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If “Information Is Power,” Is Google the Superpower?

Smart Libraries Newsletter

Smart Libraries Newsletter delivers hard data and innovative insights about the world of library technology, every month.

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The World’s First Information Superpower

In December 2006, Google announced it was making all U.S. patents from the 1790s through mid-2006 available online free of charge. This is the kind of announcement we have come to expect from Google. In most months, for the past several years, Google has released one or more similar announcements. Usually the new or improved information resources are labeled as a public beta version, but generally they are well designed, work well, and provide useful information.

In the case of “GooPat” nearly all of the approximately seven million patents issued to date are available, which is a relatively small project for Google. The U.S. Patent and Trademark Office already offers a searchable index of patents (www.uspto.gov/patft). Google used its technology to offer full-text searching of the pre-1976 image files, and it applies its relevancy-ranking algorithm to the results.

This announcement, although rather minor in the pantheon of Google announcements, caused a revelation in my mind: Google has emerged as the world’s first information superpower. Defining and defending a revelation about such a vague idea as a superpower is difficult, but here are a few thoughts and possible defenses that have come to my mind since this revelation struck me.

Although the notion that “information is power” has been in play for some time, I’ve always had the vague sense that few people really took the idea seriously. Information is indeed a powerful tool, but it may pale in comparison (or confrontation) with “real” powerful forces, such as economic and military might. Abundant natural resources, strong economies, and massive military might are the stuff of traditional superpowers.

As usual, the Wikipedia article on superpower status provides a good overview. Superpower status was first coined and conferred in the early twentieth century as a way to designate the upper echelon of nations (or states) in terms of military and economic might and cultural influence. The British Empire, the Soviet Union, and the United States were generally acknowledged to be superpowers. By the end of the last century, most people agreed that only the U.S. remained as a superpower. Contenders to superpower status in the twenty-first century include China, India, and the European Union.
If an information superpower is possible, it requires us to morph the concept of superpower in two fundamental ways. First, we need to be deadly serious that information can be at least as powerful as a good military, a robust economy, and abundant natural resources (tillable land, minerals, oil, natural gas, and the like). Second, we need to admit that companies, in addition to nations, can become superpowers. (This begs the question: Can an individual become a world superpower? My initial reaction is: No, not even Warren Buffett can achieve superpower status.)

By extending the notion of a superpower to the realm of information, we need to wonder if some superpower nations are (or were) also information superpowers. The Roman Empire, for example, was pretty good at collecting and conveying information. Even the superpowers of the previous two centuries understood the importance of gathering information. For instance, the United States is constantly collecting mountains of information, from intergalactic data to covert intelligence. In general, however, we can observe that, while superpower nations were strong in collecting data, they were not exactly information superpowers when it came to analyzing the data and applying the resulting knowledge. They did not really accept the idea that information is power.

If superpower nations (in the traditional military, economic, and cultural sense) are not information superpowers, perhaps other corporations beat Google to information superpower status. I have heard, for example, that McDonald’s has such good information and demographic and traffic-modeling software, the company is able to place new stores with such precision that few fail as retail outlets for food (I shudder to call them restaurants). In fact, the only failed McDonald’s I recall seeing in my life was one in the neighborhoods of New Orleans after the weather and economic ravages of the 2005 hurricane season. Wal-Mart may be another contender to the status of a corporate information superpower. Its supply-chain information and communication systems must be phenomenal. McDonald’s, Wal-Mart, and other major corporations, however, do not really make it their business to collect, organize, and provide access to information; therefore, I don’t think they qualify as information superpowers.

We also must consider the possibility that other libraries, publishers, or aggregators have already emerged as information superpowers. Years ago, when I was in library school, the saying was, “When the Library of Congress sneezes, all libraries catch a cold.” Although the Library of Congress has fantastic collections, services, and staff, I have to admit the LOC probably has not affected my information life nearly as much as Google has.

Google has made information its business. It also has amassed the resources (financial, computational, and human) to make huge amounts of a wide variety of information available, accessible, and truly useful to a wide variety of people. Google’s stated mission—“to organize the world’s information and make it universally accessible and useful”—would work well as a library’s mission statement, if there were only a handful of libraries in the world, rather than tens of thousands.

If my epiphany is correct, that Google has emerged as an information superpower, what should other information organizations (publishers, libraries, media companies—even other search-engine providers) do in response? First, we need to control and manage the awe, envy, resentment, and anger we may feel toward the information superpower and its prowess. Many people love to hate the U.S. as a traditional superpower. As an information superpower, Google has a different role to play than the rest of the players. Second, we need to serve as the watchdog, making sure that Google understands the information needs and travails of mere mortals. Many people love to hate the U.S. as a traditional superpower.

Superpowers are not immune from making mistakes, and they tend to fade—return to the ranks—eventually. All the other players in the information universe have roles to play and things to offer for the general information good. It just dawned on me, however, that there is no point in denying that we now have an information superpower in our midst.

More info. @:

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Group behavior—either groups of individuals or groups of organizations—is fascinating and sometimes mystifying, whether it is the way panic can build in a large crowd or the amazing ability for something good and useful, such as a wiki-based resource, that develops when anyone can edit the contents. One organizational group-behavior pattern that continues to mystify me is why libraries and library-related organizations have not embraced and exploited Web-based conferencing systems more than they have to date.

Web conferencing is a much more robust and multifaceted form of group interaction than is possible via a telephone conference call, and it is much less expensive and time-consuming than in-person meetings. There is no travel time to and from the meeting location, and if your interest in the online meeting flags, you can always work on other computing tasks while keeping one ear on the conversation. Web-conferencing systems have real potential to improve the efficiency and effectiveness of meetings, workshops, conferences, public programs, and other communal confabs.

Why haven’t libraries—for which “We groan under budget constraints” has become something like a mantra—embraced this technology? Good, reliable Web-conferencing systems can be leased on a yearly basis for less than it costs for a single landline telephone connection—that’s before you add the long-distance charges for those interminable conference calls.

Even “free” open-source, Web-conferencing systems have begun to appear. WebHuddle is one I have been investigating recently. It will work on any operating system with a Java runtime, including the various versions of Microsoft Windows, Mac OS X, Linux, and UNIX. There is no special client software plug-in that everyone who plans to participate in the online meeting needs to install. WebHuddle operates in browser software with no pop-up windows. A library could use WebHuddle as a hosted service or download and install the software on its server. You can upload PowerPoint files, Open Office Impress files, and GIF and JPEG images. Voice-over-IP (VoIP) and recording features are available too.

Two potential areas of concern with WebHuddle: The free access is promised only during the beta testing phase, with no indication of neither when that phase will conclude, nor what the price structure will be thereafter. Second, the heavy reliance on Java could create accessibility issues, especially for blind and low-vision users who rely on screen-reader software to interact with digital information.

Another open-source Web-conferencing system still in alpha testing is DimDim. It is currently not offering a hosted service option, so a library or library-related organization would need to load DimDim on its server.—Tom Peters

More Info. @:  
WebHuddle, https://www.webhuddle.com  
DimDim, http://www.dimdim.com
The ownership of SirsiDynix has changed, as Vista Equity Partners, a large private-equity firm based in San Francisco, will acquire 100% of the company. The parties involved made public their definitive agreement for the sale on December 27, 2006; the deal was expected to close by mid-January 2007. The terms of the sale of SirsiDynix to Vista Equity Partners were not disclosed.

Although the press announcement downplays the event, describing it as the company working with a new investment partner, it represents a change in ownership that places strategic control of the company in an organization new to the industry. With this move, SirsiDynix shifts from a company supported by venture capital into the increasing fold of companies owned by private-equity firms, which assert a more strategic view aimed at increasing value of the company over the longer term.

Impact on Library Customers

Although the company’s change of ownership marks a significant event in the company’s history, it does not necessarily imply a short-term impact on the company’s library customers. Current management will remain in place and all operations and product development will continue as before. We can expect some rethinking of long-term business strategies, but for now we can expect continuity in the products and services offered by the company.

Despite speculation to the contrary, this change in ownership will not necessarily lead to increased prices for libraries or abrupt changes in the company’s product offerings—that wouldn’t have happened anyway. Such disruption would cause significant customer dissatisfaction, which would run contrary to the company’s business interests. Long-term growth of the company depends on delivering affordable, high-quality products and services.

This transition follows the acquisition of Dynix by Sirsi Corporation about a year and a half prior. The combined company shepherds two flagship automation systems, Unicorn and Horizon, each with large and expanding customer bases. The number of libraries running Unicorn or Horizon are roughly equal, and since the merger, SirsiDynix has continued to market and develop both automation systems.

Given the numbers of libraries running Unicorn or Horizon, the company has a strong business interest in keeping both systems intact. An abrupt change in one or the other of these flagship products could result in large numbers of libraries moving to products of its competitors or adopting one of the emerging open-source alternatives.

Over the next few years, the company will undoubtedly evolve its products into a more unified product line. The library world has already witnessed the initial stages of this evolution in the development of front-end Web portal products, which can operate with either Horizon or Unicorn.

Business Perspective

Although it was not widely predicted, the sale of SirsiDynix by Seaport Capital to Vista Equity Partners is not inconsistent with the underlying business dynamics. As a venture-capital fund, Seaport Capital would not be expected to be a permanent owner of a company such as SirsiDynix but as an investor that would eventually want to see a return on the funds it put into the company. On its Web site, Seaport indicates it expects to maintain its investments in a company for three to seven years. Seaport made its initial investment in Sirsi Corporation in 1999, placing the duration of its involvement with Sirsi near the outer edge of its investment horizon.

When Seaport Capital (then known as CEA Capitol Partners) made its initial investment in Sirsi Corporation in August 1999, it had been operated by its founders for twenty years and had grown to be the fourth largest in the industry, with annual revenue of about $25 million. In its initial recapitalization, Seaport acquired the majority interest in the company, though the founders retained about one-third of the ownership of the company. The founders stepped down from day-to-day management of the company when
Seaport brought in Patrick C. Sommers as president and CEO in January 2001. Shortly after the recapitalization, in May 2001 Sirsi Corporation acquired competitor DRA for $51.5 million with the financial backing of Seaport Capital.

In June 2005, Sirsi Corporation acquired Dynix, with the backing of Seaport, and adopted the name SirsiDynix. Dynix was owned by a group of venture-capital funds, including 21st Century Group, Green Leaf Ridge, and Stratford Capital Partners. Two of these funds were tied to Hicks, Muse, Tate and Furst, a large Dallas-based invest-ment firm, now known as HM Capital Partners. At the conclusion of this merger, Seaport Capital owned 80% of SirsiDynix, HM Capital maintained a residual 10% equity, with another 10% of the equity split among executives and directors.

Jack Blount, Dynix president/CEO, remained with SirsiDynix for a short period as technology consultant and acting Chief Technical Officer. Blount left SirsiDynix in mid-2006 to start a new company named Alpha Bay Corporation, which provides software and services for the retail sector. Steve Nielsen, former senior VP of SirsiDynix for product management; Byers Parsons, chief software architect for SirsiDynix; Brad Rust, a senior software architect; and Stacy Bets, a former Dynix sales representative, all joined Blount to co-found Alpha Bay Corporation.

Following this series of mergers, SirsiDynix stands as the largest company in the library-automation industry with annual revenues expected to exceed $125 million. Its customer base includes more than 4,000 library clients, representing as many as 20,000 individual library facilities. The company has international scope, with customer libraries throughout the Americas, Europe, Africa, the Middle East, and in the Asia-Pacific region. The company provides products to all types of libraries, including public, academic, K–12 school, and government agency and other special libraries. As Seaport Capital exits, the company is five times larger than it was at the time of its initial investment.

The transition of SirsiDynix from a venture-capital fund to ownership by a private-equity firm fits well within current business trends. Venture-capital funds tend to invest in start-up or early-stage companies that require additional funding to realize their potential within a given market; private-equity firms tend to acquire more mature, established companies. Private-equity firms have made a significant impact on the business world in recent years, as a large number of public companies have become privately owned through the involvement of private equity.

The sale of SirsiDynix fits within the recent surge of interest in the library-automation industry by private-equity firms. Even small and obscure markets, such as the library-automation industry, have attracted the attention of private equity. Previous examples of this trend include the July 2006 acquisition of Ex Libris by Francisco Partners, the November 2006 sale of Endeavor Information Systems to Francisco Partners, and to a lesser extent, the November 2005 acquisition of Geac by Golden Gate Capital.

In a recent Wall Street Journal article, Donald J. Gogel, CEO of a private-equity firm, describes some of the advantages of private equity’s role in the current business landscape. An encouraging point he makes involves the ability for a company to reset expectations following its acquisition by a private-equity firm:

A change in ownership offers a great opportunity to reconsider assumptions about how a company gains and sustains its competitive advantage. A fresh look at the business, unencumbered by legacy strategies and investments, is usually the starting point for good private-equity investors, and often leads to reallocation of capital, new research and product priorities, emphasis on different market segments and sharper understanding of a company’s competitive cost position.

When a buyout occurs, it is a big event, and everyone from the CEO to first line supervisors in the field to vendors and customers expects change and a higher bar for performance. As the industrial sociologists have known for years, this period of heightened expectations creates a wonderful climate for innovation. The first year of a buyout is an unparalleled chance for the management team, backed by the new owners, to demonstrate that things will change. (Donald J. Gogel. Wall Street Journal [Eastern edition], November 27, 2006: A.13)

In this time of increasing pressures on libraries and rapid transitions from print to digital technologies, more than ever before the library field requires library-automation companies to be

continued on next page
innovative and deliver high-quality products at a reasonable cost. Given that so many libraries rely on Sirsi-Dynix products, there is a lot riding on the ability of this company to deliver technologies and services that can help libraries move forward.

Looking Forward
Following the completion of the transaction, Vista Equity Partners will own 100% of SirsiDynix. This is in stark contrast to earlier phases of the company, during which multiple parties shared ownership of the company, with the Board of Directors comprised of representatives of each major investor. As the sole owner of the company, Vista will work closely with the management to set the strategic direction of the company. As we have seen with Francisco Partners, private-equity firms can acquire multiple companies in an effort increase their presence within the industry.

Although the specifics are yet to unfold, we can be sure that the reshaping of the library-automation industry is not yet complete. It is reasonable to expect additional realignments—among the companies involved in providing technology products and services to libraries—including those that specialize in products other than the core integrated library system (ILS). Though the change of ownership of SirsiDynix does not involve further consolidation, it is a major touchstone in the reshaping of the economic landscape of the library-automation industry.

More Info @:

THE SIRSIDYNIX CHRONICLES

1975  Data Research Associates begins operation.
1979  Sirsi Corporation founded by Jim Young, Jacky Young, and Mike Murdock.
1983  Dynix founded.
1992  Data Research Associates goes public through initial public offering.
October 1993  DRA acquires INLEX for $1.5 million.
October 1994  DRA acquires multiLIS from Sobeco Ernst and Young for $1.9 million.
August 1999  CEA Capital Partners recapitalizes Sirsi. Founders retain 33% ownership.
November 1999  Ameritech Library Services purchased by a consortium of VC investors: 21st Century Group, Green Leaf Ridge Co.; new company renamed “epixtech.”
January 2001  Patrick C. Sommers appointed CEO/president of Sirsi Corporation.
May 2001  Sirsi Corporation acquires Data Research Associates for $51.5 million.
January 2005  Sirsi Corporation acquires Docutek.
June 2005  Sirsi Corporation acquires Dynix; company later renamed “SirsiDynix.”
December 2006  SirsiDynix acquired by Vista Equity Partners.
Finding local information online about hotels, restaurants, other businesses, entertainment options, and the like is a chore or an adventure, depending on your personality type. It’s also a very popular type of search with users, and a great source of advertising revenue for search-engine companies. Late last year, the folks at Ask.com unveiled AskCity, which seeks to provide one-stop online shopping for this type of information. The motto of AskCity (“Find it. Book it. Map it. Share it. All from one place.”) captures the concatenation essence of this new service.

One good way to test and evaluate this type of city-guide service is by exploring the information about a place you know, or at least you think you know. In my case, that is beautiful Blue Springs, Missouri. A search for bookstores pulled up all of the businesses I know in the area that specialize in selling books. One local used bookstore was listed both under “books” and “books—used,” while another used bookstore in nearby Oak Grove was listed only in the latter category. And big-box retailers that can serve as decent sources of new books of a certain variety, such as Target and Costco, don’t show up.

If you search AskCity for “movies” as a business, you get a list of movie theaters and video-rental stores all smushed into one list. You need to search for “movie theaters” as a business to exclude the rental stores. If you search under the “movie” tab for a particular movie, it will list the start times at area theaters for today or any date you input (within reason).

Two oddities here: When searching for movie theaters as a business, I couldn’t find a way to determine what is showing at the local eight-plex here in Blue Springs; however, if I searched under movies by movie title, I got the start times at a number of theaters within driving distance. Secondly, if I search under movies by location only, the local eight-plex does not appear at all, just the twenty-plex six miles down the road. In short, the concatenation skills of AskCity need some refinement.

Of course, my personal ultimate test of city guides is for BBQ joints. A search for BBQ businesses in Blue Springs turned up the usual suspects, but also some surprises. Why was Texas Tom’s listed, when it is now out of business at that location and never served anything resembling BBQ that McDonald’s couldn’t match with its McRib? And why wasn’t Betty’s listed, which regularly serves good smoked brisket? The Gates BBQ location in Independence was not even pulled up during my search. I had to switch to the alternative spelling “barbecue” to retrieve it. The AskCity municipal employees need to work on their thesaural cross-references.—Tom Peters

More Info. @
Ask City, http://city.ask.com/