

**LCoNZ**

Library Consortium of New Zealand

# **LCo New Zealand Limited**

## **Annual Report for the year ended 31 December 2006**

## From the Chair



2006 was another challenging year, demonstrating LCoNZ's resiliency in managing consortia interests. LCoNZ is an aspirational organisation. It aims high and is achieving results against a background of technology and supplier changes, differing Stakeholder existing commitments and the need to earn LCoNZ project commitment through demonstrating real value.

The day to day task of managing difficult projects, agreeing on hosting and supplier options and still keeping the faith, has been achieved and for this I need to thank everyone involved with LCoNZ. Each member of the Consortia – Directors, Senior Managers and Members of the Operations Group – contributed hugely and managed the difficult task of working on LCoNZ projects and meeting their own differing institutions' projects and requirements.

So what's the scorecard for 2006.

The significant outstanding project on the LCoNZ agenda was the Institutional Research Repository Project. The scoping was completed, application selected and all that remains is the final due diligence on a hosting option. I need to thank Ainslie Dewe for her drive and commitment in leading the Project team.

Other 2006 projects:

- Voyager Upgrade
- Maori Translation of interface project underway
- Changed and implemented Central Search – LinkResolver
- Borrow Direct. Users can initiate a loan from other Library catalogues.

We appointed a new General Manager, Jean Ballantyne. Jean immediately made a difference with her intellectual rigour and focus. Derek Postlewaight, former CIO Waikato University and Board Director from Waikato University resigned and Annette McNicol, Waikato University Librarian was welcomed in his place. I'd like to thank Derek for his challenging contributions and obvious passion for excellence. The Advisory group was reshaped to be the Senior Management Group.

We acquired our first Consortia Customer, Waikato Institute of Technology. This grows the Consortia from the original four stakeholders and establishes a way in which non-stakeholders can participate in the learnings and savings that being a LCoNZ customer affords.

I would also like to thank Datacom for assisting us with extra management duties over a gap period between the departure of the former General manager and the appointment of the new General Manager, Jean Ballantyne.

The year ahead promises much. With the current Directors and Management team, it's easy to feel confident.

Ruth Bruce  
Chair

## **1. Introduction**

LCo New Zealand Limited, the Library Consortium of New Zealand (LCoNZ), is a collaborative venture with four shareholders: Auckland University of Technology, University of Otago Holdings Limited, The University of Waikato, and Victoria University of Wellington; to provide and operate common library systems and services.

LCoNZ began operation on 1 June 2004. This is the third annual report.

LCoNZ has reached a crucial stage in terms of development. The library management system has been implemented and processes are in place for ongoing enhancement. A major Voyager upgrade has taken place during 2006. Federated searching and link resolving products were implemented and subsequently withdrawn by Endeavor. A subscription to Article Linker from a new supplier, Serials Solutions, has been arranged to replace the Endeavor link resolving product.

While the four libraries were all at a similar stage when implementing the library management system, it is likely that implementation of other applications will require a phased approach.

LCoNZ revenue is based on searches carried out in the shareholding libraries. There has been an overall reduction of approximately 4.5% in the number of searches over the 2006 year. The number of searches has reduced in all shareholding libraries.

A new client has been taken on. While this is an exciting development, there are a number of issues to be resolved in determining how a client differs from a shareholding library in terms both of their contribution and access to the body of knowledge developed by the shareholding libraries.

## **2. Governance**

On 1 January 2006 the following were directors of LCoNZ.

- Ruth Bruce, Independent Chair;
- Ainslie Dewe, University Librarian & Director of Knowledge Management, Auckland University of Technology;
- John Patrick, Chief Financial Officer, University of Otago, and Director, University of Otago Holdings Limited;
- Sue Pharo, University Librarian, University of Otago;
- Warwick Clegg, Pro Vice Chancellor Information Technology, Victoria University of Wellington.
- Derek Postlewaight, Director of Information Technology, The University of Waikato.

Derek Postlewaight resigned in September 2006 and was replaced by Annette McNicol, University Librarian, The University of Waikato.

The Board met as scheduled in February, April, June, August, October and December. A special meeting was held by teleconference in July.

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### **3. Disclosures**

#### **Director's Interests**

There were no entries in the interests register made during the 2006 financial year.

#### **Use of Company Information**

The Board received no notices during the year from directors requesting to use company information received in their capacity as directors which would not have been otherwise available to them.

#### **Remuneration and Other Benefits**

Remuneration and other benefits paid, or due and payable, to directors of LCo New Zealand Limited for services as directors during the year totalled \$25,000: being payment to the Chair including compensation as agreed by the directors to cover additional responsibilities during the period between the departure of the former General Manager and the commencement of the new General Manager

#### **Audit Fees**

Audit fees for the Company were \$6,021.

#### **Remuneration of Employees**

No Employees' income fell within the specified band during 2006.

### **4. Management**

Jean Ballantyne was appointed as General manager as from 25 September 2006 following the resignation of Derek LeDayn. Hanan Salib was appointed as Office Coordinator on 13 March 2006.

The Advisory Group was restructured during the year as the Senior Management Group, comprising two members from each of the shareholding libraries. The Senior Management Group generally met by teleconference each two months with one face to face meeting.

Project teams were established to:

- review link resolver and federated search products
- investigate the implementation of a bilingual interface
- agree policy and implement universal borrowing (Borrow Direct) in the four LCoNZ libraries
- evaluate and recommend a software solution for a multi institutional research repository

In addition, the WebVoyage group investigated the redesign of the WebVoyage interface along with managing day to day WebVoyage issues.

## **5. Systems Management**

LCoNZ coordinates the management and operation of the Endeavor Voyager library management system, working with Datacom who provide on-going facilities management and hosting services, and the university libraries who deliver the services to their patrons.

LCoNZ continued to work closely with Datacom and after considerable planning; Voyager 6.1 upgrade was implemented in December 2006.

Significant problems were encountered by all four LCoNZ libraries following the implementation of LinkFinderPlus (LFP) and ENCompass for Resource Access (ERA). When Endeavor made the decision to discontinue these products during 2006 other options were reviewed and LCoNZ agreed to implement Serials Solutions Article Linker to replace LFP. Article Linker has been very positively received. Further evaluation of federated search products led to a recommendation that Serials Solutions Central Search be implemented to replace ERA. Implementation will occur progressively during 2007.

Franciso Partners (a private equity group) announced that it had purchased Endeavor, along with ExLibris (one of Endeavor's competitors) at the end of 2006 and the combined company would be known as ExLibris from that time.

## **6. Business Development**

LCoNZ completed the contract with its first customer, Waikato Institute of Technology (Wintec), in October 2006. Work has progressed on implementing Voyager with a go live date planned for April 2007.

**LCO NEW ZEALAND LIMITED (LCoNZ)**  
**Report on Compliance with**  
**STATEMENT OF CORPORATE INTENT**  
**for year to 31 December 2006**

**1. The purpose and business objectives of the Company:**

***Vision:***

- To use and develop the best enabling technologies in a collaboration which will enhance the innovative delivery of library and information resources and services to the New Zealand tertiary learning and research community

***Mission and objectives:***

- Provide leadership on library and information issues
- Improve access to information resources fundamental to the advancement of teaching, learning and research
- Work together on common issues which no one organisation is able to accomplish by itself
- Strengthen and extend alliances with other national and international organisations

***Specific Business Objectives:***

- Provide a common interface with familiar functionality for the benefit of Library patrons and the New Zealand research community
- Maximise the intellectual investment involved in selecting and implementing the shared system and in creating and operating a management structure for the benefits of the members of the consortium.
- Provide a strong development group to work in partnership with Endeavor and Datacom.
- Assist institutions considering joining the consortium and then support their smooth implementation minimising risk to both the institution and the consortium.
- Generate sufficient profit to support these objectives and enhance the Company's development.
- Ensure that the consortium operates in a cost effective manner while providing an environment that is advantageous to the members.

***Complied.***

**2. The operational and performance standards and guidelines that:**

**(a) the Company is to be subject to;**

A Service Level Agreement with member Libraries for delivery of LCoNZ services to them.

**(b) are to be implemented and maintained by the Company.**

Datacom Systems Ltd contract and associated policies and documents for delivery of their services to LCoNZ and member libraries.

Endeavor Information Systems Inc contract and associated policies and documents for delivery of their services to LCoNZ and member libraries.

***Complied.***

**3. The nature and scope of the trading activities to be undertaken by the Company are:**

Delivery of library and information resources and services to the New Zealand tertiary learning and research community.

***Complied.***

**4. Desirable skill sets and qualifications for:**

**(a) the chairperson and Directors of the Company, are:**

- Experience of working in a tertiary education environment
- Financial literacy
- Governance skills
- Commercial experience
- Knowledge of library operations and management
- IT experience or knowledge
- Analytical skills
- Communication skills

***Complied.***

**(b) director or trustee or representative appointees of the Company to third party entities in which the Company has an ownership interest are :**

- As above, together with the ability to distinguish the needs of the entity and balance those with the responsibility to the parent company to safeguard its investment.

***The Company has no ownership interest in any third party entities.***

**5. The debt equity ratio sought to be attained by the Company is:**

Debt will not exceed 20% of debt plus equity added together.  
Note that LCoNZ has at present no plans to borrow in 2005 or later.

***Complied.***

**6. The performance targets and other measures by which the actual performance of the Company is to be evaluated in relation to the SCI objectives are:**

- Services objectives outlined in the various agreements are met or surpassed.

***Objectives met except for Endeavor support of ERA and LFP products which was unsatisfactory and resulted in cancellation of these products in 2006.***

- Best practice benchmarks are established and measured annually.

***Best practice benchmarks have not been established.***

- ROI is achieved.

***Return on Equity of 4.4% was achieved in 2006.***

- Customer satisfaction is surveyed annually.

***Informal survey of customer satisfaction, by meeting with each University Librarian, and their senior staff.***

- Business development objective of adding 2 new clients each year.

***One new client was added in 2006.***

**7. The profit distribution policy to the Shareholders and the means of compensating Shareholders for the cost of capital invested in the Company are:**

As specified in Section 3.8 Dividend Policy, of the Shareholders Participation Agreement, as follows:

***Dividend policy***

The Parties agree that the general policy with respect to dividends will be that:

(a) the Company will expect to retain from earnings sufficient sums for funding future capital and development expenditure approved by the Shareholders (if not met by external borrowing); and

(b) the Parties expect that, from the surplus after the sums retained for the purposes in clause 3.8(a), the Company will pay dividends to Shareholders at the recommendation of the Directors.

***Dividend of 5.75 cents per share declared for 2006.***

**8. The nature, extent and timeliness of management information that (subject to appropriate confidentiality safeguards) is to be provided to the Shareholders are:**

As specified in Section 3.5 Supply of financial statements, and section 3.6 Content of financial statements, of the Shareholders Participation Agreement, as follows:

***Supply of financial statements***

The Company shall provide to the Shareholders:

(a) Half yearly financial statements within 30 days after the end of each half year; and

***Statements provided quarterly within 30 days of the end of each quarter.***

(b) Unaudited financial statements for each financial year, within 30 days after the end of each financial year; and

***Complied.***

(c) Unless the Shareholders have resolved otherwise, audited financial statements for each financial year within 45 days after the end of such financial year.

***Audited financial statement provided on 23 March 2007.***

***Content of financial statements***

The financial statements for each period shall include a statement of financial position, statement of financial performance, statement of cash flows and other reports as required by the Public Finance Act, which shall be prepared and presented in accordance with the Financial Reporting Act and with New Zealand generally accepted accounting practice consistently applied. The annual financial

statements shall be accompanied by the Company's auditor's report unless no audit is required.

***Complied.***

**9. Such other matters as may be determined by the Board in consultation with the Shareholders.**

***There are no other matters.***