Chapter I

LIBNET:
A Case Study in Information Ownership and Tariff Incentives in a Collaborative Library Database

A. S. C. Hooper, Victoria University of Wellington, New Zealand

EXECUTIVE SUMMARY

In any cooperative database the participants contribute their data for their own as well as the benefit of the other members, usually with incentives from the database administrators. A South African library network company (LIBNET) provided a networked service to participating libraries. Member benefits included conversion of their catalogues into machine-readable form, significantly reduced costs through cooperative cataloguing and more efficient interlibrary loans through a union catalogue of the holdings of the participant libraries. This case study explores some of the issues

influencing tariff determination in a cooperative database. Questions of data ownership and the provision of incentives for the uploading of data also raise legal and ethical issues. The case study provides a basis for exploring business strategy in collaborative database management.

ORGANIZATIONAL BACKGROUND

The Public Good Character of Information

Information is usually considered to be a public good (Braunstein, 1981; Spence, 1974). Certainly, that which falls outside the already established category of intellectual property is a public good, a shared resource that is enriched rather than diminished by policies that increase rather than decrease everyone's access to it (Ebbinghouse, 2004).

A pure public good is one that has two major characteristics — nonrivalous consumption and nonexcludability (West, 2000). Nonrivalous consumption means that the good or service is not diminished or depleted when consumed. If information is shared between two people, it is not diminished thereby, and both can have full use and benefit of it. Nonexcludability means that consumption of the good or service cannot be denied to people who have not paid for it. It is an important factor in controlling the spread of information by vendors wishing to market it, especially in an online environment where it can easily be downloaded and further distributed, processed or reused.

Information may have different value to different people with whom it is shared. Some consumers may be prepared to pay significantly more for a specific piece of information than others. And, of course, the time it is delivered can be an important factor in determining the value of information for a particular consumer. The manner in which information is provided plays a significant role in determining its characteristics as a public good. Printed information in book or journal form has physical characteristics that enable it to be priced and marketed as an artifact irrespective of the informational value of the contents to different consumers.

The implications of this are that, because it is difficult for a vendor of information to be reimbursed for the development and provision of the goods or services, or to control subsequent distribution, there is a reduced incentive for investing in the creation of the good. So, while there may be a demand for the information, no seller will offer it. Sometimes, public good providers create modified or less-efficient markets to generate the revenue that pays for the public good. Advertising revenue can be used to pay for public TV, Internet portals, search engines and other information products (West, 2000).

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