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Furor over prices

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THE DIALOG CORPORATION announced a major shift in pricing policy effective June 1. The announcement took many librarians and database producers by surprise as it was presented as a fait accompli about a month before implementation. Although this is the biggest pricing shakeup, other online services are also reevaluating their prices. Many librarians find these new policies upsetting and often costly.

Dialog's corporate spin is that the new pricing scheme drops connect-time charges. Few would disagree with Dialog CEO Dan Wagner's explanation that connect time is "unsustainable in today's high-speed access environment...[because] connect-time charging is an anomaly associated with the costly infrastructure required to support the early online market." An alternative that pleases everyone is hard to find.

DialUnits--a new measure

Dialog's new pricing policy offers two alternatives. The option that Dialog spokesperson Sharyn Fitzpatrick calls the "most advantageous" for most customers is a flat-fee subscription base. Dialog representatives calculate a yearly fee for individual customers. The calculation is based on the customer's usage of Dialog databases over the past two years and anticipated costs over the next year. The yearly price for [the few] new customers or new levels of service for an old customer (such as companywide end user access) are figured after a "price audit" conducted by Dialog and the customer. Customers may purchase access to all Dialog databases or to a subset of ones they are likely to need.

Fixed-rate subscriptions are not very attractive to infrequent users or for information brokers and others who bill back directly to clients. For those who wish to remain on a pay-as-you-go plan, connect-time costs have been replaced by a combination of output charges, telecommunications fees, and a new pricing element called "DialUnits" ("Dial" being Dialog Interactive Access Language). According to Dialog, "a DialUnit represents the usage of system resources necessary to execute search commands."

Searchers will no longer be billed for reading bluesheets, Dialog help files, other system documentation, or for the time they spend browsing, viewing search output, or just thinking. A DialUnit (or partial DialUnit) will be billed when a searcher asks the system to do something, such as search for terms, combine sets, eliminate duplicates, sort, or rank.

DialUnit prices vary by database, from a low of \$1 per DialUnit in many of the newspaper full-text files to \$23 per DialUnit in many of the pharmacological databases and CHEMNAME. Most range from \$2 to \$10. DialUnits are measured from logon or a BEGIN command until logoff or the next BEGIN.

Adding up old charges

In addition to the DialUnit charge, telecommunications charges by the minute and output charges by the record still apply. In the ABI/INFORM bibliographic/full-text database, for example, the charges will be \$5.25 per DialUnit, 25[cts.] per record viewed in KWIC (Key word in context) format, and \$2.50 per complete record. In Chemical Abstracts, the charges are \$11.75 per DialUnit, no charge for KWIC records, and \$2.25 per full record. MEDLINE is \$3 per DialUnit, 5[cts.] per record in KWIC, and 20[cts] per full record.

According to Fitzpatrick, tests at Dialog show that most searches use just one DialUnit. She suggested several strategies for searchers to anticipate DialUnit charges. First, costs will still be displayed after each search, so pay close attention to the DialUnit charges for the strategy just completed. As searchers "get to know the new system, it will get easy to predict DialUnits," says Fitzpatrick. She says that commands such as Logoff Hold and Pause are no longer needed with the end of connect time and, if used, will incur an additional DialUnit charge at reconnect. Since searchers are not charged for connect time, they can do their thinking without using Logoff Hold Or Pause. Fitzpatrick concluded that the new pricing policy is very similar to what is already in place in

DialogWeb, so many "power searchers" have begun to get accustomed to the new way of pricing.

In the same announcement, Dialog introduced a new monthly minimum usage charge. All accounts now face a minimum monthly charge of \$75, plus a \$12 per month account fee. Dialog attributes the minimum to the high cost of maintaining small accounts. Many Dialog customers spend much more than \$75 per month and will see only the \$12 added to their monthly bills. However, Dialog is sending a clear message to small customers or infrequent users.

Outcry from the field

The outcry against Dialog's announcements was immediate and intense, especially among corporate librarians and information brokers. New Dialog executives were surprised by the intensity of the reaction, because Dialog CEO Dan Wagner feels he was following through on his promise to address pricing.

Fitzpatrick was philosophical when I talked to her after three weeks of battering by the Dialog faithful. "The ferocity of emotion surprised me," she said. "People reacted emotionally, but once they sit down and look at it or when I explain it, they calm down. I have a great deal of respect for the information professional. Any changes in Dialog are like changes in your family."

As of early June, calm was not yet apparent. Longtime Dialog customers complained that they were not given enough notice before the changes were to go into effect, that Dialog customer service is deteriorating and nonresponsive to their questions, and that no one at Dialog has been able to explain DialUnits adequately or how the DialUnit will impact overall costs of a search. One information broker complained that "the flat rate contract offer I received was 20 percent higher per month than I had averaged over the last three years."

Fitzpatrick is distressed by what she sees as "lots of misinformation out there." She explained that "DialUnits are not CPU time; they are based solely on utilization of system resources."

It is hard not to compare DialUnit charges to failed attempts by other systems over the last decade to charge for computer processing time. Although this new plan is not exactly the same as defunct CPU pricing algorithms by Medlars, Dow Jones News Retrieval, and Lexis-Nexis, any time a company charges by what the computer does and makes it difficult for searchers to control or predict charges, complaints are inevitable. While many searchers mm to Dialog for its powerful command language, DialUnits seem to charge most for those power features that set Dialog apart.

Dialog considers the change neutral, not hurting the power searcher, but customers are skeptical. Only testing and careful comparison will reveal if this is a price increase or just a better way to calculate prices. Indeed, at the recent Special Libraries Association conference [see coverage, p. 50-51], Wagner acknowledged that Dialog is considering charging fractionally for DialUnits: "We're listening to our customers."

Lexis-Nexis's Academic UNIVERSE

Last year Lexis-Nexis announced a new pricing structure for colleges and universities. Schools have until August 31, 1998 to convert to the Academic UNIVERSE plan, which replaces the previous pricing scheme (based on number of ports plus print charges) with a flat price based on the number of FTE students. Students, faculty, and staff will now get unlimited use of a selected group of databases. The overall yearly cost to each institution will most likely be higher, although, according to Lexis-Nexis, customers will be "getting a whole lot more" or, at least, more opportunity to search.

While Lexis-Nexis has claimed that "the cost of providing system access to education program participants is heavily subsidized," customers satisfied with their previous level of access don't like the higher costs. The University of Kansas provost reported in a faculty convocation speech that Kansas has been paying \$1800 per year per port to access "the key educational parts of Lexis-Nexis," for a total of \$25,200 per year. Under the new UNIVERSE subscription plan, campus costs will rise to about \$87,000 per year.

UNIVERSE prices per student go down as the number of FTE students go up. Libraries can reduce their costs by banding together or joining consortia. One university with approximately 25,000 FTE students (minus law school students) will pay about \$40,000 per year for UNIVERSE as part of a regional consortium. A smaller college reduced its UNIVERSE costs from over \$2 per student to \$1.80 per student by using its OCLC regional consortium.

Dow Jones and UMI

In "Will Online Vendors Survive?" (Online Databases, LJ 2/1/98, p. 35-36), I reported on the Dow Jones/UMI agreement to share marketing efforts by type of library. Academic, school, and public institutions may get access to both Dow Jones and UMI content through UMI ProQuest Direct, while corporations go through Dow Jones to access UMI databases. Corporate librarians, who are often longtime users of Dow Jones Interactive, tell me they like this arrangement. However, academic librarians who already subscribed to Dow Jones Interactive are not so happy with the change.

The University of Tennessee, for example, currently pays \$7200 per year for three passwords to Dow Jones. Since it is already a Dow Jones customer, this rate will be grandfathered in, but a UMI representative said that the same service for a new customer would cost \$83,450 per year. That is a more than a tenfold increase! For four to six simultaneous users, it would cost \$103,610.

OCLC FirstSearch/INSPEC

Price increases or upsetting changes in pricing policies are becoming all too common. One additional extreme example involves OCLC FirstSearch, the most popular end user online service in academic libraries. Many libraries purchase the "per search" pay-as-you-go pricing option in order to provide the widest possible range of databases for their users. This year the INSPEC database announced it would no longer be available through the FirstSearch per search plan. INSPEC, an engineering and technical bibliographic database produced by the IEE in the United Kingdom, will now only be available on FirstSearch for a site license price of \$29,000 per year.

According to a spokesperson, INSPEC participated in the FirstSearch per search option to attract new customers and because "the service was very limited in functionality and did not provide access to the entire backfile. Over the past few years, the features of the service have developed and the backfile has grown to full INSPEC. In reality, what has happened is that new customers have not arrived, but there has been migration from print, CD and full-service online services.... We had no other choice, financially and in fairness to the other vendors, than to renegotiate our contract with OCLC."

Last year the University of Connecticut estimated that it spent \$3600 on INSPEC via FirstSearch; the University of Tennessee estimates it spent approximately \$2000. A price increase of this magnitude is not only upsetting but makes continued support of the INSPEC content difficult. Librarians I spoke with say they will direct users to other databases or to the print INSPEC, or switch to INSPEC on STN's low-cost after-hours academic program.

When the low cost of information on the web drives many people's price tolerance downward and when more alternative sources are available, it hardly seems the opportune time for commercial online companies to increase costs or to alienate faithful customers. Yet these recent changes in pricing policies by several major information companies seem to be doing just that.

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