

ECONOMIC CONSIDERATIONS IN DIGITAL PRESERVATION

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The economic questions relate to **making choices wisely:**

- (A) Which digital preservation opportunities should be pursued?
- (B) Justifying choices within budgetary requirements
- (C) Can budgets be expanded? How?
- (D) Short term versus long term

(A) Which opportunities should be pursued?

- Fundamental Principle: Not all opportunities can be pursued - *you can't preserve everything!*
- Derived from recognition of “resource scarcity”
- Second Principle: choices made by allocating resources to maximize a “social welfare function”

(A) What is digital preservation attempting to maximize?

- To date, most emphasis has been on achieving technical solutions
- Need to incorporate society's needs, desires, priorities to help establish what to pursue
- Need to consider what DP activities provide greatest benefit to society

(A) Steps to maximization

- Identify stakeholders
- Assess their needs and priorities
- Identify characteristics of DP that add value (e.g. predictability, accessibility, interoperability, transactionality)
- Estimate specific costs of attributes
- Economics can provide a **measurement tool** for making choices

(A) Stakeholders

- How well do you know your users?
- What are their demographics?
- How do they use digital material?
- What makes them come back or intensify use?
- What is the **value** of digital content to them?

(A) Assess stakeholder needs

- Conventional users - use survey tools to identify users, how they value, what they value, what they prefer
- Assessing value may require benchmarking against other types of content or service, or budgets
- General public, educational institutions, shared interest groups, private firms

(A) Digital materials and preservation characteristics

- Public goods character
- One person's use does not diminish or interfere with another person's use
- Overall costs of DP can be significant but difficult to recover from users

(A) Cost issues

- Capital costs (often one-time, upfront)
- Operating costs (ongoing)
- Economies of scale
- Consider storage, means of access, duplication requirements
- Copyright(!)

(B) DP within a budgetary framework

- Governments make broad budgetary choices to meet citizen preferences
- The needs of DP community compete with education, road construction, defence, health care, etc.
- In order to get more for DP, what would you sacrifice?

(B) Justifying DP activities

- Can you demonstrate increased value to society, cost savings, or other benefits?
- Also look at how DP substitutes for other archival or preservation services or programs
- Sacrifices may have to come, to some degree, from digital preservationists

(B) Justifying DP activities cont.

- Does DP enhance the value of other programs or activities?
- Does DP open up new user communities that have not been traditionally recognized?

(C) Expanding budgets: Business Models

- Grants from private donors or institutions for specific projects
- User fees
- One-off special project cost recovery (that also contributes to overhead)
- Copyright licensing
- Selling expertise (consulting) or use of facilities

(C) Expanding (Net) Budget: Cost Reduction

- Cooperation across institutions and sharing of facilities and expertise
- Private/public joint efforts
- Specialization to minimize costs (Recall: *You can't preserve everything*)

(D) Short term vs. Long term

- We have focused on short/medium term
- DP is very much about the long term
- Determining short term value is likely much easier than long term value
- But those practicing DP are best equipped to judge long term value

(D) Short term vs. Long term cont.

- The commercial sector is short term (i.e. Quarterly) in focus
- DP choices may not be seen as good or bad until decades or longer
- Eye on future must also gauge where DP is going

(D) Short term vs. Long term cont.

- Physical artifact versus intellectual property preservation - priorities?
- Impact of networking, falling digital storage costs, broadband to home
- How should interactivity be treated from a DP perspective?

Conclusions

- It may be the devil, or it may be the Lord, but we all have to serve somebody (B. Dylan)
- Choices regarding DP should be made (at least in part) the same way other scarce resource choices are made