

MARKETPLACE

Make on-line costs toe the line

Monitoring use of database services can keep costs in line with budgets

BY EMILY LEINFUSS
 SPECIAL TO CW

Easy access to on-line databases may be a boon to users, but it can create numerous headaches for information systems managers trying to monitor and reduce expenses.

Still, cost savings can be found if managers evaluate service use. The following are ways to control on-line database expenses:

- Negotiate volume discounts, flat rates for files, flat monthly fees and maintenance deals.
- Assess the need for the services' special features.
- Find the most efficient method of communications access.

The largest and most common area of price negotiation for on-line services is volume discounts, says Pat Alderson, Infonet services coordinator at Travelers Insurance Co. in Hartford, Conn. But in the past year, he says, two areas have emerged that can impact the way a company spends its money on services: flat rates for files used most heavily and a flat monthly commitment for an entire corporation.

Alderson says his company has saved an average of 10% annually by carefully tracking use and leveraging those discounts.

One way to save money using on-line databases is by limiting special features and services.

The IS department at Ingersoll-Rand Co. in Woodcliff Lake, N.J., evaluates all on-line service features, says George Tabback, director of corporate IS. "We help users to identify the segment of the various applications they are interested in and the charges, to determine whether they really need them or not."

Managers also stress that software maintenance is a major ongoing cost, although they admit there is not much that can be done about it. "These costs go up an average of 10% a year, which a lot of users don't realize,"

says Michael Brown, manager of computer operations and software at Liquid Air Corp. in Walnut Creek, Calif.

Tabback adds that service vendors often raise their software maintenance base prices every year. Then they offer discounts on that price to users. However, the price of software

maintenance is still based on a percentage of the cost of the base price, not the discounted rate. For example, he says, a service may cost \$100,000, with maintenance at 15%. If the vendor raises the base price to \$150,000 and offers a 50% discount, the maintenance is still 15% of \$150,000.

Connection costs

Telecommunications is another major factor. To offset dial-up telecommunications costs, Cou-

dert Brothers in New York, an international law firm, has set up a packet-switching multiplexer network that allows users to share the same telephone line going out to Mead Data Central's legal research service, Lexis, says John Brown Jr., manager of IS.

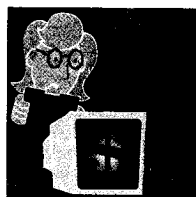
"With multiple people using the same wire, you are able to put more people on a facility rather than having separate dial-up lines for everybody. We are putting six people on one pipe — and that may cost \$50 a month — vs. six individual lines each costing \$20 a month," he says.

Telecommunications is such a growing and changing area that IS professionals must closely

monitor which configuration would be the most efficient. "New technologies are always coming up, and users are not aware of better and more technologically advanced methods of accessing data or of speeding up the transmission of data," says Ronald Blystone, director of IS at Harsco Corp. in Camp Hill, Pa.

Blystone says IS can also be instrumental in saving money and time by acting as a central coordinator. Service vendors usually don't identify other user departments at a particular company, so it is up to the firm to uncover that information, he says.

Leinfuss is a free-lance writer based in Sarasota, Fla.



Three steps

Pat Alderson, Infonet services coordinator at Travelers in Hartford, Conn., outlines three organizational steps that are crucial to the management of database services:

• **Find out what the user base is in a corporation.** "This is not as easy as it sounds," Alderson says, because "vendors won't always be interested in sharing what is going on throughout the company."

• **Find out the usage patterns of those users.** Vendors can provide usage reports on request, Alderson says. Then, by analyzing that use, companies can find out if users are employing the most direct route to the information they need. "Information is available from many different sources, and the most direct source is usually the least expensive way to go. For exam-

ple, if you need a credit report and are accessing through a gateway service, it could be at a higher rate than if you were going through the actual provider of the information," he explains.

• **Work with the method of access to the database — the telecommunications network.** Travelers uses IBM's information network service for connection to some of its on-line database providers because IBM offers significant discounts to its large customers, and the service was already in place at Travelers.

By following these three steps, an IS professional can make the costs of on-line services much more predictable and easier to budget for, says Alderson. However, a lot of coordination has to go into the process before any results can be realized.

EMILY LEINFUSS

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