Smarter Libraries through Technology:
Vendor Consolidation and its Impact on Libraries
By Marshall Breeding

Library technology vendors continue to consolidate. Since the mid-2000s, the shape of the library automation industry has changed considerably through a constant stream of mergers and acquisitions. Many smaller companies continue to prosper, serving narrower groups of libraries with specialized products. But a group of large organizations dominate the industry, most involved with libraries as customers in many different parts of the world. This top tier includes nonprofits such as OCLC, as well as Ex Libris group, SirsiDynix, Innovative Interfaces, Follett Software Company, and Axiell. A middle tier, such as Polaris, VTLS, The Library Corporation, and Auto-Graphics, likewise play an important role, each following different competitive strategies to find their own opportunities to grow to the next level or to even become one the industry giants.

I spend a lot of time and energy tracking companies in the industry. It seems important to gain as much information as possible about organizations with which libraries spend substantial funds. Many of the articles and reports that I produce provide what I hope is useful information on business strategies, product developments, and both short and longer-term roadmaps. I also try to track some operational details, including how many libraries use each of their products, the number of personnel, and their allocation of resources among software development, support, and sales.

Most of these organizations are privately owned and have no obligations to make any of their business details public. I’m generally impressed with how much information most are willing to share. Libraries benefit from this information as they make decisions about the strategic technology products that support their operations and deliver services and content to patrons. In an industry niche as narrow as library technology, it’s also pos-

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SirsDynix has acquired EOS International from its co-founder and Chief Executive Officer Scot Cheatham effective November 1, 2013. The transaction was conducted entirely from financial resources within SirsiDynix without additional backing from its private equity owner, Vista Equity Partners. The acquisition of EOS International will expand the presence of SirsiDynix in the small library arena, and will strengthen its overall position in terms of revenue, customers served, and product offer-
ings. SirsiDynix provides a stable and expansive business environment for the ongoing support, development and marketing of EOS International products.

EOS International will continue to operate as a separate, wholly owned subsidiary, though under the management of SirsiDynix. Scot Cheatham has exited the company and SirsiDynix CEO Bill Davison will now also serve as CEO of EOS International. Cheatham will continue to be available during a transition period. EOS executives continuing in their roles include Vice President of Product Development Jeff Goodwin, VP of Client Services Jeff Smith, Greg Leiser, VP of Finance, and VP of Global Sales and Marketing Sal Provenza.

SirsiDynix and EOS International both emphasize that this acquisition will not have an impact on the products of either company. The suite of EOS.Web products will continue to be supported and developed according to the short and long term roadmaps previously established. The automation products of SirsiDynix and EOS International are designed for quite different types of libraries, making product consolidation unwarranted.

In a statement to EOS customers, Scot Cheatham states: “Collaboration between SirsiDynix and EOS will allow us to apply significant resources to enhance our flagship product, EOS.Web. It will broaden our sales and marketing capabilities, and will help us to continue to strengthen our client services offering.” Although EOS International has a limited international presence, SirsiDynix is a company many times larger with global sales and marketing efforts.

The acquisition of EOS International brings around 1,100 new libraries into the SirsiDynix fold, primarily special libraries, but also K-12 school as well as a number of small academic and public libraries. In recent years, EOS International has stepped up its marketing to academic libraries with a tailored version of its flagship EOS.Web Academic, which includes features for electronic resource management and academic reserves. With the addition of the EOS.Web sites, SirsiDynix now provides ILS products to more than 4,500 libraries, the largest installed base of the companies involved with public, academic, and special libraries. When assessing the impact of these libraries on the market potential of the new company, it should be considered that EOS International deals with much smaller libraries than SirsiDynix.

Following the acquisition, the combined company will employ around 365, with around 50 new personnel added to the existing SirsiDynix workforce. In terms of personnel employed SirsiDynix will still remain below OCLC with over 1,200 FTE, Ex Libris with 522, and Innovative with 360 plus the personnel associated with its new India Office. The combined revenues of SirsiDynix and EOS International will be the highest of any company in the library automation industry.

### EOS International Corporate Background

EOS International offers EOS.Web as its flagship product, with specialized versions for academic, legal, and medical libraries in addition to its core version designed especially for corporate libraries. The company, based in Carlsbad, CA, stands as one of the pioneers of library automation for the corporate and special library sector.

Electronic Online Systems International, better known as EOS International, was founded in 1981 by brothers Scot and David Cheatham. Data Trek, as it was originally known, was formed to develop and market the software that David Cheatham developed to automate the corporate library of the Verbatim Corporation, a major manufacturer of floppy diskettes, which were the state of the art of that time for computer files storage. The Card Datalog automation system, later renamed Manager Series, was first created for the CP/M operating system and ran on microcomputers that were at that time gaining in popularity for business applications. Following its success in the Verbatim Library, Data Trek marketed Card Datalog to other corporate libraries and eventually to types of libraries, including law, government, public, academic, and school. The software was ported to MS-DOS as that operating system became dominant following the release of the IBM-PC. The company was one of the first in the library automation industry to create software for Microsoft Windows, and today it specializes in Web-based products. Subsequent products developed by Data Trek included ULS Professional Series, a network-based integrated library system released in 1991 with features to support larger libraries; School Series, released in 1992 for K-12 school libraries; GoPAC, a Windows-based graphical online catalog; GLAS (Graphical Library Automation System), a full ILS developed for Windows released in Spring 1996; and eventually the current EOS.Web family of automation products with fully browser-based staff and patron interfaces, first released in August 2003.

EOS International has experienced several ownership transitions, mergers, and acquisitions. The company was originally owned by its co-founders Scot and David Chatham. Scot Cheatham, with previous business experience in the insurance and financial services sector, joined the company on 1982 as its Chief

<table>
<thead>
<tr>
<th>SirsiDynix Symphony</th>
<th>2,433 employees</th>
</tr>
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<tbody>
<tr>
<td>SirsiDynix Horizon</td>
<td>1,183</td>
</tr>
<tr>
<td>EOS.Web</td>
<td>1,100</td>
</tr>
<tr>
<td>Total</td>
<td>4,716</td>
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Executive Officer, with David Cheatham serving as President.

Between 1988 and 1996 EOS International had an evolving set of business relationships with Dawson Holdings PLC, a diversified UK organization founded in 1809, which at one time earned revenues in excess of $1 billion. In the mid-1990s, its portfolio included a variety of businesses, including Information Quest (electronic subscription service), Faxon Company, Turner Subscriptions, Quality Books, Libreria Ciencias Industria SL, Surridge Dawson (wholesaler and distributor of newspapers and magazines in the UK). Dawson Holdings was acquired by Smith News PLC in June 2011.

Bryan Ingleby, then chief executive of Dawson Group, saw Data Trek as a vehicle to accomplish a vision of efficiently connecting libraries with suppliers, such as book companies, through automation systems.

Dawson Holdings PLC made its initial investment in Data Trek of around $1 million in 1988, funding new international offices and software development, including the company’s first Windows-based product, GoPAC. Dawson Holdings made additional investments over the next eight years, gaining an incremental ownership stake in the company. By 1996, Dawson Holdings held about 80 percent interest in Data Trek.

In July 1993, EOS International acquired The Assistant, a PC-based library automation system used by around 200 libraries from INLEX, Inc., a company based in Monterey, CA that had fallen into financial difficulties. INLEX, originally known as Electric Memory Inc., was founded in 1983 to market library automation systems for public libraries that operated on the HP/3000 line of minicomputers. In October 1993 INLEX/3000 was sold to Data Research, which was subsequently acquired by Sirsi Corporation. The Assistant was originally developed by Library Automation Products, Inc. and was acquired by INLEX in 1991. Interestingly, now both The Assistant and INLEX/3000 reside among the vestiges of library automation products in the corporate legacy of SirsiDynix.

In 1993 Data Trek developed a mechanism to automatically load invoices from Dawson Subscription Service directly into Data Trek via a process called Invoice on Diskette, a precursor to the EDI protocol used today to transfer business transactions from suppliers into automation systems. This Invoice on Diskette process was consistent with Dawson Holdings strategy to more closely link automation systems with library suppliers.

In February 1994 Data Trek acquired the OASIS ILS from the Technology Division of Dawson Holdings, which was used by about 300 libraries, primarily in the UK and France. Following the sale, Data Trek provided support services and offered incentives to transition the libraries to its own products. By this time Dawson Holdings had increased its equity in Data Trek to about 50 percent.

January 1996 saw a major transition for the company as it acquired IME Limited from its founders Kate Noerr, Peter Noerr and, and Helen Henderson. IME was a major provider of library automation products, offering the TINLIB library management system, which was known as The Information Navigator in the United States. Immediately prior to the acquisition, IME had announced a new system called Q Series, whose development was executed following the acquisition. The combined company was then renamed Electronic Online Systems International, or EOS International. By this time, Dawson Holdings had gained an 80 percent ownership stake in the company, with the founders retaining the remaining 20 percent.

Following the sale of IME, Kate and Peter Noerr founded MuseGlobal in 1998 to develop content integration technologies, such as connectors for federated search platforms, which have been used not only in the library sector, but in a wide array of business and information systems.

In 1997 David Cheatham shifted to lead Information Quest, a sister Dawson Holdings company, as its President and CEO. Information Quest, based on technology created by EOS International, aimed to produce a search environment that addressed a large body of e-journal content. It had obtained agreements with publishers to index more than 4,000 journals. The concept, considerably ahead of its time, was not unlike the index-based discovery services popular today. It was never fully realized, and David Chatham rejoined EOS International in 2010.

Dawson Holdings divested EOS International from its portfolio in November 2000, transferring ownership to the company to its co-founder Scot Cheatham. Tony Saadat, formerly Executive Vice President of rival SydneyPLUS, also gained equity in the company at that time and served as Chief Operating Officer. During this period EOS International worked to reinvigorate the company, launching the flagship EOS.Web product suite to replace the aging Windows-based products. Saadat exited EOS International in April 2009 and has since founded the competing company Soutron Global.

In the 13 years since EOS International has operated under the ownership of Scot Cheatham, the company has focused on establishing EOS.Web as its flagship product, with a large percentage of its clients choosing its SaaS deployment option.

SirsiDynix Background

SirsiDynix ranks as one of the largest companies in the library automation industry, its products including the flagship Symphony and Horizon integrated library systems, the Enterprise discovery interface, and the Portfolio digital asset management platform. Recently introduced products include eResource
Central for the management and patron access to e-books and other electronic resources, and the Blue Cloud suite of Web-based products that operate with Symphony and Horizon through the Web Services integration layer.

SirsiDynix has operated under the ownership of Vista Equity Partners since December 2006. Its nearly seven years as a portfolio company of Vista Equity Partners surpasses the investment interval of other private equity buy-outs in the library automation industry. In this same period, for example, Ex Libris has been involved with Francisco Partners, Leeds Equity Partners, and recently Golden Gate Capital.

The corporate history of SirsiDynix has been well chronicled in *Smart Libraries Newsletter*. The company was formed by the 2005 merger of two of the commercial firms that found their start developing library automation systems in the early 1980s. Sirsi Corporation was founded in 1979 by Jim Young, Jacky Young, and Mike Murdock. Dynix was founded just a few years later by Paul Sybrowsky, Keith Wilson, Jim Wilson, and Ralph Egan. Many other companies have come and gone during the intervening years, with SirsiDynix left standing as one of the survivors of the industry, as shown in the accompanying timeline of acquisitions and mergers.

### Perspective

This acquisition represents yet another transfer of ownership from founder-based to private equity as well as further consolidation of the industry. In October 2013 OCLC acquired the Dutch company Huijsmans en Kuijpers Automatisering from its founders, consolidating international library automation companies within OCLC EMEA. Innovative Interfaces made its change from founder ownership to the private equity fold in March 2012 through its acquisition by JMI Equity and HGGC.

This move can also be seen in the context of the dynamics of the special library automation arena. In the course of the last five years, EOS International’s main competitor, SydneyPLUS, has acquired many of the main players in this niche, including Cuadra Star, Inmagic, Questor Systems, Incite Software Solu-
From its inception, the Polaris integrated library system from Polaris Library Systems has been based on Microsoft Windows technology, including both server components as well as the staff interfaces. Its PowerPAC provides a Web-based online catalog for library patrons. At the Polaris User Group held in Portland, OR on October 9, 2013, the company announced that it has begun the development of a new product, called LEAP, which provides a Web-based set of interfaces for the staff functions of Polaris. The product fits the trend in the library automation, as well as the broader IT sector, to deliver software functionality through browser-based interfaces rather than rely on client software installed on local computers.

Once completed, Polaris will offer LEAP as an additional interface option for libraries using the Polaris ILS. The Windows-based staff clients will continue to be supported and developed. LEAP will interact with the server component of Polaris, including both local on-premises installations and those hosted by Polaris.

Polaris anticipates beginning beta testing the initial modules of LEAP in the first quarter of 2014, with a general release of the product in the by mid-year.

Sources
Telephone interview with Scot Cheatham (Nov 5, 2013).
Press Releases from EOS International, SirsiDynix, and related companies.
LEAP does not aim to replicate the Polaris Windows clients. Rather, Polaris will revisit workflows that may be tied to the desktop clients and consider more elegant alternatives in a Web-based design.

This Web-interface approach avoids much of the technical work in installing and updating client software on desktop computers. For libraries with a large number of staff workstations, moving to Web-based applications can simplify the work of the systems librarians or IT technicians. Web interfaces also result in more flexibility in the devices used to access the system. Applications can be accessed by any system capable of running a modern browser— tablets and other mobile devices as well as any type of personal computer. For Windows-based products such as Polaris, moving to browser-based interfaces makes them easy to use on Apple computers, which continue to rise in popularity among businesses as well as consumers.

From a technology perspective, LEAP operates at the presentation layer, interacting with the Polaris server, which provides the business logic and database components. LEAP is being created using HTML5, which supports functions contributing to a rich interface, and it communicates with the Polaris server via an encrypted HTTP/S data stream.

The implementation of LEAP will involve some new development on the server component of Polaris. Creating this new family of interfaces provides the opportunity to enhance the Polaris APIs and expose a more comprehensive representation of the functionality of the application. LEAP’s operation will be entirely based on APIs and not on proprietary mechanisms within the Polaris application. According to Polaris CEO Bill Schickling, the creation of LEAP will result in adjusting the Polaris software to enforce a strict division between the business application and presentation layer functions. The client-server architecture took advantage of the computational capabilities of the desktop clients, including some tasks such as authentication and error handling. Now the product makes a shift to a more pure services-oriented architecture, including the need to deliver some tasks previously implemented in client software to services delivered through the APIs.

The initial components of LEAP will focus on front-line services, including circulation and other tasks that lend themselves to be performed through mobile devices. List-driven services, such as items requested for holds, and other pick-lists for retrieving items from the stacks, are among those seen as especially convenient to be deployed through a portable browser-based application.

The specific pricing for LEAP has not yet been fixed. Libraries currently using Polaris will pay an incremental license fee to receive LEAP in addition to the Windows-based clients. Polaris indicates that it may offer incentives for libraries interested in becoming early adopters.

As it creates this new Web-based product, Polaris has engaged an external firm with deep expertise in user interface design. Rounded (roundedco.com), also based in Syracuse, NY, provided user experience design and guidance to deliver the functionality currently embedded in the Windows-based staff clients through a modern browser-based interface.

The development of LEAP has also sparked changes in the way the Polaris produces software. The company has adopted agile methodologies, which involve a more incremental approach, addressing small units of functionality that can be accomplished in short intervals of work called sprints. Polaris has adopted a specific agile framework called Scrum (https://www.scrum.org), which is widely adopted in many software development firms. Polaris recently hired Mark Eskandar as its Director of Product Management, bringing extensive experience in agile development.

LEAP, in combination with the company’s server hosting options, will also provide the company with the capacity to deliver a pure Web-based software-as-a-service solution. With this configuration, libraries would avoid the need to install and maintain the Polaris software on local servers or workstation clients. Polaris, like most companies in the library automation industry, sees increasing interest in hosted services. Roughly one fourth of their current installations are hosted in through their virtual private cloud.

Polaris offers both a dedicated virtual private cloud, where it hosts a server on behalf of the library, providing command line and SQL access to the same extent that would be possible for a local installation. Polaris also offers a shared virtual private cloud arrangement, where the library’s instance resides on a shared server, with data and collections partitioned. The shared virtual private cloud, consistent with multi-tenant SaaS, does allow customer access to the command line of the operating system or direct SQL access to the database, but channels access to data and programmatic functionality through the APIs.

The announcement of LEAP represents an important step for Polaris. Its Windows-based automation system has proven itself in the market and has seen strong momentum in the US public library arena, winning a high proportion of the ILS procurements in this arena. As libraries increasingly expect Web-based products, LEAP gives the company yet another key asset in its suite of offerings.
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