' lives."



■ The client services librarian at a biotech organization said "We're always asking ourselves what we can stop doing, seeing where we no longer add value. This thinking has led us to move from the passive work of maintaining collections to the integrated work of information analysis and knowledge building."

Finding What to Measure



As one info pro I spoke with commented, “To find ROI, look at impact, not function. Ask yourself why you’re doing this, not how.”

By changing how we see the library’s role from an information *place* to an information *service*, we can maintain a healthy perspective about our most important roles.

Often, the most tangible role info pros can play is saving professional time and budget. A 2007 study by Outsell found that an average library interaction saved the user nine hours, and there is no reason to believe that number has changed in the last decade. By calculating the average hourly cost of an info pro and that of a strategic library user, a powerful case can be made for the ROI of information services.

If you assume that most of the users of information are knowledge workers or professionals and that their annual salary averages \$120,000, the full cost of an information user’s time is \$79/hour. An info pro’s time, with a salary of \$100,000, is \$66/hour. Add in the fact that an info pro usually takes far less time to find, analyze and distill information than a user would, the savings can be dramatic. The following table shows how to calculate the annual savings from having info pros handle research projects.

An example of our [Salary Savings Calculator](#) is below, you can insert your own values into our online version at: www.springernature.com/truencostroi.

Salary savings by using an info pro			<i>formula</i>
# of research projects conducted by library/year:	2000		
Average # of hours saved by info pro per project:	9		
Average # of hours spent by info pro per project:	2		
Average annual professional salary:	\$120,000		
Average fully-loaded professional hourly rate:	\$79.20		Salary * 1.32 / 2000
Annual cost if not using info pros	\$1,425,600		Hourly rate * # of research projects * # of hours saved
Average info pro annual salary:	\$100,000		
Actual fully-loaded info pro salary:	\$66.00		Salary * 1.32 / 2000
Annual cost if using info pros:	\$264,000		Hourly rate * # of research projects * # of hours info pros spent
Total annual time savings by using info pros:	\$1,161,600		Annual cost if not using info pros – annual cost if using info pros

In addition to the time savings, there are direct savings from strategic centralized purchases of information when compared to ad hoc and personal credit card purchases. An experienced information center manager can negotiate an enterprise-wide agreement that provides cost-effective access to the key information sources researchers need. When you also factor in the time saved by users using a professional online service rather than the open web, the ROI of information services is even more compelling.

Another assumption is that research conducted on a fee-based online service will save at least 30 minutes of fruitless searching on the open web. Assuming that the full text of articles downloaded from a professional online service would cost an average of \$25 to purchase or obtain through interlibrary loan, the direct savings add up quickly.

An example of our Savings Calculator is below, you can insert your own values into our online version at: www.springernature.com/truecostroi.

Direct savings of bringing in fee-based online service		
		<i>formula</i>
# of queries of fee-based service/year:	15,000	
Average time saved per search vs open web (in hours)	0.5	
Average annual professional salary:	\$120,000	
Average fully-loaded professional hourly rate:	\$79.20	Salary * 1.32 / 2000
Value of time saved/year:	\$594,000	# of queries * time saved * hourly rate
# of full-text articles downloads/year:	10,000	
Average \$ of ad hoc articles purchased or ILL'd	\$25	
Value of \$ saved/year:	\$250,000	# of downloads * costs per article
Total annual direct saving of fee-based services over Google & ad hoc purchases/year:	\$844,000	value of time saved + value of \$ saved

In some settings, information centers can tie revenue directly to their services by identifying client groups involved in income-generating roles. By conducting informational interviews, you can learn about opportunities to contribute to efforts to increase sales, improve quality, shorten the time to get a product to market, or identify new market opportunities. There may even be outside organizations the library can partner with to provide library services, such as a business incubator providing embedded library services at local companies it is supporting. This can foster strong relationships with your stakeholder community, which adds value to your organization as well.

Describing the Less-Measurable



Considering value from a more strategic perspective, there is a well-understood correlation between innovation and improved profitability and growth. By providing cost-effective access to high quality information, info pros support more effective innovation. There are numerous approaches for calculating this added value, but they must be specific to the situation and institution. For example, the information center at a software company may be able to say that, because of their research, they have supported the development of X new patents this year, resulting in \$Y additional licensing potential. Similarly, a manufacturing company could find that library support for the sales and marketing staff directly supported \$Z in new revenue, but that calculation is different for each company.

As you look for ways to demonstrate the added value that high-quality information brings, look for ways to tell a story or describe a problem and how the information center helped resolve it. The following examples show the variety of possible anecdotes based on the goals and activities of your organization.

- We helped our CFO verify facts before an important interview with a national journalist.
- Our resources enable our law firm to offer services to clients that our competitors cannot.
- We do a monthly report of articles published by our researchers, which our organization uses to show our impact and reach.
- Thanks to the information center's monthly alerts on emerging technology, our new products team has identified three new markets for their newest innovation.

"Delivering the search isn't enough. We have to package it, tease out the most relevant concepts, and present it in a way that minimizes the time the client spends zeroing in on what's important."

Library services director of a health care organization

Showcasing Value

Format indicates value; when we provide information that is less user-friendly, less visual, or more text-heavy, we devalue our deliverables. Before you send the results of your work to a client, review them with an eye for making them as useful as possible. Reflect on what your client will be using the information for – to insert in a presentation? share with a team? guide a decision? support a grant? – and consider how you might design your results to save your client time and make the information easier to use.

As mentioned earlier, to communicate our ROI we need to focus on impact, not function. While we info pros understand the value we provide to our organization, the vocabulary we use to describe ourselves and the information services we provide may inadvertently send a different message. Encourage the information center staff to describe their work in terms of outcome instead of activity.

- Replace "we provide research services" with "we provide you with answers to your biggest challenges"
- Replace "we centralize our organization's information acquisition functions" with "we ensure more strategic spending by negotiating for cost-effective enterprise access to essential resources"
- Replace "we support R&D efforts with alert services" with "we help decrease R&D expenses by ensuring better, more timely access to the information you need"

In our unit, we have a mantra: We say yes. We'll take on critical projects that no other group wants. That way, we've become integral to every unit at the Center. We even took over the contact management database for the Center, because it ensured we are integrated into the work of every unit. It's how we maintain intelligence about the key players in our industry, and the data we manage informs how we justify our work.

Librarian at a state business incubator

Finally, remember that what really sets info pros apart is that we are focused on ensuring that our organization succeeds. The librarian at a state business incubator described to me how her library shows that they care. "In our unit, we have a mantra: We say yes. We'll take on critical projects that no other group wants. That way, we've become integral to every unit at the Center. We even took over the contact management database for the Center, because it ensured we are integrated into the work of every unit. It's how we maintain intelligence about the key players in our industry, and the data we manage informs how we justify our work."

Compared to just a few years ago, information professionals are providing higher-value analysis of information, becoming more involved in user-experience consultation, managing more complex information products and services, and working more proactively to provide the strategic information resources their organizations need not just today but six months from now. It is more important than ever to use all the approaches available to measure and communicate the tremendous impact that we have on our organizations.



ⁱ Information Management Under Fire: Measuring ROI for Enterprise Libraries. Outsell, Inc., Nov. 9, 2007 outsellinc.com/outsell_research/reports/information-management-under-fire-measuring-roi-enterprise-libraries

ⁱⁱ The Department of Labor's Bureau of Labor Statistics reported a fringe benefit load rate of 32% (bls.gov/news.release/ecec.nr0.htm); multiply annual salary by 1.32 for fully loaded salary. Assume an average of 2,000 hours of available work time in a year (52 weeks/year less 4 weeks of vacation, sick time and holidays); divide fully loaded salary by 2000 for fully loaded hourly cost.

ⁱⁱⁱ See reluctant-entrepreneur.com/resources/#interviews for an article about informational, or what I call reality-check, interviews.