Smarter libraries through Technology:

Global Organizations Serve Local Libraries

By Marshall Breeding

As I carried out the research for the feature article in this issue of *Smart Libraries Newsletter*, I was reminded of the ever-increasing extent to which library automation has become a global industry. I see a definite trend where products or companies that serve a specific region are being absorbed by global organizations-including both commercial companies and non-profit organizations. The back issues of this newsletter chronicle the mergers and acquisitions in the library automation industry, and it seems like they almost always move in the direction of local companies becoming integrated into larger international entities. In addition to the business transactions involving OCLC mentioned in this issue, examples of other international companies that have brought local products or companies into their folds include Innovative Interfaces (acquired LIBERTAS from SLS in 1997), Ex Libris (acquired DABIS in 1997, Voyager from Endeavor in 2006). Infor and Axiell have likewise absorbed other systems over the years, though they have had more regional than global impact. In some cases, such as with Ex Libris, it's not so much a matter of absorbing local companies, but a merger of companies that have already established international reach, with complementary products and different areas of geographic market strength.

One of the main reasons behind the demise of local systems lies in their ability to keep pace with the changes of technology and in the expectations of libraries. Smaller companies that developed systems consistent with technologies for one era may not have sufficient resources to redevelop their software through each new major transition in information technology. Some companies faded away as mainframes were displaced by client/server computing, and the demise of operating systems such as Pick and VAX/VMS also took its toll. More recently, others have fallen behind as Web-based computing and service-oriented architecture became the prevailing technologies and as trends like social networking features and increased involvement in electronic content reshaped functional requirements.

The open source ILS arena exhibits a pattern of internalization. We're seeing a rapid geographic distribution of Koha, originally developed in New Zealand, to libraries throughout the world. I find it interesting to see that Koha spans both the developed world and the developing nations. Here in North America, it has been deployed in hundreds of public and academic libraries and by different types of consortia. It's also seeing some adoption in Europe. But Koha has also become a favorite in the developing world, finding use throughout Latin America and Africa. It seems like every week or so, I become aware of yet another library or group of libraries in some distant part of the globe that is

implementing Koha. Evergreen has also begun to break out beyond its homeland here in the United States. In the April 2011 issue of *Smart Libraries Newsletter*, we covered its expansion into the United Kingdom.

As this trend toward internationalization plays out over the next decade, I think that we'll see a bit more homogenization of the library automation systems used worldwide. A smaller number of systems will find use in larger numbers of libraries and use of those systems will be increasingly distributed interna-

tionally. I don't expect systems created for local markets to die out entirely, but it looks to me like there will be fewer of them over time.

Despite the expansion of global systems at the expense of local or regional products, libraries continue to have the need for systems shaped by their specific geographic, cultural, or organizational environment. Libraries demand automation systems that can accommodate the languages of their collections and users and that support the workflows and practices

that may be idiosyncratic to a given region or type of library. International systems succeed across multiple geographic regions due to their broad support for languages in many different scripts, sophisticated functionality, and their ability to be configured for many different types of library settings. Yet it's hard to imagine a one-size-fits-all approach working well given the tremendous diversity of libraries worldwide. It will be interesting to continue to collect data over the next few years to see how this trend evolves.

OCLC Acquires German Public Library Vendor BOND, Extending its European Presence

In the latest business acquisition of a library automation company, OCLC announced in April 2011 that it has acquired BOND GmbH & Co. KG Bond, is a major commercial vendor of library automation software for libraries in German speaking countries in Europe. Around 4,000 libraries in Germany, Austria, and Switzerland have implemented the company's automation products, including Bibliotheca2000 or Bibliotheca. net. The company also offers a bibliographic utility for its customers to support cataloging operations. While public libraries dominate its customer base, it also serves school, special, and academic libraries in smaller proportions. The acquisition represents the latest in a series of business acquisitions that contributes to OCLC's standing as one of the largest players in European library automation sector.

BOND Corporate Background

BOND, or Bibliothekssoftware, Online-Netze und Dienstleistungen (Library software, Online systems, and Ser-

vices), has been in business for over 20 years, tracing its roots to antecedent companies Härtel & König und Deufel & Kriete that merged in early 1996. The company's product line has steadily evolved through its 20 year history.

Michael König and Wolfgang Nathusius served as managing directors through 2010, when Nathusius left the company and König became the sole managing director. König was the principal owner of the company prior to the acquisition. The company recently saw a significant reduction in workforce. In 2009 the company reported that it employed a total of 80 personnel in its six locations; at the time of the sale to OCLC, the company employed 60.

BOND has seen steady growth in the numbers of libraries using its Bibliotheca family of automation products. According to data published on its Web site, in 1998 the company reported 1,349 library customers, expanding to 1,502 in 1999, to 1,900 in 2000, to the over 3,900 using its products at the time of the acquisition by OCLC.

BOND Product Perspective

BOND currently offers two core library automation products, Bibliotheca2000, introduced in 2000 and Bibliotheca. net, launched in 2005. The company has followed a consistent strategy of evolving its products to keep up with changing technologies and to extend functionality.

The company has been able to carry its products through each of the major technology cycles that have transpired since its founding. Bibliotheca III, for example was a library automation solution for small and medium-sized libraries that ran under the DOS operating system, which was popular in the late 1980's through the mid-1990's. Around 1995, the company developed Bibliotheca Win, a system based on the client/server architecture. Clients for this version were written for Windows 95, with the server component based on a relational database compliant with SAG SQL or ANSI SQL Level II. The system was intended to work with any compliant database, with Oracle used for larger implementations.

Bibliotheca 2000, introduced around 2000, represented a major upgrade of the system. This version continued to rely on Microsoft Windows clients and Windows Server. The server component relied on a relational database; by default the system would be delivered with Gupta SQLBase Server, but for larger implementations, Bibliotheca2000 can operate with an Oracle database server, running under either Windows Server or Unix. Bibliotheca2000 included a mature set of functionality with modules for cataloging, acquisitions, serials, reporting, and an online catalog. BOND offers two flavors of Bibliotheca2000, ÖB version for public libraries and a WB version for research and academic libraries.

BOND launched Bibliotheca.net, an updated Web-based version of the system based on the Microsoft .net platform, in 2005. Bibliotheca.net is offered both as locally installed software or through a software-as-a-service subscription.

Bibliotheca.net has seen relatively slow adoption in the market, with Bibliotheca2000 remaining as the company's most widely deployed product. Flagship deployments such as the Cologne Public Library have seen difficulties, slowing the momentum of libraries to shift to the newer platform. The Cologne Public Library was the pilot for Bibliotheca.net for more than two years, though it never went into production with the product.

BOND Subsidiaries

BOND has created three subsidiaries that provide products and services complementary to its core business in library management systems. These subsidiaries include:

- **EasyCheck:** GmbH & Co. KG launched in mid-2005 to produce RFID products for self-check and security. BOND divested this division in January 2010 to ekz Reutlingen (http://www.ekz.de/), a company that supplies books, furniture, and supplies to German public libraries. At the time of the sale, EasyCheck had about 100 RFID installations.
- **BOND Library Service:** GmbH & Co. KG founded BOND in early 2007 to provide services including hosting, outsourcing, bibliographic services, and audio services, such as cataloging of audio media.
- **MICROLIB** GmbH & Co. KG established in January 2006 to offer specialized services for smaller libraries, including schools and community libraries.

BOND also operates a bibliographic utility in support of its customer libraries. The BOND Community System, or BCS, provides a simple and efficient process for libraries to catalog their materials. This service launched in early 2006 and is supported by BOND Library Services. It consists of a large database of bibliographic records derived from BOND's customer libraries. When libraries identify a record from BCS, it can be moved into its local system with a single click. Original records created by libraries using Bibliotheca2000 or Bibliotheca.net are automatically uploaded to the BCS server. This automatic process can be disabled, but is activated by default. Libraries licensing Bibliotheca2000 or Bibliotheca.net are eligible to use BCS without additional cost, but must submit a registration form.

In regard to the acquisition by OCLC, it seems that the bibliographic utility associated with BOND may be especially appealing if this database of titles held across BOND's large customer base of German libraries can be subsumed into WorldCat.

BOND's Previous Acquisitions

BOND acquired the library automation system ComBO, produced by C. & E. Becker EDV-Dienstleistungen, effective September 1, 2006. C&E Becker, owned and managed by Carl Becker, had a relatively small number of library customers, and eventually exited the library industry to focus on its other products such as software tools for ATM equipment.

Details of the Transaction

OCLC has not yet released the financial details of the transaction. We can anticipate that, as with the organization's previous

business acquisitions, financial details will be provided in its next annual report.

Following the acquisition, BOND will become part of OCLC GmbH, a subsidiary of OCLC EMEA, and will continue to operate as a for-profit company. König will oversee OCLC's public library activities in Germany, reporting though Eric van Lubeek, managing director of OCLC EMEA.

CMS Hasche Sigle (http://www.cms-hs.com), a legal firm specializing in commercial law, managed the transaction on behalf of BOND. OCLC reports that the financing for the acquisition of BOND came through funds associated with its for-profit European holdings and through loans made with European banks.

The German Library Market

BOND is the dominant provider of automation software and services to public libraries in Germany, with a significant presence in Austria and Switzerland. One of its main competitors in this region is SISIS Informationssysteme, which OCLC had acquired previously. While BOND's chief market lies in public libraries, the Sunrise LMS produced by SISIS finds use across both academic and public libraries. While this acquisition strengthens OCLC's position in Europe overall, it has now gained a powerful position in Germany.

The German library automation sector includes a number of companies and products not necessarily familiar to librarians in North America. In addition to BOND and SISIS mentioned above, others include Herrmann & Pflug GbR (http://www.herrmann-pflug.de) which offers allegro-C for academic libraries and allegro-OEB for public libraries; BiBer GmpH (http://www.bibdia.de/) supporting the BIB-DIA library management system; and |a|S|tec| angewandte Systemtechnik GmbH (https://www.astec.de/), with offices in Munich and Berlin, which offers a library management system called aDIS/BMS. International systems represented include Horizon from SirsiDynix, Concerto from Bibliomondo, LBS Lokaal Bibliotheek Systeem, a system OCLC acquired through PICA.

OCLC's History of Acquisitions

We observe that OCLC has expanded its global presence organically, by attracting new libraries to become members of its cooperative, and through the acquisition of commercial companies, each of which brings libraries that had licensed or purchased their products into the OCLC fold. The acquisition of BOND extends OCLC's business

acquisitions both in the area of library automation and in bibliographic services. In the library automation arena OCLC acquired:

- PICA, the Dutch-based organization that provides library management systems including LBS and CBS to libraries throughout Europe and the Asia Pacific region. OCLC acquired 60 percent ownership in 1999 for $8.7 million, with full ownership gained in July 2007 through the purchase of the remaining shares for $13 million. PICA library automation offerings include: LBS (Lokaal Bibliotheek Systeem, or Local Library System) used in many German libraries such as Potsdam University, Liebniz University, and the University of Göttingen; and CBS (Central Library System) a platform for supporting union catalogs and resource sharing for library consortia, used by library organizations in Germany including the Bibliotheksservice-Zentrum Baden-Wuerttemberg.
- SISIS Informationssysteme, a company based in Oberhaching, Germany that provides the Sunrise library management system to academic and public libraries in Austria and Germany, acquired in July 2005 for $4.5 million.
- Fretwell-Downing Informatics, a company based in Sheffield, England that developed a number of library automation products including the OLIB library management system, used primarily by special libraries, the OL2 link resolver, and the VDX resource sharing platform , which was acquired by OCLC in July 2005 for 8.9 million.
- Openly Informatics, a company founded by Eric Hellman to produce products and services related to access to scholarly resources, including the 1CATE link resolver with its underlying knowledgebase of e-journal holdings, acquired in Jan 2006 for $1.95 million.
- Amlib, a library management system used by public and school libraries throughout Australia and other parts of the world, from InfoVision Technology based in Australia for around $2.5 million.

In the bibliographic services arena, OCLC has also made a number of acquisitions over the years, including:

- RLIN (Research Libraries Information Network) from Research Libraries Group was acquired by OCLC in July 2006. RLG continues within OCLC's Programs and Research division.
- WLN, originally Western Library Network, was acquired by OCLC in January 1999.

- Library Technical Services, based in Winnipeg, Canada, which provides original and copy cataloging services, became part of OCLC in 1999.

OCLC's Presence in Germany

Prior to the acquisition of BOND, OCLC was active in Germany through the products and services of companies it previously acquired, especially SISIS and PICA. With the acquisition of BOND, OCLC can now be considered to be the largest supplier of library automation software and services to German libraries.

Competitive Issues

The acquisition of BOND, as with the other for-profit library automation companies OCLC has purchased, brings an element of controversy, especially from the perspective of the commercial firms within the library automation industry. OCLC operates as a tax-exempt, non-profit organization 401(3)(c) in the United States, yet its European division operates as a for-profit company. OCLC does pay taxes on all its earnings derived from all its for-profit divisions. Yet, from the perception of its commercial competitors, the for-profit divisions of OCLC enjoy significant benefits gained through the global non-profit organization. Once these organizations become part of OCLC, they gain access to key strategic assets such as the research and development capacity within OCLC Research and the massive WorldCat database. OCLC indicates that its for-profit subsidiaries participate in sharing the costs of these services and programs, though it did not provide details regarding the business relationships between the for-profit companies and the non-profit parent organization.

In the current phase of the industry where competition centers on the creation of new-generation automation platforms, OCLC's business model seems even more blurred. OCLC's flagship library automation platform, Web-scale Management Services, is being developed across the for-profit and non-profit components of OCLC. WorldCat is the core technology platform, and the research and development activities and the software development work to create WMS take place in the organization's global headquarters in Dublin, OH, and in the former Fretwell-Downing Informatics facility in the United Kingdom and in the former SISIS facility in Germany as well as in Leiden and San Francisco. According to OCLC, development spans three continents, five countries, and thirteen cities.

The acquisition of BOND by OCLC further stirs the waters relative to how its commercial competitors perceive its role in the broader library automation industry. In this highly competitive environment, the ever-expanding role of OCLC as a non-profit membership organization with a growing number of for-profit subsidiaries raises questions from its commercial competitors.

We have previously reported on how SkyRiver and Innovative Interfaces have challenged the legality of OCLC's business practices relative to anti-trust laws of the United States. That lawsuit continues to work its way through the court system. Jerry Kline, founder and Executive Chairman of Innovative Interfaces comments on OCLC's latest acquisition:

"We believe that competition among vendors is good for libraries. It breeds innovation, increases choice, and drives down costs and we welcome OCLC into the ILS arena where there have been more than 100 suppliers competing over the last 20 years. But shouldn't competition be allowed to breed innovation, increase choice, and drive down costs in Cataloging Services and ILL? OCLC continues its practices of restricting competition in its traditional markets and reducing library choice through acquisition in other markets. It will be up to library leaders to decide what type of marketplace they want, one with a single dominant vendor dictating solutions or one where multiple vendors compete openly for their business."

Other examples of companies with concern about the OCLC's role in the broader industry include Ex Libris Group, a global company specializing in research, academic and national libraries. The company's Chief Librarian, Carl Grant, offers this critique:

"Consolidation in the marketplace can be healthy for both libraries and vendors, and we congratulate OCLC. However, OCLC's recent acquisition of a public library vendor in German speaking markets brings up yet again a few fundamental questions and concerns. Central to these is the relationship between WorldCat – the valuable asset of the non-profit cooperative – and OCLC's new, for-profit, businesses and developments. Specifically, the automatic (and privileged) leverage of WorldCat to achieve the commercial goals of OCLC's new businesses and developments, while many of us, who serve thousands of WorldCat

libraries aren't being offered the same opportunities, based on equal terms. We believe that a clear and open policy, for all stakeholders, should be published. It should explicitly grant equal terms to all stakeholders to gain access to WorldCat and its services. This policy should be open and fair to all. Obviously, only eligible member libraries will be able to utilize it. But the system they choose for their library services, should not impact their ability to benefit from the asset they helped to create.

While OCLC recently revised the record use policy to deal with some member concerns, the revisions did little to address vendor concerns raised on behalf of their library customers. The policy basically continues to heavily favor businesses owned by OCLC while forcing those businesses that are independent into blind negotiating positions with no clear guidelines about usage, costs or what will be requested in return. This is a one sided approach to an equally important contingent of libraries represented by vendors in this profession."

In response to its critics, OCLC states that it holds a unique position to help libraries throughout the world amplify their impact through its global reach and resources. OCLC President and CEO Jay Jordon explains the organization's perspective on its business acquisitions:

"In assessing mergers and acquisitions, we only consider opportunities that are consistent with OCLC's public purposes of furthering access to the world's information and reducing library costs. Any acquisition should lead to new or better services or to lower costs for member libraries. The BOND acquisition meets those criteria.

"BOND leadership was seeking a strong partner for further development of solutions for libraries, and OCLC was interested in serving public libraries in Germany. This acquisition will benefit users of library services from both organizations.

"As for record use, the new policy adopted by the OCLC membership, *WorldCat Rights and Responsibilities for the OCLC Cooperative*, clearly recognizes the need for OCLC members to share and reuse their data with many partners, across many

systems, sites and applications. OCLC's WorldCat.org has provided universal free access via the Web since 2006 through agreements between OCLC and Google, Microsoft and Yahoo. Hundreds of publishers and aggregators also participate in WorldCat through reciprocal exchange agreements with OCLC. Moreover, our plans for an open and extensible OCLC platform will enable members to use whatever system they want in conjunction with OCLC's services. As we implement the first phase of that open platform this year, we are inviting third parties and systems providers to discuss upcoming pilots with us. Since 1971 and the start of WorldCat, OCLC has worked hard to be as inclusive as possible when it comes to serving libraries and their users while at the same time recognizing that we have to not only recover costs to keep the WorldCat database up and running, but invest in the future of librarianship."

In the library automation industry today, a number of transitions are playing out. As a slate of new-generation automation platforms are entering the market, we can expect some very interesting new technologies to become available to libraries over the next few years. Business consolidation continues—though at a slower pace than previously experienced. Several different business models are in play, both for-profit and non-profit. Open source automation products have taken a larger role, and along with them a number of companies involved with their support and development. Boundaries once distinct have become blurred, as is the case with bibliographic services and library automation software. OCLC, previously involved primarily in bibliographic services, has now become a major player in library automation. Innovative Interfaces has interests, through an independent sister company, in bibliographic services. As Ex Libris develops its next-generation Alma library automation platform, it has interests in deeper interoperability with bibliographic services such as WorldCat. Part of the reshaping of the industry will include not only new elements of competition, but also exploring new points of cooperation among all the organizations involved. The acquisition of BOND can be seen as a simple business transaction within the for-profit side of OCLC, but it also represents the latest step in the reshaping of the overall industry.

—Marshall Breeding

Villanova University Launches VuDL

The Falvey Memorial Library of Villanova University, creator of VuFind, has launched a new open source development initiative to create a platform for managing a library's digital collections. VuDL (http://vudl.org/) will include a collection of tools needed to facilitate the management of digital collections. Some of the technologies underlying the system include the Orbeon Forms (http://www.orbeon.com/), an open source utility for processing Web forms encoded in XML, and eXist, a native XML database. Functional compo-nents include a built-in METS editor, tools for generating derivative images for presentation, an XML data repository, and an OAI server. VuDL will rely on VuFind as its end-user interface, and comes with the drivers that provide the connection layer.

The development team announced the availability of an alpha version of the software in April 2011. The Falvey Library offers VuDL through the GPL open source software license and is available for download. The library indicates that it is interested in additional development partners.

VuDL builds on the success that the Falvey Library established with VuFind, which has become established as the most widely deployed open source discovery tool worldwide, with installations in twelve countries. Though in its early stages of development, VuDL shows promise as a digital library administration tool, created by an organization with an established track record for managing open source projects.

—*Marshall Breeding*

Library Technology News in Brief

Excerpted from Press Releases Posted on Marshall Breeding's Website (http://www.librarytechnology.org/).

LYRASIS Receives Grant to Support Open Source Systems for Members

Atlanta, GA, — April 28, 2011 — LYRA-SIS, the nation's largest regional non-profit membership organization for libraries, was recently awarded a $486,000 grant from The Andrew W. Mellon Foundation to fund the startup of LYRASIS Technology Services (LTS), a new program option that supports the adoption and use of open source software and systems in libraries.

"Open source technology has the potential to empower libraries by giving them direct control over the systems they use to manage, preserve, and enable access to information and collections. LYRASIS has invested significant time and resources investigating technology needs within the library community and open source options that could address those needs. We learned that libraries need access to expertise and increased capacity to effectively adopt and manage open source systems on a larger scale. LYRASIS Technology Services will provide that expertise and capacity within a viable and sustainable business model," stated Kate Nevins, CEO at LYRASIS.

Vendors Selected to Develop K tui, a new National Shared Library System in New Zealand

Three vendors have been selected to work with K tui to develop a shared library system operated by the National Library of New Zealand for subscribing public libraries. The vendors are SirsiDynix, EBSCO Publishing, and Computer Concepts Ltd.

Acting National Librarian, Sue Suther-land, says K tui will manage the member libraries' physical resources and offer a new Discovery system which will allow custom-ers to easily search for e-books or digital subscription information held by libraries as well as conventional books, magazines and DVDs.

"Through K tui, library customers will be able to easily discover and access resources from home or from school or work as well as from inside a library."

Ms Sutherland says K tui will give member libraries access to centralised expertise and a help desk offered through an augmented Aotearoa People's Network Kaharoa (APNK) service.

"The shared service will provide a sub-stantially improved service to all member libraries and councils at costs which could not be achieved by councils acting individ-ually to implement levels of service offered by K tui."

The vendor selection followed a rig-orous evaluation process which assessed vendor offerings in terms of both function-ality and price. Potential member libraries were heavily involved in the development of the specifications for K tui and were also involved in selecting the vendors.

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