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# Costing and Pricing in The Digital Age: A Practical Guide for Information Services

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# Book Review

## Costing and Pricing in The Digital Age: A Practical Guide for Information Services

by Herbert Snyder and Elisabeth Davenport

New York: Neal-Schuman Publishers, Inc. 1997

ISBN: 1-55570-311-9

166 pages, Paperback, \$45.00

by Terry Ballard

The title of this book caught my attention immediately because it addresses the issues that I deal with as a librarian. Automation is changing the entire landscape of library services. Some libraries have gone so heavily into automation that users are afraid that books will go away entirely.

With this increased emphasis on electronic delivery of services comes a Pandora's box of financial concerns: Who should pay for what when an automated service is used throughout a campus, or even throughout the world? Should users be forced to pay for printouts, and how much should the library charge? What extra costs are incurred by the process of collecting money?

It is the stated goal of Snyder and Davenport to bring some order to this situation with a combination of accounting sensibility and knowledge of the variables involved in library automation. They dis-

cuss surveys that show the lack of accounting knowledge in library systems that are spending a lot of money on automated services.

The authors of *Costing and Pricing in the Digital Age: A Practical Guide for Information Services* start by defining some of the basic terms of accounting, such as assets, liability, expenses, cash flow, and cost. They also set the scenario for the basic concepts in library planning—particularly planning pertaining to automation. In each chapter, they illustrate the theory with a case study. For example, the first case is the story of an artist who planned to use automation in her art show and discovered the reality of what computers can do.

Next, they discuss the difference between fixed and variable costs. This discussion starts with the story of a fictional library that instituted fee-based searching and found that it was losing a fortune. The authors attributed this to the library's failure to identify the range of costs associated with the service and recommended "life-cycle costing" as a more appropriate model for automation for this library.

In considering software, the authors caution that custom software that appears to be a bargain in the short run might become a nightmare in the long run. The nightmare becomes reality when the original software provider closes or is bought out by other companies, and the library is left holding the bag with a system that is not adequately documented. This is an important point because I have seen that kind of situation happen in several libraries. The case studies are illustrated with charts that list the costs for the same service but postulate different sizes of user populations.

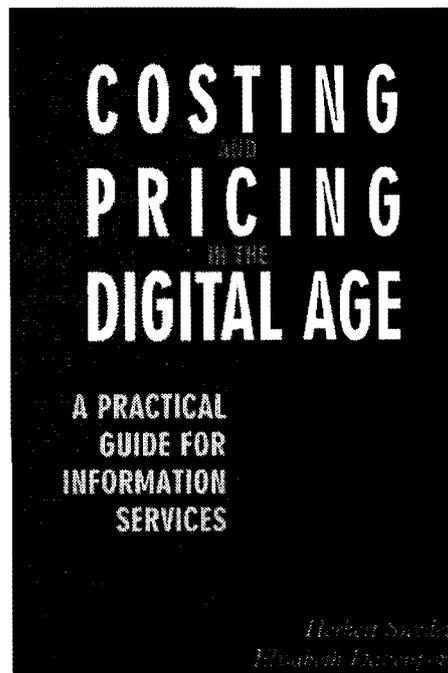
The third chapter may be difficult for the reader who lacks an accounting background. It deals with the concept of cost centers and the allocation of funds to those centers. "Activity-based costing," according to the authors, is more relevant to automated libraries than traditional accounting schemes because it helps to uncover variable costs that have been buried in the budget as overhead costs. The principles of allocating costs and principles that upper managers would use to discover expense irregularities in their

considering the addition of a new service. In one example, they postulate a cataloging cooperative that charges a higher rate for each record to nonmembers. Using a simple mathematical formula, they demonstrate how to calculate the minimum number of records that would make it worthwhile to join the organization.

By the end of this book, the reader has been presented with information on how to intelligently deal with issues such as outsourcing of services, buying or renting copy machines, establishing fee-based reference services, and the advisability of joining consortia. Many of the case studies involve public libraries, but there are some examples of the concepts of justifying services in special libraries.

The references at the end of each chapter are a mix of offerings from the library literature and the literature of accounting. The book is appended with a glossary and index.

Snyder and Davenport are both professors of information science, and I am certain that this volume will have a place in library school classrooms. It will also be useful to managers who are wrestling with the issues that have been described. Some budgeting and accounting knowledge would be advisable, because some of the concepts were difficult for this accounting-challenged reviewer.



departments are then described. This is followed by a chapter that shows how to analyze the cost variables when faced with capital expenditures.

In a later chapter, the authors show that the economic concepts of "break-even analysis" can be applied to libraries con-

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## EBSCO Publishing Announces Enhanced Version of Collectanea Corporate Desktop Library

EBSCO Publishing, part of the EBSCO Information Services Group, has announced version 3.1 of the Collectanea Corporate Desktop Library.

According to the company, version 3.1 offers corporate end users expanded content and new capabilities that make competitive research easier.

New features include profiling tools, a "relation builder," and two alternate methods of conducting article searches. In addition, approximately 300 abstracted titles have been added, increasing the total to nearly 1,000. More than 100 full-text titles also have been added to the Articles database, which now includes nearly 4,000 sources. New titles include such business publications as *Derivatives Quarterly*, *Strategy and Leadership*,

*Emerging Markets Week*, and *Emerging Markets Quarterly*.

"Our new profiling tools are designed to cull the most competitive business information from the best sources in both Collectanea and across the Internet," said Steven Caldwell, vice president and general manager, Collectanea. "For example, Collectanea's company profile page provides options to search for related company information available on the Internet, such as job openings, patents, news sources, trade shows and conferences, and associations," Caldwell said. "By combining Collectanea databases with information on the Internet, we provide users with more research choices and more competitive company profiles as a result."

In addition to the added functionality

of the profiling tools, the new version offers users the ability to focus their searches to articles within the current month or year, or to expand their searches to include all articles in the full collection. With the recent completion of a backfile project, the full collection now includes many titles dating back to 1990.

Version 3.1 also features a "relation builder," a functionality that identifies additional material related to the current company or subject profile. This feature offers users the ability to discover alternative relationships between their current profile and other people, companies, and noun phrases about which they might not have otherwise known.

The Collectanea division develops and markets Internet/intranet software tools

and applications for the competitive profiling, searching, retrieving, and filtering of information from thousands of quality sources. These sources range from full-text periodicals, abstracted titles, and pamphlets to a directory of companies that are accessible via a search engine.

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