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The Database Industry Today: Some Vendors' Perspectives

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By Carol Tenopir

"TWO VENDORS—Mead Data Central with textual services from LEXIS and NEXIS and DIALOG Information services . . .—account for 81.81 percent of the revenue and 68.56 percent of the usage" in the online searching business, according to the new *Information Market Indicators* report from Professor Martha E. Williams' company, InfoMetrics, Inc. The first research-based extensive audit of online database searching, the report provides a view of the business that before now could only be guessed at.

Indicators will be issued quarterly for a (substantial) subscription fee. It is compiled by examining and analyzing the bills for publicly-available online search services of a statistically valid sample of 12 percent of the users of bibliographic and textual databases. Information about the revenues, use, and growth of databases and online search services has been derived from these bills and projected across the industry. The report is full of a variety of statistics that are probably of most direct use to present and potential database vendors, but are fascinating to almost anyone associated with online searching.

Some other examples of these facts and figures, in addition to the NEXIS/DIALOG statistics, include:

1. Fifteen online vendors are sharing in the over $129 million per year that is spent by U.S. information centers or libraries on textual or bibliographic online database access.

2. These 15 vendors collectively offer nearly 250 unique databases supplied by 151 producers.

3. Six of the 15 vendors—Mead Data Central; DIALOG Information Service; National Library of Medicine; BRS; SDC; and New York Times, still in business in the period covered by this first issue—account for 98 percent of the revenue and 96.5 percent of the use.

4. Just as a few online vendors dominate the market, only three database producers—Mead Data Central, Chemical Abstracts Service, and National Library of Medicine—account for 50 percent of the revenue and 55.47 percent of the use.

5. Each of these big three database producers has one of its databases dominating the business. LEXIS from Mead Data Central, MEDLINE from NLM, and CA Search from Chemical Abstracts Service together account for 44.15 percent of the revenue and 50.29 percent of the use.

6. Other databases that are heavily used included BIOSIS, Auto-Cite from Mead Data Central, Westlaw, Compendex, ERIC, and ABI/INFORM.

According to an InfoMetrics press release, these figures "prove that only a handful of database producers and vendors account for most of the industry's business." That is interesting, although not surprising. The next few years should determine whether the many small databases and online search services can survive. The Williams' quarterly reports will be eagerly read by many database producers and online vendors to see how the competition is faring and to see how they compare with similar databases for services.

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IIA downloading study

The Downloading Subcommittee of the Information Industry Association (IIA) has just completed a survey of online search vendors and database producers as part of a planned position paper on downloading. Fran Spigai of Database Services in Los Altos, California presented the results of this survey at the October Online '83 meeting and the November IIA meeting. She also summarized other recent downloading surveys.

Spigai described downloading as a "potential phenomenon" now in a transitional state. Little downloading has occurred as yet, but vendors expect much to take place in 1984. Three factors are seen as leading to an increase in downloading:

1. **Higher access speeds to online databases.** Twelve hundred baud is now widely used and soon speeds of up to 9600 baud will be available. Downloading of great numbers of citations will become cost effective at such high transmission rates if current connect hour pricing schemes remain in effect.

2. **Storage.** In the past, online searching used dumb terminals. In 1982, microcomputers with floppy discs began to become more common in libraries; in 1983, hard disc drives with high storage capacity began to be used; in 1984, much larger storage capacities, shared databases using local area networks, and more use of microcomputers in all types of libraries will make storage of databases more common.

3. **Software.** Although standard communications software for microcomputers has been around since the late 1970s, it has not been geared specifically to online searching applications. In 1982, the first software aimed at this specific function appeared. By

1983, packages with more sophisticated capabilities (e.g., Sci-Mate from Institute for Scientific Information) became available. More advanced enhancements and integrated software that will combine word processing with downloading are expected in 1984. It will become easier to create local databases by downloading subsets of commercial databases and customizing the information to meet the individual library's needs.

These three anticipated factors have caused many database vendors to begin to reexamine their pricing policies and their opinions of, or policies for, downloading. In 1982, policies were virtually nonexistent. User requests to download were determined on a case-by-case basis. By 1983, several database producers began to formulate policies. The IIA survey indicated that by 1984 downloading policies will be prevalent, but will still be evolving and changing.

Downloading policies must be flexible enough to cover the different levels of data reuse. Spigai listed five possible uses, including: single use for local printing; reuse, stored locally for future retrieval; multiple copies within an organization; resale of multiple copies; and reformatting or changing records to meet local needs (adding information to records, etc.). "Downusing" rather than merely downloading is of most concern to vendors.

These different levels of use affect database vendor revenues in different ways. The Association of Information and Dissemination Centers (ASIDIC), which has been working on downloading issues since 1981, recommends a multi-tiered pricing system for different levels of use. They believe that reuse or repackaging is acceptable if it is paid for. Fees should be based on the use to which the records are put rather than just the number of records output. Payment, however, must be simple, with a single user, single use as the default. A special downloading format may be one way to control payment.

A survey for the Special Libraries Association polled online searchers to determine the extent of downloading. Of 90 user responses, 80 percent felt downloading should be allowed, but approximately 50 percent did not have the equipment to do it. Twenty percent are currently using microcomputers, with another 10 percent planning on acquiring them in the near future. Over 50 percent of these did not reuse database information.

A survey by Cuadra Associates looked at users and online database service suppliers with an emphasis on pricing to help database producers establish downloading policies. The results of this survey were not yet published at the time of this writing.

The IIA survey was sent only to online vendors and database producers to discover their current policies, plans, and opinions. Twenty-five questions were asked. More than half of the respondents indicated that their organization had received inquiries in the last 12 months requesting permission to both download and reuse records. A quarter of the respondents had not received requests for either downloading or reuse, while the remaining approximately 22 percent had received requests for one or the other. Nearly 75 percent of the requestors were going to use the information in-house only, rather than for commercial resale.

A slight majority of the producers believe that eventually downloading will have a positive effect on revenues, while approximately 25 percent feel it will have a negative effect, and 25 percent feel it will have no effect. Most producers believe that downloading is not now widespread, but they feel there will be a definite increase in 1984. When this increase happens, it will be difficult to control, however, as nearly 70 percent of the respondents indicated that they believe online vendors cannot control downloading. Only half feel vendors can even monitor downloading. (Federal legislation to control it is not seen as the answer, however, with 75 percent of respondents nixing that idea.)

Although we may be tired of hearing about downloading and some online vendors, database producers, and users feel it is an overrated nonissue, searchers will feel its effects in 1984. These effects will be positive—greater reuse of records, in-house customized databases on special topics, better reformatting; and negative—increased regulation, fluctuating and inconsistent policies, changes in pricing schemes. Negative or positive, the IIA survey shows that some changes are sure to come.

Online to print migration?

An ironic announcement in a supposed era of increased dependence on electronic information is Gale Research Company's news about the availability of the Management Contents database in printed form. Up to now, Management Contents has only been available online; the new print version is called *Business Publications Index and Abstracts*.

The subject/author index portion is issued monthly with quarterly and annual cumulations. The numerically arranged abstracts are issued monthly. Subscriptions are $250 per year for the Index portion, $250 per year for the abstracts, and cumulations cost extra.

Gale claims that the printed index "will enhance your use of the online material by: allowing you to browse the print version at your own pace to plan an effective online search strategy; serving as a source for patrons who do not have access to terminals; providing an additional resource when your terminals are in use; and letting you make simple lookups and searches without incurring online charges or make photocopies of citations and abstracts without paying print charges."

Perhaps Gale understands the real synergy between printed reference tools and online tools, but my first reaction was to think that this represents a big step backwards. In reality, it shows we are not nearly as close to a real online age as we sometimes believe. For the foreseeable future, reference librarians will need to continue to determine when to buy printed indexes and abstracts, when to rely solely on online versions, and, if they have access to both, when to use one or the other. Will we see "migration" from online sources to printed ones? If some small database producers do not do better in the online market, we may have no choice.

Database user service

Knowledge Industry Publications, Inc. (KIPI) and the American Society for Information Science (ASIS) have announced a four-part database service to start in January. One part of the service will be a printed Data Base Directory (not to be confused with the earlier *Computer Readable Databases* by Martha E. Williams and published by KIPI. Williams will be publishing her well-known directory elsewhere).

Other parts of the KIPI-ASIS service will include the monthly newsletter *Database Alert* (reviewed in my November 15 column, p. 2140-41), a Database Hotline telephone service that allows subscribers to call Data Base Directory editors with questions about databases, and an online version of the directory. The plan to provide an online version of the directory is the most interesting part of this service. There are other, good printed directories; there are other (better) newsletters, and the utility of the telephone hotline is yet to be proven. The online directory, however, is the first of its kind and has been needed.

For a prepublication price of $185 per year, subscribers will receive the directory, a year of *Database Alert* (plus semiannual cumulative indexes and binder), a user number for the online and hotline services, and one free hour of search time. For more information contact Knowledge Industry Publications, Inc., 701 Westchester Avenue, White Plains, NY 10604. (914) 328-9157.