

November 2011 Status Report on Recommendations from the Global Council Cost Share Task Force

Recommendation 1: Non-revenue generating programs—OCLC's current non-revenue generating programs are highly valued and should remain core activities funded by all members and provided as a benefit to the broad library, archive and museum community. OCLC Management should provide a prominent Web-based summary of such programs so that members can easily perceive the broader purpose of the fees they pay. Global Council should periodically review non-revenue generating programs and their associated costs and provide feedback to OCLC Management and the Board of Trustees.

OCLC has deployed a Web-based summary of non-revenue generating programs, "Community Initiatives," is available at <http://www.oclc.org/initiatives/>

Recommendation 2: Incentives Program—OCLC Management should conduct an analysis of the current system of financial credits for contribution and create an updated Incentives Program. Such an analysis should take into account the original purpose of credits, cost of administering the system, potential for providing incentives for new or different activities, applicability across regions, and provide projections of financial impact on OCLC and members. Global Council should discuss these findings and provide feedback on any potential changes prior to implementation.

OCLC has been working on an analysis of new incentives program options. Options will be discussed with the Global Council Finance Committee at its November 2011 meeting.

Recommendation 3: Fostering a robust marketplace for services—Global Council should enthusiastically endorse efforts to encourage member and third-party development of applications that make use of OCLC's technical platform.

OCLC's strategy will actively encourage members, partners and the broader library community to develop applications for the OCLC technical platform. The Web-scale Management Services (WMS) platform will be released in November 2011.

OCLC continues to engage with the broader library community to leverage interoperability between library services. For example, see our recent announcements of partnerships with [Ex Libris](#), [ESBSO](#) and [Credo Reference](#) services.

Recommendation 4: Product differentiation—OCLC should differentiate products to encourage broad or "Web-scale" adoption of services.

An important part of OCLC's product roadmap will be to design services that are localized and tailored to meet the needs of individual library communities in various geographies. This will encourage broad adoption, resulting in economies of scale and more affordable services.

Recommendation 5: Differential pricing—OCLC’s pricing model should combine a set of factors to create differential pricing that seeks to reflect each member’s ability to pay and value derived across or within a region. In the interest of transparency, OCLC should provide members with easy access to the differential price factors employed at any given time.

OCLC Management endorses the concept of differential pricing and work on it is in its early phases. This will be a complex effort and will need to follow completion of pricing models referenced in Recommendation 7 below.

Recommendation 6: OCLC should not introduce a membership fee.

OCLC has no plans to introduce a membership fee.

Recommendation 7: OCLC should implement Pricing Model A

Model A is similar to the current model in that it continues to rely on payment for OCLC services, does not seek to separately fund non-revenue-generating programs or governance, and does not include a membership fee. Where Model A differs from current practice is that it does not rely solely on service licenses or subscription pricing, but also includes funds derived from shared infrastructure and services built by others on the OCLC technical platform. Model A also calls for replacement of the current financial credit system with a new approach as described in Recommendation 2: “Incentives Program.”

Analysis continues on pricing models that are responsive to this recommendation while meeting the needs of our members. OCLC’s initial work with Web-scale Management Services early-adopter libraries has advanced our work on potential new pricing models.

Adopting any new pricing methodology carries with it the requirement for a significant amount of financial analysis, including an assessment of risks and opportunities. Implementation of new pricing models will be gradual, likely phased in over a period of three or more years.

Recommendation 8: Create a Global Council Finance Committee—Global Council should create a relatively small (5–7 person) standing Finance Committee that is charged to review OCLC finances in consultation with the Strategic Leadership Team and report back to Global Council at least annually on aspects of OCLC finances that are of interest to the membership.

The Global Council Finance Committee has been established. The newly appointed Finance Committee and OCLC Management will have their first meeting at the November 2011 Global Council meeting.