

Pricing (Composed) Web Services

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Abstract: In this invited talk we discuss the challenges associated with composing and pricing web services. We present the results of an online experiment, where subjects were confronted with a variety of choices and decisions relating to web service markets and service composition. Our analysis shows that people expect the price of a composite web service to be lower than the sum of the prices of the elementary services, i.e., users are not willing to pay for aggregation by a third party. To obtain a viable business model for composite web services, non-standard pricing mechanisms, such as auctions and negotiations, possibly supported by electronic agents, have to be taken into consideration. Usage-based pricing schemes, combined with an option to switch to a flat subscription, seem most appropriate to penetrate the developing market for web services. – This is joint work with Frank Leymann and Gerrit Tamm. A full version of this paper will be published shortly in the *International Journal of Business Process Integration and Management*.