



Global Council

Final Report and Recommendations

Task Force on Cost Sharing and Pricing Strategy

2010-06-01

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Introduction

In late 2009 the Task Force on Cost Sharing and Pricing Strategy (CSPS Task Force) was charged by the OCLC Global Council Executive Committee “to study and make recommendations about OCLC cost sharing and differential pricing to further strengthen OCLC products and services for libraries and cultural institutions and their users worldwide” (Appendix A).

To this end the Task Force met via conference calls between December 2009 and May 2010 to

- Clarify our charge (Appendix A)
- Share perspectives from representatives of each region
- Discuss the role of the Task Force relative to Global Council, the Board of Trustees, and Management (Appendix B)
- Establish a common understanding of terminology and concepts (Appendix C)
- Discuss current OCLC cost-sharing principles and practices (Appendix D)
- Identify similar organizations that might serve as models of best practices, and
- Recommend principles for cost sharing and pricing strategy.

The CSPS Task Force created a preliminary report and engaged delegates in a plenary discussion during Global Council’s first meeting on April 20, 2010 in Dublin, Ohio. The feedback received from Global Council has been incorporated in this final report presented to the Executive Committee.

Background and context

Through the course of our work, CSPS Task Force discussions yielded several findings that we feel provide a useful background and context for the recommendations that follow.

Cost sharing, pricing, and differential pricing

In pursuing its charge, the Task Force established the following definitions:

Cost-sharing is a philosophy or principle in which the costs of an activity are apportioned among participants. In general, it can be contrasted with such concepts as charging “what the market will bear” or “maximizing profit.” Total cost may include such factors as administrative overhead, maintenance of infrastructure, and some degree of product development or enhancement. Key challenges include calculating costs and determining appropriate models for apportioning those costs.

Price is the specific fee a member pays for the use, subscription, or purchase of a product or service.

Differential pricing is the practice of setting prices that take into account additional factors that are specific to the purchaser. Typical examples of such factors include value derived, ability to pay, and geographic location. Differential pricing is often an aspect of *market*

segmentation, in which products and pricing are created to serve various categories of customers.

Although this report generally uses these terms in the senses provided above, there are occasions when the more familiar term “price” is used when “cost share” may be more technically accurate.

Pricing informed by purpose

In pursuing its charge, the Task Force finds that it is impossible and probably unwise to consider pricing in isolation from the purpose of OCLC and its relationship with members. Pricing should clearly be informed by the mission and purpose of the organization. In this regard it is important to recall OCLC’s public purposes, which are to further access to the world’s information, strengthen libraries, and reduce the rate of rise of library costs.

In order to fulfill its public purpose, the revenue produced by OCLC products must do more than minimally support product maintenance and development. OCLC’s public purpose requires that the cooperative engage in a broader range of pro bono or minimally self-supporting activities. In short, OCLC members collectively choose to pay more for core products in order to support the public purposes of the organization.

OCLC finances and pricing practices

The Task Force also feels that it is important to remind members of the unusual and possibly unique characteristics of OCLC’s current funding model. Key features include

- Member owned, governed, and funded.
- Global in scope.
- Non-profit operating philosophy in all countries.
- Tax-exempt to the extent allowed by the laws of each country.
- No regular government, private or foundation financial support.
- Members pay for the products and services they use but no additional membership fees are collected.
- Prices are primarily determined by cost sharing rather than “what the market will bear.”
- Differential pricing is currently based on cultural and geographic norms as understood by OCLC regional management. In some cases, OCLC’s understanding of such norms is determined or heavily influenced by for-profit distributors of OCLC products (Appendix D).

Comparator Organizations

The CSPS Task Force made some progress in identifying comparator organizations but our efforts were largely unsuccessful due to the difficulty of finding organizations that share OCLC's defining characteristics (see above "OCLC finances and pricing practices") and because corporations generally consider pricing to be confidential strategic information. With additional time and effort, the [International Co-operative Alliance](#), publisher of the [Global 300](#), appears to be a useful source for identifying similar organizations. More focused efforts, such as JSTOR's [African Access Initiative](#), might also prove instructive but the Task Force did not have an opportunity to explore such projects in depth.

Challenge of member relations on a global scale

OCLC faces many challenges as it works to become a truly global cooperative. Some challenges, such as governance, go well beyond the scope of the CSPS Task Force. Others, such as member relations, are more directly impacted by cost-sharing practice and policy. The challenges OCLC faces in relating to member libraries include

- Representation through other organizations. In some cases these organizations may represent multiple entities, have a different mission, or follow a business model that is a questionable fit with OCLC's broader public purposes.
- No presence or representation in some regions. In regions where OCLC is not well known, it is especially challenging to impart the sense of OCLC as a member owned, governed, and funded cooperative.
- Strong partner organizations in some regions; weak or no partners in others.
- Need to understand and accommodate cultural norms and expectations across the globe.
- Need to understand and accommodate a broad range of libraries, museums, and archives within regions. For a sense of these challenges, the Task Force particularly recommends *Affordable OCLC library services for small libraries through "Library in a Box,"* the final report of the OCLC Small Libraries Advisory Committee issued in May 2009 and *Report of the WorldCat Local Special Collections and Archives Task Force* issued in December 2008.

Recommendations

The CSPS Task Force offers the following recommendations to the Global Council Executive Committee. It is our expectation that Executive Committee will consider these recommendations and forward them with endorsement or revision to the Global Council for a decision in June 2010. Once approved, we encourage Global Council to engage Management and the Board of Trustees in a discussion of next steps. In addition, the Task Force encourages the Americas, EMEA, and Asia Pacific Regional Councils to share this work with members and seek feedback that will inform subsequent work.

<p style="text-align: center;">Recommendation 1 Principles of cost sharing</p>
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Global Council should adopt the following principles of cost sharing:

1.1 Cost sharing and pricing support the public purposes of OCLC

Through Global and Regional Council representation, the members of OCLC collectively agree to support a set of products, services and activities that comprise the public purposes of OCLC. While individual members, regions, or subgroups will clearly have differing individual priorities and value services to differing extents, OCLC members collectively arrive at a shared understanding of what it means to be a member and what set of activities are supported by the service fees members pay.

1.2 Differential pricing is advantageous to OCLC members

In order to provide access to products and services at affordable prices, OCLC should engage in differential pricing that recognizes individual and regional differences among members. Such differential pricing holds the promise of increasing the adoption of OCLC services and benefiting all members. For example, it is clear that all OCLC members benefit through global contributions to and use of WorldCat.

1.3 Factors influencing differential pricing

OCLC should take the following factors into account when determining how costs are shared:

- **Ability to pay:** lesser ability implies lower price.

Regional differences: Financially disadvantaged regions should pay a lower price. Measures of regional ability to pay might include standard indices produced by UNESCO or the World Bank (for example, gross domestic product per capita or an index of prices for a common set of products in various regions). In addition to such large geographic areas, OCLC pricing should take into consideration a member's location in a financially disadvantaged part of a country or region.

Exchange rates: Inequities caused by currency exchange rates should be taken into account when determining prices.

Type of institution: Those types of institutions that are known to be financially disadvantaged should pay a lower price. For example, small public libraries in rural areas are often severely limited in their ability to purchase OCLC services.

- ***Value derived:*** greater value derived implies higher price. Measures of value might include population served or extent of use.
- ***Contribution to the collaborative:*** greater contribution implies lower price. Measures of contribution might include such factors as records contributed to WorldCat and contributions to product development. When considering this factor, OCLC should recognize that some members (for example, very small libraries) are severely limited in their ability to make such contributions.
- ***New markets for OCLC services***
In some instances, prices may need to be set at a level that introduces a service or establishes OCLC's role in an emerging market.
- ***Transparency and Simplicity***
OCLC should strive for transparency in its cost-sharing allocations and simplicity in billing statements. Members should be able to easily review the basis for service fees. Billing statements need to be simple and economical for OCLC to produce and for members to pay.

Recommendation 2

Public purposes and pro bono activities

2.1 Identify and periodically review public purposes and pro bono activities

Global Council should request that Management maintain a prominent web page that states OCLC's public purposes and clearly delineates major pro bono activities (i.e., those initiatives pursued for the public good without compensation). In order to maintain an awareness of OCLC's public purposes and help guide management, the Task Force recommends that Global Council periodically review this list of activities and provide feedback to Management and the Board of Trustees.

2.2 Explore pricing as a pro bono activity of OCLC

Global Council should request that Management consider and report back on the potential for creating a new pro bono initiative that extends selected OCLC services to a defined set of members (or potential members) at little or no cost to the member. The most promising services to include in such a program are "web-scale" or network-level services that enable large-scale implementation with low marginal costs (i.e., products that can serve many members with very low costs for adding a new participant).

For example, OCLC might develop a program that provides Web-scale Management Services (WMS) to libraries, museums, and archives that are currently severely limited in their financial capacity. Members served by such a program might include small public libraries in rural areas and institutions in countries identified in the United Nations [Least Developed Countries](#) list, which "represents the poorest and weakest segment of the international community."

<p style="text-align: center;">Recommendation 3</p> <p style="text-align: center;">Member engagement</p>
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Global Council should engage the Regional Councils, Management, and the Board of Trustees in a discussion aimed at improving OCLC's communication as a membership organization. Such a discussion should identify ways to engage members on a global basis, promote participation in governance, and elicit feedback on OCLC policies, services, and pricing.

The perception and reality of OCLC as a membership organization cannot be conveyed through publications and news releases but must ultimately come from the kind of buy-in achieved through personal engagement at the local level. OCLC's disconnect with the membership is a particular concern in those regions where the cooperative has a minimal presence or is represented by an organization with a mission or business model that is a poor fit with OCLC's public purposes.

Building personal relationships will require the help of regional partners and energetic action on the part of delegates, Regional Councils, and OCLC member-relations staff. Although employing staff is costly and forming alliances with other organizations is complex, the global deployment of member services staff and maintenance of productive relationships with regional partners are crucial to OCLC's ability to engage members and, ultimately, its success as a member owned, governed, and funded cooperative.

Recommendation 4

Cost sharing models

Global Council should move quickly to form a new Cost Sharing Task Force charged to advise OCLC Management and evaluate cost-share models. When considering the charge of this new task force, we recommend that Global Council distinguish between cost-sharing principles, models, and application. *Principles* are the primary focus of the present Task Force and our recommendation is that a subsequent group consider *models* but leave the detailed *application* of those models to Management:

Principles	Part of the charge of the current CSPA Task Force
Models	Proposed for the charge of a new Cost Sharing Task Force
Application	A role reserved for OCLC Management

For continuity, the membership of the Cost Sharing Task Force should include selected individuals from the current CSPA Task Force but it will be important to draft a new charge and allow for the addition of new members.

Thank you.

The members of the Task Force on Cost Sharing and Pricing Strategy are honored to have had this opportunity to serve the OCLC Global Council.

Appendix A

Charge of the Global Council Task Force on Cost Sharing and Pricing Strategy

Background

In late September 2009, the Global Council (GC) Steering Committee met with Larry Alford, Chair, Board of Trustees, and Jay Jordan, OCLC President, at its inaugural planning meeting in Dublin, Ohio. Among several topics considered, the Global and Regional Council officers emphasized OCLC membership and values and the need for further implementation of differential pricing around the world. As articulated by library representatives at the recent Asia Pacific Membership Conference in Beijing, a large investment by the cooperative is needed in developing countries to both localize and globalize access to OCLC services!

Based on these strong recommendations from the Asia Pacific Regional Council, its Chair Beh Chew Leng of the Singapore National Library Board, and the Steering Committee's own deliberations, President Jan Ison with unanimous support of the committee determined to establish a task force to discuss the questions raised and related issues. The purpose of the Task Force on OCLC Cost Sharing and Pricing Strategy is to study and make recommendations about OCLC cost sharing and differential pricing to further strengthen OCLC products and services for libraries and cultural institutions and their users worldwide.

Charge

Drawing upon the formative discussions at Members Council in the past and the first meeting of the Asia Pacific Regional Council in Beijing on 7-8 September 2009, the Global Council Executive Committee charges the **Task Force on OCLC Cost Sharing and Pricing Strategy** to analyze current practices and best models of cost sharing for non-profit, primarily self-funded organizations such as OCLC.

Furthermore, the charge of the task force is to define both cost sharing and differential pricing and recommend principles for this worldwide information and research cooperative to share the costs and differentiate pricing where possible across the libraries and cultural heritage institutions who are OCLC members. In these times of constrained financial support, such public and private cultural institutions globally are challenged to enhance information services while operating in many cases with relatively flat or declining fiscal resources.

Balancing OCLC's mission of enhancing and globalizing cost-effective access to information, the task force will consider such issues as:

- Study/recommend best practices in cost sharing to invest in and globalize OCLC services worldwide.
- Identify cost-sharing principles and strategies to strengthen services in developing regions.
- Consider where selective differentiation in pricing might transform both traditional and innovative information services.
- Investigate factors that hinder differential pricing and recommend ways for overcoming such.
- Analyze current and best practices of high-performing, fee-based non-profit and similar organizations moving forward productively in the current and likely future financial environments.
- What is the "OCLC advantage" that would make such services most attractive to users and librarians in developing parts of the world?

Submit a draft report to the Global Council Executive Committee no later than 1 April 2010.
Submit a final report to the Global Council Executive Committee no later than 1 June 2010

Appendix B

Role of the Task Force relative to Global Council, the Board of Trustees, and Management

The following summary was drafted by John F. Helmer, TF Chair, in consultation with the Global Council chair, Board of Trustees chair, and OCLC management. This document is intended to clearly summarize how the work of the Task Force on Cost Sharing and Pricing Strategy will be incorporated in the governance and management of OCLC.

Roles

- a) The Task Force (TF) reports to Global Council Executive Committee (GC Exec)
- b) GC Exec reports to GC
- c) GC's mission is to promote communication, proactively bring forward issues, and advise the Board of Trustees and OCLC management (see full form in GC Bylaws, Article III).

Process

1. Draft Report for Discussion

- 1.1. TF provides a draft report and recommendations to GC Exec by April 1, 2010 with scope determined by the TF charge. As part of its work, TF looks to GC Exec to clarify the charge and OCLC Management to summarize current practice.
- 1.2. GC Exec forwards the draft report along with any additional comments to GC for discussion in April 2010.

2. Final Report

- 2.1. TF incorporates GC and GC Exec feedback in a final report and recommendations delivered to GC Exec by June 1, 2010.
- 2.2. GC Exec forwards the final report along with any additional comments to GC for discussion in June 2010.
- 2.3. GC Exec provides OCLC Management with recommendations based on GC discussion of the final TF report.
- 2.4. OCLC Management responds to GC recommendations.

Appendix C

Aspects of Pricing for Not-for-Profit and Membership Organizations

The following summary was researched and prepared in November 2009 by Tam Dalrymple, Senior Information Specialist, OCLC Library at the request of the OCLC Global Council Task Force on Cost Sharing and Pricing Strategy.

INTRODUCTION

This summary attempts to place some of the major approaches to pricing into the context of not-for-profit and membership organizations, and to look at pricing from the points of view of both members and their organization.

Members generally expect to trade bundles of benefits for bundles of costs, which are the prices members must pay to participate. These prices can be monetary, non-monetary, or mixed. An example of non-monetary costs might be expenditures of time and energy.

The nonprofit organization has a dual task in managing these costs. Some costs must be kept reasonably high to assure continuing revenues to the organization. Other costs must be reduced as much as possible to lower barriers to membership.¹

MARKET SEGMENTATION

Market segmenting is the process of dividing the market – members or potential members -- into distinct groups with distinct needs, wants, and behaviors. These groups may vary in dozens, perhaps hundreds, of ways. Treating all customers the same may achieve economies of scale, but ignores their diversity, which often means satisfying no customers very well. On the other hand, treating every member individually is usually too expensive.

Andreasen and Kotler identify three approaches a not-for-profit might take to segmentation:

- *Quantity decisions*: How much of the organization's financial, human and mental resources are to be devoted to each segment?
- *Quality decisions*: How should each segment be approached with specific offerings, prices, place of offerings, communications and the like?
- *Timing decisions*: When should particular marketing efforts be directed at specific markets?

While some public and nonprofit membership organizations – museums for example -- may market to individual consumers, many groups market to *other organizations*. There are a number of bases that can be used to segment organizational markets.ⁱⁱ

1. *Organization Size*. Larger organizations can afford more expensive purchases but typically have more complex purchasing processes. Medium and small organizations may have less to spend but can often be the focus for inclusion strategies.

2. *Interest Profile*. Organizations differ in their goals and their time horizons. Organizations might be asked to agree to multiyear pricing for some members, for example.

3. *Buying Criteria*. Some organizations are concerned about cost effectiveness, others about the potential for accruing prestige or specific payoffs to their organization's users.

4. *Buying Process*. Some organizations require a good deal of paperwork and a long time period before making a commitment. Others may act in a few days on the basis of a verbal promise and a handshake. Some use committees to make decisions; others may be dominated by a strong leader. The organization must have procedures to match a number of purchase styles.

5. *Degree of Loyalty/Autonomy*. Major national or international organizations differ in the degree to which they allow local representatives autonomy in making commitments. A library may be able to deal with local decisions but have to contact group headquarters for others.

In addition to these kinds of segmentation, an organization may offer variable pricing, in which a service has different prices based on the type of customer, delivery time, payment terms, etc.ⁱⁱⁱ

COST SHARING

Cost sharing is a multiparty arrangement under which costs of a program or project are shared by the involved parties, according to an agreed upon formula. The price might be set based on breakeven costs for a particular product or service. Additionally, some or all of the services might include an additional price for the other pursuits of the organization, such as education, product development or research.^{iv}

DIFFERENTIAL PRICING

For purposes of this summary, differential pricing – sometimes called price discrimination, preferential-pricing, discount pricing, or tiered pricing -- is defined as charging different prices to different customers in an attempt to *achieve equity*, rather than for exploitative reasons. Even so, this practice can sometimes appear to be

inequitable. But there are many reasons why it may be necessary to vary the price of a particular product or service, including variations in the consumption of resources and other costs. There can also be considerable variation in price sensitivity and demand within the market for a particular offering which may lead to variation in pricing.

Important variables that can affect costs, and so provide a basis for reasonable price discrimination, include: the costs of distribution to differing markets, discounting for volume, and offering of penetration pricing strategies in new markets. There can also be considerable variation in price sensitivity and demand within the market for a particular offering which may lead to variation in pricing.^v

Another approach to differential pricing for online services is “versioning” or “quality discrimination.” In this case a provider offers services that have different functionality or less complete content.^{vi}

SUMMARY

The pricing of OCLC services differs from that of many not-for-profits in that its members are institutions, not individuals. This adds a layer of complexity that usually need not be considered by museums or symphonies, for example. In addition, the expectations of institutions from countries around the world have an impact on approaches to pricing. This overview is an attempt to frame the discussion of pricing in the context of OCLC’s unique position as a service provider.

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- i. Much of this paper has been adapted from: Andreasen Alan R. and Philip Kotler. *Strategic Marketing for Nonprofit Organizations*. Prentice Hall, Saddle River, NY, 1996.
 - ii. Andreasen & Kotler. p.152+. Supplemented with information from Wikipedia.
 - iii. Source: Wikipedia
 - iv. Andreasen & Kotler. P.457. Supplemented with information from Wikipedia.
 - v. Adapted from Blackwell Encyclopedic Dictionary of Marketing; 2005, p, 259 (Via EBSCO Business Source Premier) and Andreasen, & Kotler, p 545
 - vi. Varian, Hal R. “Versioning Information Goods.” University of California, Berkeley. March 13, 1997. P 1 Accessed November 30, 2009. people.ischool.berkeley.edu/~hal/Papers/version.pdf –

Appendix D

The following document was prepared by OCLC Management in response to the CSPA Task Force request to “Provide an OCLC management summary of practice and policy regarding setting base price and cost sharing as well as how this practice relates to the mission of OCLC” (CSPA Task Force minutes, 14 December 2009).

Funding the OCLC Mission

OCLC Cost-sharing Principles and Practices

DRAFT - FOR DISCUSSION ONLY

OCLC’s public purpose is to further access to the world’s information and to reduce the rate of rise of library costs. OCLC members and staff work to deliver this public purpose by providing services, programs and research that foster cooperation and information sharing across a growing global community of libraries, cultural heritage organizations and partners. This public purpose guides the funding principles used to share the costs of services and investments of the world’s largest library cooperative.

Member-sustained

The OCLC Cooperative is member-owned, member-governed and member-sustained.

The Cooperative is resourced almost exclusively by direct funding from libraries in exchange for services received. Member libraries and nonmember libraries that subscribe to and purchase OCLC products and services provide the funds that supply both the operations and capital funding for the Cooperative. Unlike many other nonprofit, public-purpose organizations, OCLC does not receive regular direct government, private or foundation financial support.

OCLC uses tax-exempt financing from revenue and lease financing bonds issued by U.S. government agencies to provide for capital and product development needs. In August 2009, OCLC completed a \$30 million tax-exempt bond financing to refinance existing bonds and provide an additional \$13 million for new equipment and product development activities.

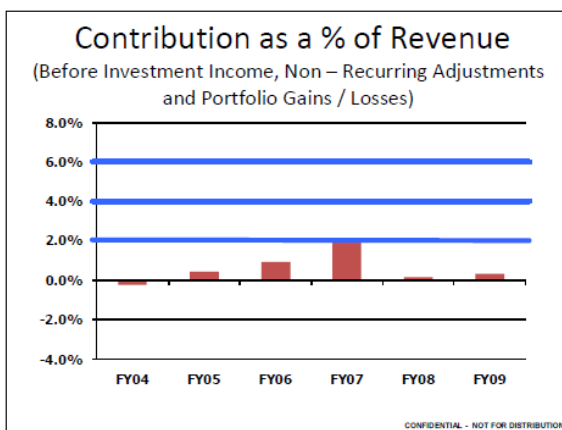
OCLC, on occasion, applies for and receives grant funding from both government and private granting agencies to support a number of research, library advocacy and program initiatives in support of libraries; but OCLC does not seek grant funding for support of ongoing operations, or to fulfill the long-term mission of the Cooperative.

Not-for-Profit

The Cooperative aims to generate adequate revenues to fund current operations and to provide for investment in new technologies and infrastructure to enhance existing services and

develop future cooperative services for libraries. OCLC also funds important stewardship responsibilities, including maintenance and enhancement of the shared assets of the Cooperative, such as WorldCat and the Dewey Decimal Classification system.

Any revenues generated in excess of the funds needed to support current operations and provide for financing and stewardship responsibilities of the Cooperative are reinvested back in the Cooperative, for the future needs of the members. The Cooperative does not seek to generate profits. As the chart below indicates, OCLC's contribution in excess of cost-sharing revenues is very modest, not exceeding 2% of revenues in any year in the past six years, and is break-even in most years.



The Cooperative does not distribute excess funds to members through rebates or other methods, but rather invests any excess funds for the future needs of the members. For example, during periods of difficult economic circumstances for libraries, the Cooperative has relied on these invested reserves to sustain current services rather than increasing service prices/cost-share to members.

Cost-sharing Principles

OCLC's pricing principles are aligned with the Cooperative's public purpose and are guided by the Cooperative's mission to connect libraries and to build shared services. Among these important guidelines are:

- A mission to serve all types of libraries across many geographies
- A membership based on contribution and the willingness to share with other member libraries
- The belief that sharing resources is essential to furthering access to the world's information

- The belief that shared infrastructure is critical for library success and that it can best be sustained through a shared cost model
- The view that research and investments in the advancement of librarianship are essential for furthering access to the world's information

These guidelines are reflected in the Cooperative's cost-share principles:

- Sharing the costs of cooperative services reduces costs for all members
- Contribution of intellectual capital is valuable to both current and future members
- Funding future innovations and research is critical and the costs are shared across the membership
- Nonmembers can also access the Cooperative resources, but the cost share may be more for nonmembers
- Costs are shared through fees for the Cooperative's services. There are no general membership fees; membership is contribution-based, not fee-based
- Pricing reflects cultural and geographic norms
- Prices are membership- and value-based, not profit-driven

Cost- share Practices

In 1971, OCLC released its first cooperative service—shared cataloging. Today, the OCLC Cooperative provides more than 75 services and solutions to member and nonmember libraries in more than 170 countries. Nearly half of the products/services provided and a third of the geographies served are new to the Cooperative in the last 10 years.

The increasingly global OCLC membership is a diverse network of libraries and organizations ranging from national and state libraries, to academic research libraries, to university, college and community college libraries, public libraries, school libraries, medical libraries, theological libraries, law libraries, consortia and regional libraries, corporate libraries, museums, cultural heritage institutions and many more. Member organizations serve urban, rural, regional, national and international communities.

Guided by its mission and public purpose, OCLC implements a variety of pricing practices to serve this diverse and increasingly global community. The operating expenses of the Cooperative are shared under multiple cost-sharing/pricing methods.

These include: subscription pricing, transaction pricing and product license purchases. Costs are often shared by groups to achieve even great cost-sharing economies.

Contribution of intellectual capital and sharing of resources by members is financially recognized for several OCLC services, including contributions to WorldCat and WorldCat Resource Sharing. Members who contribute and share resources are

provided financial consideration, or “credits” for their contributions to the Cooperative. The application of contribution credits varies and is tied to the cost-share method used.

The OCLC membership is contribution-based; no general membership fees are assessed. The Cooperative is supported by shared costs for services and products used.

Fred Kilgour created the OCLC Office of Research in 1978 to provide for ongoing, member-funded research dedicated to increasing information and knowledge management, and the advancement of librarianship. This dedication to advancing library research continues today and has grown to include active participation in global standards development as well as research partnerships with many library, cultural heritage and commercial organizations. These research expenses are shared by all members.

Many organizations that operate internationally use differential pricing methods to recognize economic and financial purchasing power differences across the geographies they serve. Two common methods include: (1) establishing an index of prices for a common set of products to reflect economic differences across regions and/or (2) marketing different product solutions matched to the functionality and economic needs of a group or geography.

As OCLC’s global membership has expanded, regional management has adopted a general level of differential pricing to reflect product, cultural and economic differences, and needs of an expanding membership. This includes both differential pricing and product differentiation. For example, OCLC offers CatExpress, a streamlined cataloging and metadata management solution for libraries with limited resources or cataloging expertise. But, it is recognized that the work to-date is not sufficient to meet the needs of the diverse membership base. Additional analysis, research and member discussion is needed in order to arrive at a comprehensive differential pricing methodology. The analysis and background work is underway.

Future Considerations

For discussion with the committee