Fee-based information services to industry

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We are going to attempt to give you a comparison of two institutions in the United States, both technologically-oriented but of different sizes and different localities, who started up fee-based services within the institution to market services within the library to industry.

Stevens Institute is a small institution, with a 100,000 volume library and a budget in U.S. dollars of about $650,000. Lehigh University, on the other hand, has almost a million volumes and a budget of $2.7 million dollars. The faculty at Stevens is about 160 people and there are 450 at Lehigh. Stevens is one mile from Times Square outside New York City. Lehigh serves an entire area in northeast Pennsylvania and must be a self-standing institution. Stevens is in the heart of the metropolitan New York area and, as an institution, shares in wealth of that area by having immediate access to such vast libraries as the New York Public Library, New York University, Columbia University, and the Engineering Societies Library.

Both institutions have several Ph.D. programs. There are 15 at Stevens and 26 at Lehigh. We started up our fee-based services at different times. Stevens began its services around 1970, when computerized data base services first became available to the public. Lehigh started somewhat later, and patterned their service after their institution's Industrial Liaison programs.

Stevens Institute of Technology

At Stevens, with the emergence of data base services, we realized that these were going to cost us new money, money that had never been in our budget before. We had to make a decision as to whether to charge fees for the use of these services, or to offer them, as we had everything else, free.

We made the decision, as did many other libraries in the United States, that we would not offer computerized data base services for free. We would start to charge the faculty and students. Those of us who started to charge fees realized that we had a whole new operation on our hands, and that we were able to develop a business.

In New Jersey, and in the whole metropolitan New York area where Stevens is located, is the highest concentration of industry in the United States. Now you may be thinking to yourself, how could a little place like Stevens Institute with 100,000 volumes in its library possible compete with the great resources found
in Manhattan. The fact is that in Manhattan no one decided to sell services, and they still do not. They do not market them for a variety of internal, political reasons within their institution. One of the things that the libraries that do market their services discovered is that it is very important to focus on your attitude about what you are offering or your services can fall apart.

There are several institutions that have much bigger services than ours. Rice University and Georgia Institute of Technology are similar types of places. They make a great deal of money, but we are hopeful of growing to higher levels.

We passed out brochures illustrating our marketing approach. These were made up for the benefit of the industrial users or any outside user. The outside users can be anyone. Our alumni provide us with potential clients because they are working within industry around the country. Besides technical organizations, law firms are also great users of our services.

When we decided to market our services, and the brochure illustrates this, it was not only computerized data base searching that the library offered, but rather the full gamut of library services: the traditional manual search; acquisitions of materials; indexing; obtaining or creating translations; providing seminars; and doing general reference. All of these are sold to users.

One of the things that we and our colleagues discovered is that the commercial users really did not care how much we charged. To give two examples, one small library based in New York State had a special resource which they had traditionally given away free. When online database searching came around, they just arbitrarily decided that they should charge $30 per access hour. However, they were getting too many users, so they raised the fee to $90...and got more users!

One of our clients purchased a translation from us. Again, Stevens functions as a jobber in that we went to the John Crerar Library in Chicago to get that translation. We bought it for the client, and charged the client a very high fee of $700. Some time later, the client lost the translation. They called us desiring another copy. They were perfectly willing to pay $700 again. We were, of course, able to get a lower priced duplicate. Nevertheless, this illustrates what you will find in the industrial market. They are looking for answers. And, they do not care how much it costs.

In determining conflicts with students or faculty about lending a book to industry, we solve the problem by buying the book for the industrial user. In doing this we learned that in many cases, the industrial user has budget money for their research, but they do not have funds to buy books or to send a courier out to get something. But they can call us up and we will handle the work for them. We send them a bill for their research, and they have by-passed the company rules and solved their problems.
We have in our country a problem about "free libraries" which occurred when Andrew Carnegie helped establish many public libraries in the United States and followed a tradition that had been created by Benjamin Franklin of "free access." To many people in the United States, the idea is that everything about a library should be free, especially within universities.

It came as a blow at first to charge people, but we discovered another thing. We discovered that our faculty and students suddenly thought that the library (via its computers) could offer them more than it had ever done before. Part of this was because the fee established a "value" and the other part was the wizardry of the computer. They would come up and ask us things that they should have asked us all along. We would then go to the encyclopedia or to Chemical Abstracts or to any traditional reference tool and give them the answer. They were delighted and the business continued through the public relations vehicle of the computer.

In fact, I once had the idea of creating a "wizard of oz" machine. This would be a great television screen with a keyboard in front of it in the lobby of the library. People could go up to it and ask it any question. Meanwhile, sitting behind would be a little librarian who could answer the questions. There is a traditional mind-blocking concept in people about how to get information from their library. And to give one more illustration, when I used to speak to students about using the library, I would hold up a $10 bill and say that I would give it to anyone who could answer my posed problem correctly. I then proposed, "if you are locked in a room and can have any library tool in that room with you (and it can be any tool including the whole card catalog), you will be asked three questions in any field of your choice. What library tool would you like?" In olden days, students would say the card catalog or encyclopedia. In modern times, they would like a computer. I always felt that the telephone was the correct answer, because with the telephone we can reach anywhere to find the answer.

Our creation of fee-based services for industry have provided exactly that telephone access for industry. They can call us up. We are the magic black box, the "wizard of oz" machine. We answer their questions in any form using, surely the computer, and the various modern resources we have available to us.

Lehigh University

Prior to launching the service, a marketing survey was conducted by interviewing local industrialists, businessmen, and other professionals, as well as selected directors of corporate libraries. Response from the sample interviewed was extremely positive, and the decision was made to proceed. The directors of Lehigh's research centers were also interviewed to determine whether any overlap existed between services. Conflicts of interest were attempted to be resolved at that juncture.
Analysis was also made of library lending statistics, and the borrowing patterns of corporate users who relied heavily on Lehigh holdings. With the appropriate market segment identified, a small group of potential clients were selected and approached. It was decided, at that time, that a mass appeal was neither desirable nor would the library be able to handle a large volume of requests without experience.

Of the small sample interviewed, 80% came into the program. Clients run the gamut from well-developed corporate information centers, who require primarily document delivery services, to one-man consulting firms, for whom a broad spectrum of reference services are provided. Lehigh is particularly sensitive to the confidential inquiries of its corporate subscribers. Names of subscribers are never released, except with the permission of the client. All requests, including photocopy requests are treated as proprietary.

Among the marketing mechanisms to obtain clients, the following activities were used:

Talks were given by the library administration to a variety of groups, from municipal Chambers of Commerce, to small businessmen. Articles were "planted" in the local press, in regional business digests, and selected articles were written for periodicals of a few professional societies. In addition, articles appeared in Lehigh alumni publications and University newspapers. Seminars were given to local groups assisting fledgling entrepreneurs setting up businesses. Participation in regional technology "fairs" was also undertaken, in which online data base searching was demonstrated.

Lehigh provides a typical array of services, ranging from:
- data base searches;
- current-awareness services;
- document delivery;
- bibliographic research;
- translation referrals;
- location referrals to other institutions;
- workshops on any aspect of library science;
- consulting, including the establishment of a corporate library;
- media services, including production such as graphics, slide preparation, video and audio taping, etc.

It was interesting to note that the services claimed as being important by the interviewees in the market research study were, in fact, used minimally by the subscribers. By and large the greatest percentage of requests (over 75%) is for document delivery, followed by requests for data base searches.

An important aspect of Lehigh's service is the fact that subscribers receive priority service over other non-university clientele. Delivery is provided through express mail; telefacsimile transmission; and personal messenger.

Unlike other institutions, Lehigh requests a $1,000 per annum subscription fee, 60% of which is returned to the subscriber in the form of services, and 40% of which is returned in the form of library "products," as a form of support of the collection.
For example, a subscriber may use $600 of the annual fee for any service, ranging from data base searches through translations. When this amount is depleted, the subscriber adds an additional $500, to be used as a type of deposit account. The other $400 are charged against the cost of a library access card; a list of Lehigh’s serials holdings; copies of monthly accessions lists; copies of other bibliographic products automatically generated by the library. The basic fee also includes the cost of quick reference inquiries up to five minutes, for which there is no charge.

Built into the fee structure are hourly costs for services, which include overhead costs. This portion of the fee changes annually, in keeping with fees assessed by other information services.

Lehigh does not maintain a separate department to handle the requests from the information service subscribers, although some part-time staff, paid out of information service income, have been hired to handle administrative tasks, and to market the service. Since the bulk of activity continues to remain in document delivery, part-time student assistants, also paid out of the income, assist the photocopy and paging function. Other inquiries received are routed to the appropriate library department for action.

As technology changes information handling and delivery patterns, similarly Lehigh looks toward changes in services to its clients. In 1985 Lehigh has introduced its online public access catalog, and intends to provide dial-up access to its information service clients.

In the next few years, Lehigh also anticipates that it will develop a national marketing plan, with the expectation that its alumni, scattered throughout the United States, may be interested in selected aspects of its information service.
References


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