Pricing Policies

By Carol Tenopir

IF YOU have tried to follow database or system pricing this past year, you know how difficult it has been to keep up with all of the changes. Almost all major online systems have announced pricing changes of some sort and pricing policies are only now beginning to settle down. In this column I will look at several specific new pricing policies and explore some of the ramifications for searchers.

ORBIT

Many librarians were unpleasantly surprised by SDC Information Service's announcement of a $100 per month minimum billing charge for the ORBIT search service. The high cost of the billing process is cited by SDC as the reason for the high monthly minimum. Some libraries have subsequently decided to discontinue ORBIT searching both because of this new policy and because SDC is continuing its move away from the general academic and public library market to the scientific/technical specialist market. For other libraries this is not a viable alternative because they need access to databases only available on ORBIT (such as the files of the American Petroleum Institute) or because their searchers are most proficient at ORBIT commands. These libraries are taking various approaches to the monthly minimum, all of which are encouraged by SDC.

One easy alternative is for many small user libraries to join together under one account number. The $100 per month is charged once per account number rather than for each member library, so even infrequent users may be able to continue ORBIT access if enough libraries join together.

Library networks such as the Cooperative Library Agency for Systems and Services (CLASS) (formerly the California Library Authority for Systems and Services) provide an even easier route. Libraries that are members of CLASS may join the SDC/CLASS Group to get access to ORBIT with no monthly minimum charge to individual libraries. CLASS charges an annual fee of $40 per password and a $10 service fee in any month the password is used, but there is no minimum billing rate. As of April 1984, over 60 libraries had joined the SDC/CLASS Group.

Other alternatives are not so attractive for infrequent ORBIT users. One is ORBIT's deposit account program. A minimum of $720 must be prepaid to SDC to begin a deposit account from which search costs will be subtracted as searchers use ORBIT. There is no monthly minimum. A second option is an annual guarantee plan with ORBIT. If an institution guarantees they will do at least $1,200 worth of ORBIT searching in a one year period, the $100 per month minimum charge is waived.

NLM MEDLARS

The July, August, September, and October 1983 issues of the *NLM Technical Bulletin* introduced NLM's new pricing algorithm. The *Bulletin* articles describe it, explain it, justify it, and discuss how it will affect search strategy. The new policy, which became effective in October 1983, bases its charging on three components instead of the former connect time-based charges. Included are a component for "work performed by the NLM computer" and one for characters created for transmission to the user's terminal in addition to a connect time component.

For domestic users, the cost of a Medline search is calculated by adding the following charges together: 1) $4.50 per connect hour not in prime time or $7.25 per prime time connect hour, 2) $.01 per search statement, 3) $.01 per citation, 4) $.01 per carriage return "interaction charge," 5) $.06 outside of prime time and $.12 prime time "computer resources charge" (cost per 100 disk accesses), 6) $.08 not in prime time or $.12 prime time per 1000 characters, and 7) $.18 per page for offline prints. There is still a $15 per month minimum billing charge per ID code.

NLM says the cost of an hour of "average use" on MEDLINE has not changed, it still costs approximately $22 per prime time hour or $15 per hour outside prime time hour. Why then did NLM change their pricing policy? The old pricing reliance on connect time is no longer equitable. According to NLM, "the algorithm was introduced to charge users more equitably without increasing revenues." Searchers now pay for the amount of information they access and the work they ask the system to undertake rather than solely on the basis of the speed of their modem, their typing skills, or the system response time. Although the people at NLM know the new method is more complex than the old, they believe the old connect hour charges inhibited searchers from thinking online or developing strategy online with commands such as the "neighbor" command. They believe the new algorithm favors the interactive nature of online searching and does not give an unfair advantage to the searcher with sophisticated equipment.

Although NLM believes the average search bill will not change with the new policy, they suggest some search strategy methods for keeping costs down. Multiple disc accesses (and higher costs) result from doing such things as limiting searches to the English language, redundant use of multiple "explosion" commands, and string searching. The series of articles in the *NLM Technical Bulletin* offers specific hints on cost-effective searching with the new pricing algorithm.

Mead Data Central

The complexity of NLM's new algorithm is reminiscent of Mead Data Central's past pricing policies for LEXIS (their full text legal system) and NEXIS (their full text magazine and newspaper system). Many librarians complained about Mead's pricing, saying it was too complicated and they had difficulty estimating costs (and costs were too high). Partly in response to these complaints, Mead Data Central initiated a new pricing policy in April 1984.

The new policy still includes sever-

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al components, but according to Mead Data Central, it is now "easier to predict the cost of searching" in NEXIS or LEXIS. NEXIS pricing is now based on five components (in addition to the normal telecommunications charges): 1) a charge for publications searched that varies from $9 to $18 for prime time and half that outside prime time depending on the publications chosen to be searched; 2) a charge of $3 in prime time or $1.50 outside prime time each time a search is modified; 3) $20 per connect hour, 4) a $.02 per line offline print charge, and 5) a $50 per month subscription fee. There is still a fee of $150 per month for the optional standalone printer. A similar pricing algorithm applies to LEXIS.

In contrast to their old search unit charge (based on "how much work" the computer is asked to do), NEXIS search charges can now be accurately estimated at the time of searching. The charge for search modifications still favors the experienced searcher who has thought out his or her strategy but the inexperienced searcher can sometimes control costs by choosing to search smaller and less expensive portions of the system. The ability to more accurately estimate search costs, together with Mead Data Central's recent decision to allow NEXIS or LEXIS searching via an IBM Personal Computer instead of only on a dedicated terminal, makes NEXIS a more viable alternative for libraries.

CAS ONLINE

CAS ONLINE, the online search service from Chemical Abstracts Service, relies primarily on connect hour charges plus nominal file access charges. CAS this year announced a special academic rate option in addition to their regular pricing scheme. For $500 per month, colleges and universities can have unlimited access outside prime time (2 P.M. to 8 A.M., Columbus, Ohio time) to the Chemical Abstracts bibliographic database and the Registry File of chemical structures.

With this flat-fee pricing scheme CAS hopes to encourage use of their system by college chemistry students and faculty. It seems almost like an encouragement of migration from their printed indexes to their online database. If colleges and universities have unlimited access to Chemical Abstracts online for a yearly cost that is equivalent to a print subscription, why keep the print subscription?

BRS and DIALOG

Neither BRS nor DIALOG has made major pricing policy revisions in the last year, but database prices on both systems have generally increased. Most significant is the increasing number of databases that have started online print charges. It is now common to pay a fee that is the same or even higher than the offline print charges for viewing full records online.

This was started because many database producers needed a way to compensate for the potential revenue lost when citations are downloaded onto a microcomputer and then reused at no additional online connect cost. By charging for online prints, many producers feel that the searcher rightful pays for information received rather than just time spent online. It is thus more equitable for database producers and for searchers *if* online connect charges are reduced when online print charges are introduced.

In an article in the March 1984 issue of *Online*, Roger K. Summit, President of DIALOG, talked about the future of DIALOG pricing. He feels that connect hour pricing has many advantages including: it is easily understood by all users, it allows easy estimation of search costs, and it can be monitored while the searcher is online. "At the present," Summit stated, DIALOG doesn't "see any reason to change our pricing methodology." He would like to see the database prices kept low enough to encourage use.

Of course, database producers must charge enough to make money from their online files, especially if they are to escape the reliance on printed products. They cannot raise their rates too much, however, or online use is discouraged. There is a delicate balance between the two that is best solved by increasing the number of online users and the amount of online use by current users. That sums up the marketing tactics that both DIALOG and BRS seem to be pursuing. Database prices have been increasing, but they now seem to be leveling off.

Search strategy

Pricing policies can affect more than the pocket book of the library. They can also affect the way searches are conducted.

Many searchers are in the habit of doing a "quick and dirty" search, then typing out some full records to judge relevance and to get ideas for additional subject terms. Online print charges make this a more expensive search strategy. Because the print charges do not apply to all formats, searchers may begin to request full formats only when they know a citation is relevant. They may also be tempted to rely more on offline printing (if they are not downloading) without first viewing citations online. Online print charges, thus, may have a negative impact on the interactive nature of searching.

More complex pricing schemes such as the new NLM algorithm that charges for the number of disc accesses and characters retrieved create more dramatic search strategy changes. This scheme also discourages online printing, but it encourages thinking online and the use of search strategy-building commands such as the neighbor command. It forces searchers to rethink their search strategies to achieve the most cost-effective techniques. It favors searching for the most specific term first and planning strategies to minimize the number of postings (the disc access charge) and to minimize the number of search statements or carriage returns.

Unlimited use charges encourage experimentation and online browsing. If libraries can commit themselves to a fixed fee monthly subscription charge, the nature of online searching in libraries can change dramatically. Database access can be offered much as printed index access is offered today, with patrons searching the materials themselves at no cost after brief instruction from a librarian. The main problem is determining which databases are most heavily used. If every database were to have a subscription charge, we would be much worse off than we are now. The more esoteric databases would have to be dropped completely and the availability of all years of a publication would be subject to the ravages of budget cuts. Unlimited search pricing at the database level is only feasible for heavy users of large databases, but at the online search system level it could offer interesting advantages.

More changes coming

Most online vendors recognize that connect time only pricing is inequitable and old-fashioned. It favors experienced searchers, fast typists, and higher telecommunications speeds. If searchers download citations, this scheme denies the database producer full payment for information used. The main advantage of connect time pricing is its simplicity.

In 1983 and 1984 online system vendors and database producers have begun to seek different ways to charge for their services. New prices and new pricing algorithms were introduced. These new pricing policies may continue to change before a fair, simple, and consistent pricing scheme is developed. The scheme must be beneficial to search services (who bear the costs of sending out bills), to database producers (most of whom cannot yet rely on online revenues for their main source of income), and searchers. We have not yet seen the end of change.

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