

OCLC Annual Report 2003/2004

Founded in 1967, OCLC is a nonprofit, membership, computer library service and research organization dedicated to the public purposes of furthering access to the world's information and reducing information costs. More than 50,000 libraries in 94 countries use OCLC services to locate, acquire, catalog, lend and preserve library materials. Researchers, students, faculty, scholars, professional librarians and other information seekers use OCLC services to obtain bibliographic, abstract and full-text information when and where they need it. OCLC and its member libraries cooperatively produce and maintain WorldCat—the OCLC Online Union Catalog.

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It's been a challenging, but ultimately, very good year for your OCLC cooperative. We weathered a depressed economy in the library and education communities in the U.S., yet we enjoyed a record year in Canada, Europe and Asia Pacific. At the same time, we positioned ourselves for the future with continued implementation of a new technological platform and promising new services.

Membership Activity

Total participation in the OCLC cooperative at year's end exceeded 50,000 libraries in 94 countries, which was an increase of 4,911 from the previous year. These institutions used OCLC's core services to:

- catalog 51.9 million items on the OCLC system and add 3.2 million bibliographic records to the WorldCat database
- arrange 9.4 million interlibrary loans
- perform 94.1 million end-user reference searches
- make more than 3 million objects available on 150 CONTENTdm sites for potential loading into WorldCat through automatic harvesting of metadata.

OCLC participants also increased their use of the following services, which were introduced in the past two years:

NetLibrary. 12,442 libraries (745 in 41 countries outside the U.S.) are using NetLibrary eBook content, which now includes more than 75,000 titles from 450 publishers.

WebJunction. Funded by the Bill & Melinda Gates Foundation and developed by OCLC and four partners—the Colorado State Library, the Benton Foundation, Isoph and TechSoup—this public access computing community has attracted more than 10,000 registered members who use the Web site to focus on supporting public access to information through technology and online training. Additionally, some 100,000 individuals have visited the site.

QuestionPoint. Created by OCLC and the Library of Congress, this virtual collaborative reference service includes e-mail, phone, walk-up and fax capabilities. On August 10, 2004, OCLC acquired the assets of the 24/7 cooperative reference service project of the Metropolitan Cooperative Library System, Los Angeles, California, which enables library users to ask questions and get answers from qualified reference staff in real time on the Internet.

The combined services link more than 1,500 libraries in 20 countries.

Finances

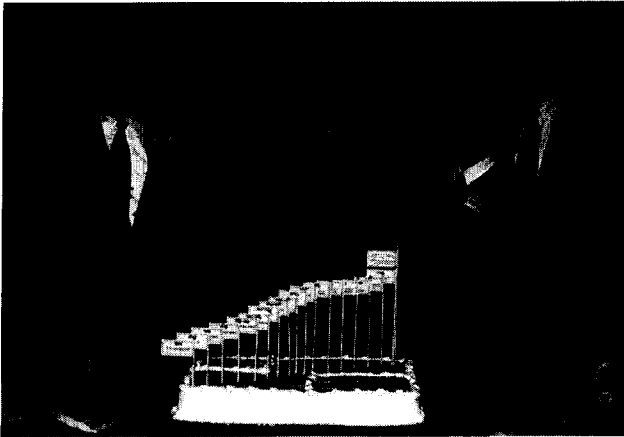
Libraries' use of OCLC services in fiscal 2004 generated revenues of \$190.6 million. Contribution to equity was \$6.4 million. OCLC provided libraries with \$11.8 million in credits, primarily for cataloging and resource sharing, to encourage the growth and quality of WorldCat. In fiscal 2004, OCLC spent \$19.2 million on enterprise resource investment (hardware, software, capitalized software development and cataloging credits) for such projects as the new technological platform and e-commerce capabilities that make it easier for members to manage their OCLC accounts.

Because of a general economic downturn for libraries, OCLC did not increase its U.S. prices in fiscal 2004, but did implement a modest 3-percent increase in prices for fiscal 2005. In the past year, we eliminated 140 positions and continued a vigorous cost reduction program. We take very seriously OCLC's chartered objective of reducing the rate of rise of library costs, and we raise prices only when absolutely necessary. As may be seen from the chart on page 8, we continue to meet our economic objective as OCLC price increases are significantly below the Higher Education Price Index.

Technological Platform

In 2001, as part of our strategy to evolve WorldCat beyond bibliography into a globally networked, Web-based information resource, we switched from our legacy technological environment to hardware and licensed software with widespread industry adoption. These new systems are being based on open architectural models that allow better interoperability within OCLC services and also with external services.

In fiscal 2004, we migrated the FirstSearch service to the new platform. We are on schedule to complete the migration of remaining portions of our cataloging and



On January 6, OCLC, the School of Information and Library Science (SILS), and University Libraries, University of North Carolina at Chapel Hill, hosted a birthday party for OCLC Founder Frederick G. Kilgour, who turned 90. We established an annual OCLC/Frederick G. Kilgour Lecture at the SILS, where Fred continues to serve as Distinguished Research Professor. Left to right: Joe Hewitt, University Librarian, University of North Carolina at Chapel Hill; Eleanor Kilgour; Frederick G. Kilgour; Joanne Gard Marshall, Dean and Professor, UNC School of Information and Library Science; and Jay Jordan.

resource sharing services to the new platform by mid-2005. In the meantime, the new system is performing superbly, with excellent response times and near-perfect availability.

Open WorldCat Pilot

In 2003, we began the Open WorldCat pilot program to study the feasibility of making WorldCat records and library holdings available to the general public on the open Web via search engines such as Google and Yahoo! Search. The pilot was designed to drive traffic from the Web to libraries, which is consistent with OCLC's chartered objective of increasing the availability of library resources. At this writing, more than 2 million clickthroughs a month were coming into the Open WorldCat site from people who began their searches on the Web. The pilot has been a resounding success, and we are going to turn Open WorldCat into an ongoing program in 2005.

Group Services

In 2004, we introduced Group Services, which provides an integrated solution for searching, cataloging and resource sharing for consortia and other groups of libraries. A library consortium can have its own union catalog in WorldCat that offers a single, unified view of the group's collections. At this writing 11 groups were using the new service, including the state of Florida (450 multitype libraries using a customized catalog of 30 million holdings of Florida institutions) and the state of Illinois (1,840 multitype libraries using a customized catalog of 66 million holdings).

Digital Collection and Preservation Services

OCLC's new services to help libraries build, manage and preserve digital collections continue to grow. Ten state libraries are now participating in the OCLC Digital Archive, which they use for long-term access, management and preservation of important digital materials.

OCLC offers CONTENTdm, a software tool that helps libraries manage digital objects and surface their special collections on the Web. In April 2004, the Indiana Historical Society became the first CONTENTdm institution to have its special collection metadata harvested by OCLC for subsequent conversion to the MARC format for loading into WorldCat. Since then, 12 institutions have had their digital collections harvested and loaded into WorldCat. This major step in the transformation of WorldCat has been further enhanced by the Open WorldCat pilot, which permits information seekers using search engines on the Web to find and retrieve objects in these special collections.

International Activity

More than 10,000 libraries outside the U.S. in 93 countries are now participating in the OCLC cooperative. Nine of the 66 delegates in the OCLC Members Council came from outside the U.S. in fiscal 2004, and they provided critical perspectives as OCLC continues to extend its operations worldwide. In fiscal year 2004, revenues from OCLC's international operations were \$34.4 million, 18 percent of total revenues. Here is a sample of the cooperative's activities around the world.

Asia Pacific

- Through Tsinghua University, more than 1,000 libraries in the China Academic Library and Information System (CALIS) are using FirstSearch.
- Through Beijing University, CALIS institutions have access to a NetLibrary eBook collection.
- Waseda University (Japan) has batchloaded 750,000 records and 1.4 million holdings into WorldCat since 1995 and is currently adding 3,000 Japanese records each month.
- The Korea Education and Research Information Service provides online access to OCLC for university and research libraries for cataloging, FirstSearch, electronic journals and eBooks.
- In Taiwan, 100 colleges and universities have access to FirstSearch through CONCERT, and some 30 institutions access NetLibrary eBooks through TEBNET.

Canada

- OCLC Canada opened a digitization and preservation center in Winnipeg, Manitoba; one of its first projects is digitizing *Peel's Bibliography of the Prairie Provinces* for the University of Alberta.
- OCLC Canada LTS Library Technical Services, Winnipeg, is doing contract cataloging and processing for the Universities of Alberta, Manitoba and Saskatchewan.
- The COOL consortium of Ontario libraries uses a collection of 4,700 NetLibrary eBooks.

Latin America and the Caribbean

- The CLASE and PERIÓDICA bilingually indexed (Spanish, English) databases, produced by the National Autonomous University of Mexico, are the first OCLC member-produced databases to be available on FirstSearch. Users can now find scholarly articles from 2,600 scholarly journals published in 24 countries in Latin America and the Caribbean.
- The Chilean Directorate for Libraries, Archives and Museums loaded 410,000 holdings—including 230,000 original records— from the National Library of Chile into WorldCat.
- The South Southeast Network in Mexico is using OCLC conversion services to create a union catalog for 10 participating universities in the region.

Europe, the Middle East and Africa

- Baden Württemberg, Germany, acquired a CBS central library system to be used by 600 libraries in the state.
- OCLC PICA installed an enhanced version of its CBS system for 400 libraries at 110 French universities.
- In the U.K., the Northwest Academic Libraries consortium and Keele University licensed from OCLC PICA the largest eBook collection in Europe—12,000 NetLibrary eBooks.
- The Universitätsbibliothek, Potsdam University, Germany, was the first institution to install LBS4, OCLC PICA's new local library system.
- In South Africa, six academic libraries launched a virtual reference desk pilot with QuestionPoint.

U.S. Regional Networks and Service Centers

The vast majority of the 40,000 libraries in the U.S. that participate in the OCLC cooperative do so through 15 U.S.

Regional Networks, the OCLC Western Service Center, headquartered in Los Angeles, or the OCLC CAPCON Service Center, based in Washington, D.C. These regional service providers not only provide support and training for OCLC services, they are important strategic partners as well. I would like to thank them once again for working hard to control costs and improve services for the OCLC cooperative during a particularly demanding year.

Research

OCLC Research was involved in some 20 projects in the areas of content management, interoperability, knowledge organization, system and service architecture, and collection and user analysis. During the year, OCLC Research introduced a new ResearchWorks Web site that lets people try out ideas and experimental systems designed by OCLC researchers. As a public service, OCLC Research released an algorithm that provides instructions for implementing the International Federation of Library Associations and Institutions' (IFLA) Functional Requirements for Bibliographic Records (FRBR) on bibliographic databases. Researchers also conducted a Comparative Collection Assessment study to provide data to librarians to develop and compare print and e-book collections and evaluate and provide interlibrary loan services.

OCLC Research has developed and provides free of charge to the library community open-source software programs that implement Open Archives Initiative (OAI) protocols for data storage and harvesting in support of institutional repositories—OAI Cat and OAI Harvester. The National Library of Australia is using OAI Cat software to create an OAI interface to a database of metadata that describes the library's digital collections. DSpace, the open-source repository initiative created by Massachusetts Institute of Technology and Hewlett Packard, uses OAI Cat to support its OAI capability. DSpace also uses the SRW/U Web-based, text-searching interface, which was developed by OCLC Research. At this writing, researchers had installed the OCLC Research Publications Repository, which contains metadata about publications, when available and permitted, with links to the full digital text of items described.

With grant funds from the Institute of Museum and Library Services, and in partnership with the School of Journalism and Communication at The Ohio State University, OCLC Research is conducting a study of why and how people use electronic information and how system design features affect use and usability.

Advocacy

At the urging of the membership, OCLC has become more active as an advocate for libraries. OCLC managers and staff are active in various library associations and standards organizations, such as the American Library Association, NISO, IFLA and the Dublin Core Metadata Initiative. In our advocacy role, we also develop studies and reports that members can use in their own planning and advocacy activities.

This year, OCLC also published what is being hailed in the library community as a landmark study—*The 2003 OCLC Environmental Scan: Pattern Recognition*. This publication grew out of work done by OCLC staff for a strategic planning retreat by the OCLC Board of Trustees. The *Scan* explored trends in five landscapes: social, economic, technology, research and learning, and libraries. With data from 29 countries, the *Scan* was intended to stimulate strategic discussion with the Board of Trustees, Members Council and OCLC's worldwide membership. It has met that objective with great success. OCLC Board Chair Betsy Wilson stated that the *Scan* "may well be the most important library publication of the past decade."

Another advocacy effort is the IFLA/OCLC Early Career Development Program for library and information science professionals from countries with developing economies. This fiscal year, seven fellows from Ghana, India, Korea, Rwanda, Mauritius, Sri Lanka and Vietnam participated in this four-week program of instruction at OCLC and library visits. Since the program began in 2001, IFLA, OCLC, the American Library Association and the American Theological Library Association have sponsored 23 fellows from 18 countries.

Workplace

We put in place a program for succession management to build leaders from within, providing focused career development opportunities for those who will lead OCLC in the future.

OCLC employees participated in a number of activities as part of the OCLC inclusion initiative, which was started in 2001 to ensure that our organizational culture includes a wide spectrum of perspectives. The OCLC Members Council requested a briefing on our inclusion program, which has been described as a model for libraries. We remain committed to creating an inclusive work environment where diversity is embraced and valued.

Governance

Under the leadership of 2003/2004 President Robert Seal, the OCLC Members Council focused on communication and globalization at its three meetings during the year. The dialogue between Members Council and OCLC management is a unique and powerful attribute of the OCLC cooperative. The Council elected two delegates to the OCLC Board of Trustees: Robert Seal, Dean of the Library, Texas Christian University, and Victoria Johnson, Director of Libraries, Sunnyvale (California) Public Library. In addition, the Board of Trustees elected two trustees to four-year terms: Elisabeth Niggemann, Director General of Die Deutsche Bibliothek, and David P. Roselle, President of the University of Delaware. These new trustees will join the Board in November 2004.

The OCLC Board of Trustees, led by Board Chair Betsy Wilson, Director of Libraries, University of Washington, continues to provide strategic guidance vital to the long-term success of the cooperative. We are fortunate to have passionate, committed and capable leaders on both the Members Council and the Board.

Looking Forward

In 2000, we embarked on an ambitious strategy. Since then, we have made significant investments in a new technological platform, in research and development, and in the introduction of new services. Five years later, these investments are beginning to yield increasing benefits for the OCLC cooperative. Digital Collections and Preservation, Group Services, QuestionPoint, WebJunction and Open WorldCat are generating significant interest and enthusiasm among libraries. As these new services gather momentum, and as libraries continue their strong use of OCLC's core services in cataloging, resource sharing and reference, the OCLC cooperative is well-positioned to pursue its public purposes with vigor and optimism.



Jay Jordan
President and Chief Executive Officer
November 12, 2004



WorldCat is a database of bibliographic information built continuously by libraries around the world since 1971. Each record in WorldCat contains the bibliographic description of a single item or work and a list of institutions that hold the item. The institutions share these records, using them to create local catalogs, arrange interlibrary loans and conduct reference work. Libraries contribute records for items not found in WorldCat using the OCLC shared cataloging system.

More than 55 million records have been added to WorldCat, spanning four millennia of recorded knowledge, from approximately 2150 B.C. to the present.

This unique store of information encompasses records in **eight formats**—books, serials, sound recordings, musical scores, maps, visual materials, mixed materials and computer files. Like the knowledge it describes, WorldCat grows steadily. A member institution adds a new record every 10 seconds.

In fiscal 2004, WorldCat grew by 3.2 million records. Libraries used WorldCat to catalog and set holdings for 51.9 million items and arrange 9.4 million interlibrary loan transactions. OCLC FirstSearch service users accessed WorldCat to conduct 34.7 million reference searches.

Records by Format

Format	Total LC Records	Total Participant-input	Total LC-created Participant-input	Total Records
Books	5,874,861	36,865,345	1,902,772	44,642,978
Serials	235,529	2,302,285	53,263	2,591,077
Visual Materials	155,262	1,565,945	22,569	1,743,776
Maps	235,110	535,449	5,025	775,584
Mixed Materials	239	238,891	447	239,577
Sound Recordings	233,381	1,576,481	46,483	1,856,345
Scores	71,247	1,113,834	48,642	1,233,723
Computer Files	7,555	206,661	126	214,342
Totals	6,813,184	44,404,891	2,079,327	*53,297,402

* Reflects total unique records after duplicate detection resolution is complete.

WorldCat as of June 30, 2004

Millionth WorldCat Records

55 millionth
Geauga County Public Library
April 22, 2004

54 millionth
Columbus Metropolitan Library
January 9, 2004

53 millionth
Reformed Theological Seminary
September 10, 2003

Millionth OCLC Interlibrary Loan Transactions

136 millionth
Montana State University—
Bozeman
May 20, 2004

135 millionth
Western Illinois University
April 9, 2004

134 millionth
University of Nevada, Reno
March 8, 2004

133 millionth
Boston College
February 6, 2004

132 millionth
University of Aarhus
January 5, 2004

131 millionth
University of North Carolina
at Wilmington
November 12, 2003

130 millionth
Western Illinois University
October 13, 2003

129 millionth
Wellesley College
September 10, 2003

128 millionth
Hawaii State Library
July 24, 2003

Top 50 languages distribution

	Records
English	32,615,866
French	3,394,335
German	3,336,867
Spanish	2,464,972
Japanese	1,429,891
Chinese	1,240,676
Russian	1,017,507
Italian	964,629
Latin	502,894
Portuguese	465,229
Czech	362,843
Arabic	302,202
Dutch	294,910
Hebrew	288,026
Polish	263,406
Korean	219,639
Swedish	188,289
Indonesian	137,420
Danish	125,747
Hungarian	116,836
Turkish	111,805
Greek (modern)	98,079
Norwegian	85,050
Persian	84,513
Ukrainian	73,619
Hindi	72,655
Vietnamese	72,266
Serbo-Croatian (Roman)	68,178
Tamil	64,846
Thai	63,819
Bulgarian	61,463
Finnish	61,292
Romanian	60,125
Yiddish	52,767
Catalan	49,214
Urdu	47,021
Serbo-Croatian (Cyrillic)	43,285
Welsh	39,374
Bengali	38,254
Slovak	28,559
Armenian	26,221
Afrikaans	23,889
Gujarati	22,614
Latvian	22,367
Slovenian	22,096
Lithuanian	21,580
Greek (ancient)	20,582
Malay	20,482
Sanskrit	20,410
Marathi	20,069

Growth of Location Listings



Date Ranges of Records

2000 B.C.–1 B.C.	1,574
1 A.D.–1449	3,155
1450–1499	17,892
1500–1599	167,280
1600–1699	383,443
1700–1799	767,460
1800–1899	4,048,755
1900–1909	1,105,601
1910–1919	1,135,315
1920–1929	1,359,076
1930–1939	1,640,276
1940–1949	1,590,275
1950–1959	2,346,461
1960–1969	4,156,174
1970–1979	6,712,663
1980–1989	8,729,945
1990–1999	10,239,098
2000–	3,727,786

Top 10 original catalogers

Organization	Original Records Added Online
Center for Research Libraries	63,549
University of Hong Kong	45,758
University of Oxford	39,322
The Ohio State University	25,048
University of Wisconsin	24,073
Godfrey Memorial Library	23,647
University of California, Berkeley	23,223
Singapore Integrated Library Automation Services	19,155
Union Theological Seminary	15,729
University of Texas at Austin	15,309

Fiscal 2004

Program Highlights

	2003/04	2002/03
Total number of records in WorldCat (the OCLC Online Union Catalog)	53.3 million	50.1 million
Books and other materials cataloged online	27.8 million	27.3 million
Books and other materials cataloged by batchloading processes	24.1 million	27.4 million
Cataloging records added to WorldCat	3.2 million	2.3 million
Catalog records generated on computer tape or by FTP for subscribers	5.8 million	5.6 million
Number of records exported online from WorldCat to local systems	34.2 million	33.8 million
Custom-printed catalog cards ordered	3.8 million	4.7 million
Locations listings in WorldCat for library materials	929 million	889 million
Serials Union List volume-specific holdings (LDR)	9.2 million	8.0 million
Online interlibrary loans transacted	9.4 million	9.3 million
OCLC ILL Fee Management service participants	2,205	2,020
Transactions	820,399	736,225
ILL charges transferred	11.2 million	9.7 million
Resource Sharing Groups supported	263 groups	245 groups
	18,270 libraries	18,081 libraries
OCLC RetroCon services projects under way	36	64
OCLC TechPro service cataloging	366,301 titles	331,621 titles
	142 libraries	314 libraries
Collection Development—Language Sets	95 libraries	124 libraries
OCLC Canada LTS Library Technical Services	108,152 titles	83,484 titles
	8 libraries	13 libraries
OCLC FirstSearch authorizations	35,995	43,124
OCLC FirstSearch searches	94.1 million	99.8 million
OCLC FirstSearch Electronic Collections Online	5,160 journals	4,607 journals
	68 publishers	70 publishers
<i>Dewey Decimal Classification and Relative Index, Edition 22—copies sold</i>	8,298	
<i>Abridged Dewey Decimal Classification and Relative Index, Edition 14—copies sold</i>	4,010	
Web Dewey and Abridged WebDewey subscriptions	1,028	898
OCLC CatExpress service subscriptions	1,745	1,640
QuestionPoint Libraries	513	350
CONTENTdm users	185	107
CONTENTdm collections	1,500	1,000
CONTENTdm objects	3 million	1.1 million
NetLibrary	12,442 libraries	8,369 libraries
Average number of pages viewed per month	6.4 million	3.9 million

Financial Highlights

Revenues	\$190,649,300	\$191,806,300
Contribution (Reduction) to Corporate Equity	\$ 6,413,800	\$ (952,700)
Total corporate equity/net worth	\$138,178,200	\$125,335,700
Total assets	\$315,123,800	\$292,468,900