



2-1-1993

## Flat-Fee Pricing and Other Choices

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### Recommended Citation

Tenopir, Carol, "Flat-Fee Pricing and Other Choices" (1993). *School of Information Sciences -- Faculty Publications and Other Works*.

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# □ ONLINE DATABASES □

BY CAROL TENOPIR

## Flat-Fee Pricing and Other Choices

CONNECT-TIME PRICING for online searching was developed almost as an afterthought. Dr. Roger Summit, CEO Emeritus of DIALOG Information Services, tells the story of how connect-time pricing first came about. At an American Society of Information Science (ASIS) conference in 1970 or so, he was sitting on some steps with an early database producer discussing the soon-to-be-launched DIALOG online service. When it came to how to charge users, they decided that connect-time pricing was as good as anything else they could think of.

### Problems with connect-time pricing

Now, more than 20 years later, the problems and inequalities of connect time are well documented. Faster transmission speeds, powerful microcomputers for searching, good communications software, and increased demand for end user searching often make connect-time pricing less than beneficial to vendors, producers, and libraries. Some systems, such as NLM Medlars and Mead Data Central's LEXIS/NEXIS, several years ago changed from a reliance on connect time to more complex schemes based on amount of work the computer does or how much information is searched. Other big players, such as DIALOG and BRS, still rely on connect time but with added print and display charges.

Whether online systems still charge connect-time rates or some other scheme, the problems of variable-rate searching remain. Variable-rate searching of any form is difficult to budget, and the more you search, the more you pay. For high-volume searchers or libraries that want to offer end user searching, it poses the paradox that the more successful the service, the less affordable it becomes. Connect-time pricing is still the most

economical for infrequent use of a variety of databases, but libraries that search a lot have been calling for more manageable options.

CD-ROM and locally mounted databases have shown the advantages of flat-fee pricing. In fact, Mick O'Leary, an articulate information industry observer, feels "the spread of CD-ROM databases has had less to do with any advantage in content or use than the simple fact that CD-ROM is flat-rate pricing. Had online databanks offered flat-rate pricing five years ago, CD-ROM databases would probably be much less widespread than they are now" (Mick O'Leary, "Flat-Rate Online: A New Online Era Begins," *Online*, Jan. 1993).

### Flat fee per search

Flat-fee or flat-rate pricing comes in two forms: a single price *per search* (referred to as per search pricing from here on), or a rate that allows unlimited online searching *per year* (flat-fee pricing). Per search pricing has been around for a few years, especially with systems aimed at end user searching. Libraries buy passwords, each of which allows a single search, at a small price per password. As each password is used it "self-destructs" so libraries don't need to worry about password security. Usually, if searchers don't retrieve any records in their initial searches, the system allows them to try again until they find something.

### Per search systems

WILSEARCH, the template screen search software for access to the H.W. Wilson Company's online databases, has always charged per search. Schools or libraries prepay for a set number of searches, paying from between \$1 to \$5 per search depending on how many searches are purchased. A search is defined as the retrieval of between one and ten bibliographic citations on a topic.

EasyNet, the intelligent gateway system that provides easy access to the databases on many online hosts, also offers a per search option. EasyNet goes by many different names, depending on the target market, but the

school option, called Einstein, costs \$4 per search. An Einstein "search" involves just one database and displays up to ten bibliographic citations or two full-text articles. (The number of records displayed varies a bit from database to database.)

OCLC's FirstSearch Catalog was introduced last year as a per search system (its new pricing choice is described below). FirstSearch provides easy access to the OCLC Online Union Catalog, as well as approximately 40 other bibliographic databases. The databases are many of the most popular in libraries, including MLA Bibliography, H.W. Wilson Company databases, PsycINFO, ERIC, BIOSIS, etc.

Libraries buy FirstSearch searches in blocks of 500—the more blocks purchased, the lower the cost per search. Prices vary from a high of 90¢ per search when one block is purchased (500 searches) down to 50¢ per search if a library purchases 80 or more blocks (40,000 or more searches).

Per search pricing is appealing for its simplicity, but it still suffers from some of the problems of other variable pricing schemes. The more your online service is used, the more it costs. The librarian must anticipate amount of use in order to budget for the coming year. In addition, per search systems don't let users modify their search strategies if, for example, mostly false drops are retrieved. Systems that limit the number of citations are appropriate only for users who don't need comprehensive searches and will be satisfied with just a few citations.

### Flat-fee pricing per year

More direct competition with CD-ROM and locally mounted databases is here. It comes from flat-fee pricing that charges a single fee for an entire year's worth of searching, no matter how many searches are done or how many items are retrieved. Flat-fee per year means that librarians don't have to worry about how long a patron is online. You won't need to reissue a password if the few items retrieved were not adequate. Almost all major online systems are at least thinking about flat-fee pricing, and several have



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implemented it. Remember, this is not an inexpensive option—it is best for high-volume searching situations. But where it makes sense, flat-fee pricing will change the way we use online databases.

### OCLC FirstSearch

For end user searching in academic or public libraries, the most exciting recent announcement is FirstSearch's new flat-fee pricing option. As of January 1993, OCLC will offer flat-fee searching for the FirstSearch Catalog, in addition to its per search option. For a set price, library users can search selected FirstSearch databases as much as they want and display as many records as they wish. (Note to librarians: this may have an impact on your paper and ink budgets!)

The "FirstSearch Catalog Annual Subscription Pricing" has several components. First, there is a basic package that provides unlimited access to three OCLC databases—WorldCat (the OCLC Online Union Catalog), ArticleFirst, and Contents-First. The basic package costs \$6500 per year for one logon at a time. Libraries that want the capability of having more simultaneous users will pay an additional \$6500 for the capability of each one. Other FirstSearch databases are available for an additional annual fee. The exact fee and terms vary with the databases, but some examples will give an idea of costs. The best bargains are the government-created files. Government Printing Office (GPO) Monthly Catalogs and ERIC are priced at only \$300 per year for an unlimited number of users.

### Wilson's offerings

The H.W. Wilson Company databases are available on a single-database basis or in preselected groups. Yearly use of General Science Index, for example, is priced at \$1900 for up to ten simultaneous users. Humanities Index is \$2000; Social Sciences Index, \$2000; and Readers' Guide Abstracts, \$2800. If a library wants unlimited access to all four of these Wilson databases for up to ten simultaneous users, the cost will be only \$3100 per year.

Other Wilson databases are available at similar prices and groupings. Cumulative Book Index, Biography Index, Book Review Digest, Education Index, and Essay & General Literature Index are grouped together for a bargain rate of \$3600 per year. (Individual prices of these vary from \$1200

to \$1900.) A third package includes Applied Science & Technology Index, Art Index, Biological & Agricultural Index, Business Periodicals Index, Index to Legal Periodicals, and Wilson Business Abstracts.

Other databases make a distinction between types of users or number of users. For example, MiniGeoRef will cost \$1300 per year for one to five simultaneous users in an academic library; \$700 per year for one to five simultaneous users in a public library. (For six to ten simultaneous users, the prices go up to \$1700 and \$1100 per year, respectively.) UMI's Newspaper Abstracts adds \$2500 per branch for public libraries to its base price of \$6700 per year for up to ten simultaneous users. Periodical Abstracts adds \$1200 per branch to its price of \$3200.

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**V**ariable-rate  
searching of any form  
is difficult to budget.  
The more you search,  
the more you pay

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FirstSearch annual subscriptions are restricted to a single campus or public library system. Database availability is limited for special libraries.

How does all of this add up? It isn't difficult to calculate. For an academic library on a single campus that wants the capability of five simultaneous users for the OCLC databases, four general H.W. Wilson databases, GPO, and ERIC, the total 1993 annual subscription cost will be \$36,000. If you increase that to ten simultaneous users, the cost will go up to \$68,700. You will need to add to this the cost of telecommunications (FirstSearch can be accessed over an OCLC dedicated line, Internet, or dial-up) and, of course, hardware.

OCLC is going head-to-head with CD-ROM in marketing FirstSearch, as is made clear in its 1992 brochure

Order a CD-ROM system and your budget will feel it. . . . You'll need new workstations, CD-ROM drives, furniture to put them on, and more. With FirstSearch, you can use your existing equipment, whether it's an OCLC workstation or a personal computer. And there's no

expensive network to install. Your OCLC-dedicated line, dial access, or Internet is your link to FirstSearch, and you connect workstations in the same way your current OCLC workstations are installed. . . . You don't have to be a rocket scientist to install and monitor FirstSearch. There are no complicated networks to develop, no software to master.

### Offerings for special libraries

Other systems that are now offering flat-fee contracts don't have the restrictions for special libraries. Mead Data Central's LEXIS/NEXIS service is the largest online system—and one of the first—to offer flat-fee pricing. It now offers a variety of pricing options, including connect time, transactional (one fee per database per search, plus lower connect time), zero connect (one fee per database per search, plus a surcharge), and flat fee. Mead's flat-fee prices vary from customer to customer, based on past search history. Each year as the flat-fee contract is renewed, the base price is revised based on use for the previous year. Users can select just a subset of files for a lower cost or have access to almost all of the Mead full-text files.

Dow Jones News/Retrieval began offering flat-fee contracts in 1992 for special libraries and businesses. Like Mead, Dow Jones bases flat fees on how much a customer has searched in the past with other pricing schemes, plus it adds a percentage of that to account for anticipated increased use once flat fee is in place.

Systems such as DIALOG, BRS, NewsNet, etc., also are experimenting with flat-fee options. Announcements of additional flat-fee offerings are likely to be made in 1993. In all cases, flat fee will be an option in addition to existing pricing options. Most companies will offer only selected databases or subsets of databases at flat fees, while other databases will continue to be available only on a pay-as-you-use basis.

Actually, it is clear now that no one pricing option is the best for every library, every user, or every search. Whether it is flat-fee, per search, connect-time, or some other pricing scheme, what is right for a large academic library, a small college library, a medium-sized public library, an independent information broker, or a special library is not the same. Choices and flexibility for individual situations are happily becoming the trend in the 1990s. Flat fee is taking its place alongside other options.