

ASC CASE STUDY

by

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This case study is a critical evaluation of the ASC databases as marketed by Lawpoint.¹ The databases contain on-line business name and company information previously available through the State CAC offices. The system gives its users quick and easy access to information which before now was difficult and time-consuming to access. Although it has its good points, there is potential to improve the system.

The ASC databases, ASCOT and DOCIMAGE, were established over a 3 month period at the end of 1990 and were operational at the beginning of January 1991. The ASC called for tenders from interested parties to market these databases and four parties were successful. Two of these are CITEC (a QLD organisation) and OTC Dialcom. OTC Lawpoint was not successful in the tender process and so for them to market the ASC databases, they had to acquire the databases from one of the successful tenderers. They buy from CITEC, at no discount.² Consequently their fee structure must be more expensive than the other providers. Lawpoint points out that they have added value to these databases and so their users are happy to pay more. These value added services are detailed in the discussion on strengths of the system.

The Purpose of the System

When looking at the purpose of the system, we need to analyse the users' needs. Who were the users when the system was established and who are the users today?

The original purpose of the ASC in establishing this service was as an in-house service. As they were pressed for time in setting up the database, they did not do an extensive analysis of the needs of their users. To design the database in response to the needs of their users, they gathered approximately ten people from the State CAC offices (mostly from NSW, with a couple from ACT). These users explained to the designers of the database, how the CAC offices worked and from this information, the designers put the database together.

Their users' needs were to get access to the business names and company information that was previously held at the CAC offices. These needs were solved by setting up two databases - ASCOT and DOCIMAGE.

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1 In addition to the materials provided by Lawpoint, the following people were interviewed: Robyn Whitewood and Judy Burnet of Lawpoint, Steve Heyen and Margaret McEvoy, the Systems Administrator from the ASC.

2 Robyn Whitewood from Lawpoint.

ASCOT allows the users to do Australia-wide business and company availability searches; obtain all company information including directors, major shareholders and charges. Users can also look at charge details, identify groups of companies, and do cross-directorship searching for tracing and conflict of interest purposes. DOCIMAGE allows the user to order documents held by the ASC, directly through the keyboard.

The Technology

The communications software used is Sprintnet in the city and Austpac in country areas. After dialling up, the connection is made to Lawpoint's computers and the searches can proceed.

ASCOT uses basic database technology. DOCIMAGE uses Compact Disk WORM technology. The documents are scanned and stored as graphical images in what are known as "juke boxes". It allows the users to order copies of documents held on-line and return them by post or fax. If a user has a fax modem, they can get it up on their screen and print it out. Only documents lodged after 21 December 1990, excepting details of charges that are still valid, are kept on DOCIMAGE. Older information is held on microfiche.

The information on ASCOT comes off a company's annual report and is manually keyed in. This leaves room for human error.

There are 3 options for searching. An enquiry gives on screen information; an extract goes directly to a printer or a disk; and the third option is a document search.

Strengths and Weaknesses of the System

Strengths

1. The system allows the user to do Australia-wide business and company name availability searches. If assessing the ASC through Lawpoint, the user can then choose another option from the Lawpoint Master Menu and get full information on business names from WA, NSW and QLD. At present, Dialcom only have WA and NSW.
2. DOCIMAGE allows the user to order straight from the screen and the documents can be returned by either fax or post.
3. Quicker access to corporate information than was previously available.
4. Lawpoint has introduced a client billing system to allow all searching to be billed to user specified accounts.
5. Free practice database.
6. A hotline to help users.

7. Subscribing to Lawpoint gives the user access to other services including the land databases.

Weaknesses

1. The system is not very user friendly. In order to properly use the system, users need to do a training course. This is because the quick ways around the system are not explained through the manual. One example of possible frustration can be illustrated by the fact that the system searches in 3 phases. To do a name availability search, the third phase, the keyword search, is the most relevant. However, users cannot go directly to the keyword search. They must go through the first two stages which can be cumbersome, more costly and frustrating.
2. One weakness from the view of a computer literate user (which can be a strength from the viewpoint of a non-computer literate user) is that the system is aimed at the lowest common denominator of user.
3. The users have to confirm every command (by moving the cursor to the bottom of the screen). This may be precautionary but cumbersome.
4. No truncation.
5. Once in a search option, the user cannot hypertext to another search option. Instead, the user must go back to the ASC main menu and choose another option.
6. In a display, using the enquiry option, the classification for type and class of organisation are not user friendly.
7. There are only 125 lines available from the ASC which means that at peak times it is often unavailable.
8. At \$30/hour, the on-line costs are relatively expensive compared to, say, Dialcom.

In general, the system is not user friendly because it is not easy to move around the database, not all the commands are consistent and there could be significant improvements in how the information is put on each screen. Suggested improvements are detailed later on in the case-study.

How Effective is the System in Meeting the Objectives of its Users?

In assessing its effectiveness, I have talked to people within Lawpoint, within the ASC and within Dialcom to try to ascertain the feedback from their respective users. Margaret McEvoy from the ASC explains that the majority of their users are those doing registration work and they find the system very useful. The investigators within the ASC have set up an internal database called ISIS which allows them to access, for example, all companies in which both A. Bond and C. Skase are directors or associates.

This database is said to be very powerful but is likely to be kept for internal use only.

The most popular searches by Lawpoint's users are the company extract followed by the company names search. Also most users do extracts and capture it directly to printer or to disk because they want all the information on the company.³ Another explanation as to why users print out extracts rather than use the enquiries option could be because the same search fee applies whether you do a search for particular information or you get the whole company extract.⁴ See Appendix A for details of the ASC fee structure and Dialcom's search and on-line costs.

It seems that most users are using the databases to gain quick access to that information which they used to get from the CAC offices (mostly registration details). Because access to this information is much easier than the previous system, the users seem to be satisfied. But they are reluctant to make use of other information. This, also, is a likely consequence of the fee structure of the ASC (see Appendix A). However, Lawpoint does know of one large law firm which has used personal searches to check the directorships of each of its partners in order to avoid conflict of interest situations.

The commercial success of the application through Lawpoint is difficult to assess because their users do not subscribe to the ASC databases only, but to all of Lawpoint's services. They have over 600 users and 80% of these are law firms. It is a little easier to assess the commercial success if we look at Dialcom's experience. Dialcom started offering the ASC databases on 18 February 1991 and they have over 400 users hooked up to these databases. 90% of their searches are organisational searches. Most of their users are accounting firms (45%); 30% are debt collection agencies; and the rest is made up of solicitors, journalists and government instrumentalities. The ABC, ABS and ABT all get 100% discount from the ASC. 70% of the searches done through Dialcom are done by the debt collection agencies.

From the experience of these two providers, it does seem that the system is commercially successful even though the users are clearly not taking advantage of the range of information available through these databases.

Why is this?

Could it be more successful if certain improvements were made to it and how many users are not using the application because of the weaknesses in the system?

Or is the cost structure impeding use?

3 Robyn Whitewood from Lawpoint.

4 Steve Heyen from Dialcom.

Improvements

Hypertext

Hypertext technology could be used to greatly enhance the system to allow the user to switch from one set of information immediately to another set, without having to go back to the main menu. For example, if the user is reading a company extract and they find a director of that company, they may wish to see what other companies that person is a director of. With hypertext, you could jump directly to within the personal search information and display this information.

Hypertext would also allow the user, once they discover the existence of a charge, to press on that charge and to be immediately transferred to another part of the database to view details of that charge.

Hypertext allows more efficient use of the database because the user is able to move around the database more in line with their thought processes rather than in a way governed by the limitations of the current software. This results in a user friendly application.

It is clear that if the ASC would incorporate hypertext into their databases, the information would be more easily accessible and the integration of the two technologies could result in a very powerful application. However, from an analysis of how the users are currently using the system, the cost structure would have to change before such a system would have practical value.

This is because the users' behaviour seems to be a response to the fee structure put in place by the ASC. For example, the organisation search topics look very interesting (see Appendix B) and a user may only be interested in who the directors of a particular company are. But because the same fee is charged whether you search for part or whole of the information, the users tend to print out all the information on the organisation, rather than view the information on the screen. As the value of hypertext is to allow the user to quickly move across related pieces of information on the screen, it seems that in order to utilise the value of hypertext, the users' behaviour must change and to this end so should the charging structure of the ASC.

The ASC seem willing to put some form of hypertext into their databases and by doing this, they may add a new class of user. But unless they take into account current modes of use, this facility seems unlikely to be used.

Further improvements

Another improvement would be for the ASC to allow for more simultaneous users; 125 for a national database is clearly inadequate.

The use of natural language makes a system more user friendly. Although non-natural language is used in enquiries, natural language is used in the extracts.

The application through Lawpoint makes the user confirm every decision they make which is tedious for operators of the system. It would be more consistent with other systems if the user simply tabbed between choices and pressed enter after every decision.

Another improvement would be in the set up of the screens, which the ASC has control over. In some instances, more information should go onto the screen, for example in the role in organisation option.

Social and Legal Consequences

The ASC personal search gives the user personal information about directors, instantly. Although the ASC points out that this information is publicly notifiable information, they do acknowledge that in the past this information has been very difficult to piece together and for this reason it was effectively unavailable. The fact that this information is now so easily accessible to the public, including journalists is bound to raise questions of social and privacy issues. Its effect can be evidenced by the fact that 70% of Dialcom's revenue from the ASC databases comes from debt collection agencies. This surely raises the privacy issue of whether a Government body can, for a fee, supply information on individuals to anybody who pays for it. A further question is whether it is appropriate for Government to be in this business at all.

One of the problems common to electronic data interchange is the question of what are the guarantees that the information is authoritative? Because much of the information is manually keyed, there is room for human error. The ASC provides a disclaimer. The database providers also include disclaimers in their service agreements.

Does this mean that solicitors could be held to be negligent for not checking this information? Section 164 Corporations Law protects people dealing with the company and allows them to assume that matters of internal management have been complied with. This is unless they are on notice and s.165 says that a person will not be deemed to have knowledge of any matters simply because they have been lodged with the Commission, with the exception of charges.

The question then is whether any of the information coming from the ASC databases is of a kind that does not fall within s.165. If there is, then a negligence action may lie against a person who does not check the information and as a result their client suffers loss or damage.

Conclusion

The ASC databases started out as an in-house service and are now used extensively by those outside the ASC. The information available through the databases is comprehensive but it seems that the fee structure set in place by the ASC is restricting the type of user and the manner in which the databases are being used. This is evidenced by one of the largest users being debt collection agencies.

This also raises the very important privacy issue of whether a Government body should be able to, for a fee, disseminate this type of information to anybody who asks for it.

Another question mark over the use of the information is whether or not it is authoritative. Both the ASC and the database providers have disclaimers to protect themselves and there is limited protection under s.165 of the Corporations Law. But if the information falls outside s.165, an action may lie against the advisor who does not check this information.

In conclusion, the ASC databases contain much valuable information and with some improvements, both in the fee structure and in the technology (by the use of hypertext), users would be able to more effectively utilise this information.

APPENDIX A

OTC DIALCOM ASC DATABASE SERVICE CHARGES

ASC DATA FEES

Initial Browsing (Note: Waived where a search immediately follows.)		\$ 2.00
Searches		
Current organisational information	(Main Menu Option 1)	\$ 6.00
Historical organisational information	(Main Menu Option 1)	\$ 6.00
Relational organisation search	(Main Menu Option 2)	\$30.00
Company charges	(Main Menu Option 3)	\$ 6.00
Sundry registers	(Main Menu Option 4)	\$ 6.00
Weekly Summary Reports	(Main Menu Option 5)	\$ 6.00 to \$30.00
Personal Search	(Main Menu Option 7)	\$30.00
The fees that you incur from the ASC are prepaid on your behalf by OTC Electronic Trading and are included in your account which is payable within 7 days of invoice date.		

OTC DIALCOM DATA DELIVERY CHARGE

Registration to OTC Dialcom ASC Database Service	\$50.00
Minimum Monthly Usage Charge	\$50.00
Service Usage	
Browsing (waived where a search follows)	\$ 1.95 per occasion
Search Fees (1-499 searches per month)	\$ 1.95 per search
(500-999 searches per month)	\$ 1.95 per search
(1,000 + searches per month)	\$ 1.00 per search
plus	
Network Access Charge	
OTC Vanguard Dial-Up	\$ 0.22 per minute
or Telecom Austrpac Dial-Up	\$ 0.24 per minute
Leased Line Access	No additional charge

OTC Electronic Trading Pty Limited
 Level 3, 41 McLaren Street, PO Box 2141, North Sydney NSW 2059
 Phone (02) 954 3055, Facsimile (02) 957 1406

APPENDIX B**ORGANISATION SEARCH TOPICS**

OTC Lawpoint s.1.1	AUSTRALIAN SECURITIES COMMISSION ENQUIRIES	DATE 13:42:29
ORGANISATION		
NAME:	JONES FABRIC SERVICES PTY LTD	
NUMBER:	000 501 500	
	1. ORGANISATION DETAILS 2. REGISTERED ADDRESSES 3. ROLES IN ORGANISATION 4. SHARE STRUCTURE 5. SHAREHOLDERS 6. CHARGES 7. DOCUMENTS 8. ANNUAL RETURNS	
SELECT OPTION : 1	CURRENT ONLY : Y (Y/N)	
NOTE: Historical Data can be chosen at this point only.		
(C) CONFIRM (E) EDIT (B) BROWSE (<<<) ORG ENTRY (C)		
() MAIN MENU (") REFRESH		