



Smart Libraries

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Acquisition and Assets

Part of **The ILS Scoop** by Marshall Breeding

As of this month, Ex Libris is owned by Francisco Partners. The vendor's operations will remain status quo, and the acquisition won't have a profound impact on the larger ILS landscape—but Ex Libris developers may soon have deeper pockets from which to pull.

Recently acquired for \$62 million (U.S.) by the private-equity fund Francisco Partners (FP), library-software vendor Ex Libris reports it will continue to operate from its current locations and with its current team of executive management. But the new ownership of Ex Libris by Francisco Partners (“one of the world’s largest technology-focused private-equity funds”) gives the vendor access to extensive financial resources—which it may need to fulfill its ambitious product-development strategies.

FP manages approximately \$5 billion in capital and has offices in Menlo Park, California, and in London. It focuses its investments entirely in the technology sector, dealing primarily with mature companies rather than start-ups. About twenty high-tech companies currently comprise FP’s portfolio, and company officials characterize its investment strategy as, “Our objective is to generate superior investment returns by partnering with the management teams of technology companies facing strategic or operational inflection points and using differentiated experience, insight, and resources to build value for shareholders, employees and customers.”

Ex Libris—previously owned by various groups, investment firms, and individuals, each of which has agreed to sell its shares to Francisco Partners—began its commercial existence at the Yissum Technology Transfer Company at the Hebrew University of Jerusalem. (Yissum manages the commercialization of the University of Jerusalem’s intellectual property.) Until the agreement with Francisco, Yissum was the largest investor in Ex Libris Group, owning twenty-nine percent of the company.

Two Israel-based venture-capital firms have invested in Ex Libris in recent years as well. Beginning in about 1998, Walden Israel invested a total of \$4.8 million in Ex Libris, and Tamar Technology Ventures invested \$2.2 million. Prior to Ex Libris’s recent acquisition, these two firms held preferred shares, entitling them to receive payment ahead of other investors. As they exit from involvement in Ex Libris, both Walden and Tamar garner a four-fold return on their Ex Libris investments.

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The remaining Ex Libris shares were owned by individuals associated with the company—its founders, executives, and former executives. All together, these individuals held about twenty-five percent of the company's shares.

Ex Libris Stats

Ex Libris currently stands as the third largest of the library-automation vendors, with revenues below those of SirsiDynix and Innovative Interfaces. The company reports its customer base at 2,500 libraries in 62 countries. In addition to its *ALEPH* library-automation system, Ex Libris's other major products include the *SFX* link server, the *MetaLib* federated-search environment, and the *Verde* electronic-resource management system. This year, the company also announced *Primo*, a new informa-

tion-discovery and delivery tool (see March 2006 *SLN*, "OPAC Sustainance," p. 1).

With corporate headquarters in Jerusalem, Ex Libris employs 230 worldwide and maintains corporate offices in Chicago and Boston and satellite offices in the United Kingdom, Germany, France, China, Korea, and Australia. In addition, it partners with distributors in Brazil, Chile, Columbia, Czech Republic, Denmark, Hungary, Italy, Japan, Mexico, Norway, Poland, Portugal, Russia, Spain, Taiwan, and Turkey.

Although since its inception Ex Libris has developed a customer base of libraries throughout the world, it has gained a strong position in the U.S. in a relatively short period of time; currently, about forty percent of the company's overall revenue is derived from U.S.-based libraries.

From a business perspective, Ex Libris has been a growth opportunity. Its revenues have increased from about \$5 million in 1997 to \$34 million in 2005; on average, the company sustains an annual fifteen-percent growth in revenue.

Impact on Libraries

Ex Libris's ownership transition is not expected to represent any major change for the company's library customers; the rigorous process that FP follows to select companies in which to invest stands as an affirmation of the viability of Ex Libris. As noted previously, the company's management, products, and development strategy will remain in place.

As of the transaction's completion this month, Ex Libris will join other library-automation companies wholly owned by single private-equity firms, i.e., SirsiDynix, (owned by Seaport Capital) and Extensity Library Solutions, formerly Geac (owned by Golden Gate).

Overall, this sale of Ex Libris does not significantly alter the dynamics of the library-automation industry. The number of companies competing in this limited market remains high, and each company's relative size to each another remains status quo. Although this move may be observed as a boost for Ex Libris, it does not by itself represent major change in the larger landscape. ■

More info. @:

Ex Libris to be Acquired by Francisco Partners, <http://www.exlibrisgroup.com/newsdetails.htm?nid=478>

Yissum Technology Transfer Company, www.yissum.co.il
Walden Israel, www.walden.co.il
Tamar Technology Ventures, www.tamarventures.com

Overall, this sale of Ex Libris does not significantly alter the dynamics of the library-automation industry.

<i>Institution</i>	Initial Investment	Final Return	Percent Ownership	Additional Dividend
Yissum Technology Transfer Co. of the Univ. of Jerusalem		20.5 M	30%	3.0 M
Walden Israel	4.8 M (U.S.)	19.2 M	25%	2.5 M
Tamar Technology	2.2 M (U.S.)	10.8 M	20%	2.0 M
Other Investors		11.5 M	25%	2.5 M
TOTAL		62.0 M	100%	10.0 M

Really Respectable ROI

The purchase of Ex Libris is Francisco Partners' first foray into the library-automation industry and its first company based in Israel. Former investors (see table) are exiting financial involvement with Ex Libris with more-than-decent returns on their investments.

M = Million (U.S.)

Sagebrush Biz Sold to Longtime Rival

Sagebrush Corporation has sold its library-automation division to longtime rival Follett Corporation, a move that consolidates the two largest K–12 library-automation software suppliers. This acquisition creates an organization that holds a stronger position than has ever existed in the library-automation arena. Now combined, the vendors provide automation software to up to 60 percent of K–12 libraries. The two companies closed the transaction on July 25, 2006; the terms of the sale were not made public.

Since the completion of the transaction, Follett has been assessing the operations and products of the former Sagebrush library-automation division, and as of this newsletter's press time, Follett company officials reported they would be engaging in discussions with key customers for a period of time after the acquisition. Many of the details of how Follett will deal with the products, personnel, and facilities of Sagebrush will be shaped by Follett's assessment.

The Name Game

According to Follett, the Sagebrush name will be retained, but only for a limited time period. The *Sagebrush*

products will be supported as a discrete division and described by the branding tag line, "Sagebrush, a subsidiary of Follett Software Company." Full integration of the former Sagebrush Products will transpire over the next three years; after that period, the Sagebrush name will be retired from these products, and they will assume the Follett brand. *Destiny* will remain the flagship library-automation system for the combined company.

Over the course of this three-year transition period, the products and employees of the former Sagebrush library-automation division will be consolidated into the Follett Software Company facilities in McHenry, Illinois. Sagebrush carried out its software-development operations in Edmonton, Alberta, Canada, and provided product support out of Caledonia, Minnesota; these operations will be phased out and their functions transferred to the McHenry-based location.

From Sagebrush's perspective, this transaction divides the company into two parts, one of which was sold, the other retained. In preparation for the sale of its automation division, Sagebrush spun off *Sagebrush Books*, *Sagebrush Library Services*, and *Sagebrush Viewpoint*, other operating divisions

Demco, further strengthening its publishing division, which currently offers a catalog of more than 200,000 books. In addition, one of Sagebrush's main activities involves rebinding paperbacks with hardcover-library bindings (for sale to libraries). The company operates two binding plants in Topeka, Kansas. Company officials report further details regarding this new company, including its name, will be announced at a later date.

Following the company's ten-year development in library automation, the to-be-named company returns to a set of business activities very similar to its earlier years—but on a larger scale. Although Sagebrush's library-automation component represented a significant portion of the company, the remaining divisions will continue to comprise a major company with strong prospects.

On the Product Side

Both Follett and Sagebrush have been in the business of supplying library-automation systems for more than two decades and have multiple product offerings. Follett's mainstay products, *Circulation Plus* and *Catalog Plus*, have been installed in more than 33,000 libraries and have steadily evolved since release in the mid-1980s. The original DOS versions migrated to Windows in 1998.

In 2003, Follett introduced *Destiny*, a completely Web-based system designed as a cost-efficient, centralized solution for school districts to meet the changing needs of the K–12 market. By spring of this year, Follett had sold *Destiny* to more than 600 school systems,

continued on next page

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brand becomes the property of Follett as part of the transaction, and initially, Sagebrush's former library-automation

that will operate under the umbrella of a separate company. Sagebrush had recently acquired Turtleback Books from

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representing more than 8,000 individual school libraries.

Sagebrush Corporation has also developed and invested in a number of library-automation products over the years. In 1998, the company acquired Nichols Advanced Technologies; Nichols had developed the DOS-based *MOLLI* library-automation system and *Athena*, one of the first Windows-based library-automation systems. Nichols was based in La Crosse, Wisconsin, and in Edmonton, Alberta, Canada, and was founded by Bruce and Janice Butler. The company relocated to Austin, Texas, in 1996. At the time Sagebrush acquired Nichols, its *Athena* software was used in more than 6,000 libraries.

Then, in August of 1999, Sagebrush acquired Winnebago Software Company from its founder Jeb Griffith. At the time of its acquisition, Winnebago's software was installed in 23,000 libraries. Winnebago was headquartered in Caledonia, Wisconsin, and employed 270. At the time of the merger, the combined company had revenues of more than \$75 million, which included the book and other library-services divisions of Sagebrush.

In 2001, Sagebrush partnered with Sirsi Corporation to produce *Accent*, a centralized library-automation system for school districts, based on Sirsi's

Unicorn technology. *InfoCentre*, the company's next-generation system, was released in October 2005.

Although the original agreement with Sirsi has expired, under the terms of the current agreement, Sirsi will continue to provide support to *Accent*, and Follett Software Company can continue to sell the product. Though it was not stated, it does not seem likely that Follett will continue to sell *Accent*, which competes with *Destiny*, as a centralized library-automation solution for school districts. SirsiDynix has also been more active in the K-12 arena, developing a specialized version of its *Rooms* portal, called *SchoolRooms* for this market.

Impact on K-12 Libraries

Follett is emphasizing the fact that it will continue to provide support for all the products it acquired from Sagebrush. It is certainly to Follett's advantage to keep the library customers of the former Sagebrush Company well satisfied, lest they switch to competing products.

By all indications, Follett will focus its McHenry development group's efforts on its own *Destiny* family of products, while the development group in Edmonton will continue to focus on the Sagebrush product lines. The marketing activities will be integrated to support both these efforts, so while libraries running automation products provided by Sagebrush can be assured they will be well supported, they can also count on being courted by Follett to migrate to its products for the longer term.

The major trend in the K-12 library-automation arena involves a shift from systems installed in individual school-library buildings to centralized systems that can be implemented and administered in a single

location for the entire school district. *Athena*, *Winnebago Spectrum*, and *Circulation Plus/Catalog Plus* were each designed for distributed building-by-building use, but these systems have experienced steep sales declines since 2001. Sagebrush's *Accent* and Follett's *Destiny* were designed to meet the growing demand by districts for centralized library-automation systems. The consolidation of Sagebrush's automation division with Follett will also accelerate the trend of libraries moving toward newer technologies.

This transaction produces a major change in the dynamics of the K-12 library-automation arena. Although Follett has been a major player in this arena for many years, the market has been highly competitive, with Sagebrush running a not-so-distant second place. Other major competitors include *COMPANION*, *BookSystems*, *The Library Corporation*, and *CASPR*. In addition, *Innovative Interfaces* offers a version of *Millennium*, called *Via*, for this market.

By adding Sagebrush's library-automation business, Follett now stands as a much larger presence when compared to other competitors in the K-12 library-automation market. Having gained a major boost in market share through acquisition, it will be a major challenge for Follett to maintain and grow its customer base over the long haul. ■

More info. @:

"Follett Acquires Sagebrush Corporation's Library Automation Business," www.sagebrushcorp.com/news/pressrelease.cfm?NewsID=546

"Follett Acquires Sagebrush Software," *Hectic Pace Blog* by Andrew Pace, http://blogs.ala.org/pace.php?title=follett_acquires_sagebrush_software



Wikipedia in a *New Yorker* Minute

We live in a curiously Alexandrian age. At the same time that data, information, and—one can only hope—knowledge are expanding at an exponential rate, we also have numerous efforts underway to tame information and unleash it in new and amazing ways. There is a for-profit company (named in honor of a very large number and growing at a frightening rate) that aspires to organize the world's information. There are *several* multi-year projects underway to digitally scan millions of printed books. In comparison, the opening of the Bibliotheca Alexandrina, near the site of the famous ancient library, is small potatoes.

And then there is the Wikipedia—perhaps the most amazingly unexpected Alexandrian aspect of our age. In just five and one-half years after its January 2001 launch, the Wikipedia has become the seventeenth most popular Web site, without resorting to pornography, gambling, violence, or other means of pandering to baser human instincts. If it were human, Wikipedia would be entering kindergarten and just beginning its formal education.

Its annual operating budget of approximately \$750,000 is less than what some research libraries pay to Elsevier every year for a handful of serials. It relies on small donations to meet most of its monetary needs. Apparently, it neither relies on, nor uses, advertising and product placements to pay the piper and drive people to read, write, and edit Wikipedia articles. They just come, drawn to this field of dreams, which now contains over one million articles.

The July 31 edition of *The New Yorker* contained a long, somewhat rambling essay—perhaps mimicking the style of many Wikipedia articles—about the Wikipedia phenomenon. Indeed, it is a phenomenon, not just another reference work, nor is it even just another *type* of reference work. It is achieving much more than merely giving *Britannica* a good run for its money, or at least a wake-up call. Stacy Schiff, the essayist, writes, “. . . Wikipedia is a combination of manifesto and reference work. Peer review, the mainstream media, and government agencies have landed us in a ditch. Not only are we impatient with the authorities but we are in a mood to talk back.” Wikipedia apparently is one of those social tools that appeared at just the right time in history.

Millions of people use the Wikipedia. Based on my casual observations, quite a few librarians regularly consult and refer people to Wikipedia articles. Schiff reports that, although there are approximately 200,000 registered users of the English-language Wikipedia, only about 3,300 have contributed almost 70 percent of the content. Because nearly all of these contributions are anonymous, we have no idea how many of the 3,300 core contributors are librarians or, for that matter, regular library users.

Schiff quotes several people who think that, despite the current success of the Wikipedia, by the time it gets to middle school it may, like many a middle schooler, eventually spin out of control, implode, or devolve into interminable, profane muttering. Regardless of the eventual fate of the Wikipedia, already there appear to be valuable lessons to be learned and applied.

So what can librarianship and information science learn from the Wikipedia phenomenon? Well, here's my list:

- Collaboration on a grand scale can produce something good and useful as well as moderately true and beautiful. In Schiff's piece, Jimmy Wales, the founder of Wikipedia, describes how he became enamored with the possibility of mass collaboration.
- We should not assume that we can know or even predict a priori the information needs and interests of a population. As Schiff observes, people contribute articles on topics that rarely see the light of day in more traditional encyclopedias—topics such as prostitution in China, Capgras delusion, and invented expletives by fiction writers.
- Something free (or extremely low cost) can be good and useful as well as moderately true and beautiful. Librarianship has made the purchasing of information objects into a fine, complex art form—as well as a sport, with perhaps consortium agreements for electronic resources as the major league of this sport.
- Perhaps the best way to create and sustain a sense of an information community is to allow people to construct something collaboratively.
- In today's world, a reference resource should be current and rapidly updated. Schiff reports that in the 12 days from July 12 to July 24 the article on the 2006 Israel-Lebanon Conflict was edited more than 4,000 times.
- The platonic ideal of the current reality of the Wikipedia—in which everyone with some knowledge to contribute to the database does in fact contribute (and also observes the important corollary of not mucking with articles about which they have no certain knowledge)—would transcend being a mere condensation or representation of knowledge and would approach becoming knowledge itself.—*Tom Peters*

More info. @:

“Know It All: Can Wikipedia Conquer Expertise?” www.newyorker.com/fact/content/articles/060731fa_fact
Bibliotheca Alexandrina Library, www.bibalex.org/English/index.aspx

The Hills Are Alive with the Sounds of Mashups

Many interesting and useful mashups continue to sprout up on the Web. Some library conferences (such as the next month's Internet Librarian Conference in Monterey, California) are beginning to offer sessions and entire tracks on creating, finding, using, and evaluating mashups.

The Wikipedia defines a mashup as “. . . a website or web application that uses content from more than one source to create a completely new service.” Mashups often are visually interesting, but there is no reason to limit mashups only to the visual sense.

For example, the group Sound Seeker is putting links to audio recordings taken at specific locations in New York City onto a Google map. If you want to hear the sounds at the Fulton Street Fish Market recorded at 1:30 a.m. (barking dogs and expletives not deleted), now you can. If the sounds of a typical downtown street corner make you pine for the fjords, those dreamscape-inducing street noises are available to you with a click of the mouse. If you are longing to hear the sounds of the food court at La Guardia Airport, recorded in February 2006, now you can. (By the way, nine out of ten people prefer the sounds of that food court to the taste and smell of the food.)

According to the Sound Seeker Web site, “Sound-seeker is a part of the NYSoundmap project of The New York Society for Acoustic Ecology (NYSAE), a New York metropolitan chapter of the American Society for Acoustic Ecology, an organization dedicated to exploring the role of sound in natural habitats and human societies, and promoting public dialog concerning the identification, preservation, and restoration of natural and cultural sound environments.”

Currently, there are only about a baker's dozen of sound-clip contributors to this mashup, but they do encourage others to submit sound recordings from specific locations. The group's current focus is New York City, but hopefully they will expand to other locales in the near future.

If auditory mashups have arrived, can olfactory mashups (e.g., scratch-and-sniff maps of a fruit harvest in progress) and tactile mashups be far behind? Personally, I think I would pass on an olfactory mashup of the Fulton Street Fish Market, but my cats would love it.—*Tom Peters*

More info. @:

Wikipedia's Definition of “Mashups,” http://en.wikipedia.org/wiki/Mashup_%28web_application_hybrid%29
www.soundseeker.org

Google Corner(ed)

BY TOM PETERS

Accessible Google Beta

In late July, Google Labs, the fine folks at Google who developed Google Maps, Google Scholar, Google Desktop, and many more applications, announced the beta release of an accessible Web search engine designed to improve Web-based information's findability by blind or visually impaired individuals.

Believe it or not, in this beta project the already Spartan Google interface (which always makes me think of the old joke about a polar bear in a snowstorm) has been designed to be even simpler. The interface contains the Google Labs GIF image, a single input box, a search button, the phrase "Accessible Web Search for the Visually Challenged," and four links: one back to Google's homepage; a Feedback link so users can e-mail comments and suggestions; a link to the FAQ page; and one to the terms of use (which I'm sure Google's legal beagles made the company include). There's no advanced search interface, and there's no link to the other search interfaces and related services offered by Google.

The interesting aspect of this beta release, however, does not concern the interface but instead lies in the search algorithm. Google Labs added an accessibility measure—measuring the accessibility of the found Web sites—to the overall relevance-ranking algorithm. The intent here is to have better-than-average (in terms of accessibility) Web

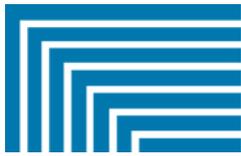
sites—found through a search and subsequently listed in set of search results—appear at the top of the search results.

Early reviews from visually impaired users and the blogosphere have been mixed. One prominent blind user worries (in a private e-mail message to me) that, because all Web sites are more-or-less accessible if the visually impaired user is persistent, by adding Web-site accessibility to the relevancy-ranking algorithm, it may cause Web sites that are deemed less accessible—but nonetheless may have pertinent information about the search topic—to be ranked lower thus they would be displayed "lower" in the search results. Others pointed out the accessibility test that Google Labs performs on found Web sites is automated, which has certain inherent limitations as an adequate indicator of accessibility.

An information resource's accessibility is dependent on the abilities, skills, preferences, and expectations of each individual. Expecting one automatically derived score to approximate all individual instances is a tall order. Nevertheless, this beta release is further indication that Google really is trying to organize the world's information and make it accessible to everyone.

More info. @:

Accessible Web Search for the Visually Impaired, <http://labs.google.com/accessible>



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September 2006 **In the ILS Scoop: Marshall Breeding Examines the Latest ILS M&A Activity**

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