



Smart Libraries™

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ILS industry on the brink of product changes

Although the 21st century library automation industry has changed quite a bit from its late 1990s buildup, the 2002 vendor survey reveals consistent market share, a continued decline of new-name sales, and steady revenues for integrated library system (ILS) vendors. Five main trends emerge from the 2002 vendor survey data:

- **Plunging new-name sales.** ILS vendors solely reliant on capturing new customers will continue to have a tougher time in a market rife with friendly yet fierce competition. This industry marker reflects less and less on the real state of the industry.
- **Declining attention to legacy systems.** Although vendors promise long-term support (and sometimes development) of legacy products, they are concentrating the majority of development time solely on next-generation product lines. The dominance of the client-server system was well-established by the end of 2001. Vendor offerings continue to highlight

new product lines, such as Innovative Interface's Millennium (replacing INNOPAC) and Sirsi's Unicorn (presented as an upgrade path to Sirsi's legacy Taos, Classic, MultiLIS, and INLEX systems). These upgrades allow vendors to focus on a single ILS product line, which streamlines development efforts. In the long-term, migration to the emerging system is usually in the customer's best interest, if continued development of the system is a priority.

- **One ILS, many customers.** "If you can't woo them, buy them" might become the mantra of the 21st century ILS vendor. Market consolidation will likely continue along the lines of the Sirsi DRA buy-out and exclusive distributorship agreements, such as that between Infovision and Brodart. Shrinking new-name sales increases the need to capture a larger share of maintenance revenue. Companies able to charge enough for their maintenance

See Survey on page 2



What the numbers don't show

Is the integrated library system done? A visit to a vendor booth at any given conference almost makes the traditional ILS seem like a legacy product. Portal technology for multidatabase searching (separated from its awkward OPAC step-brother), management software that "catalogs" digital assets (ironically more sophisticated than cataloging modules offered by the same vendor), and electronic resource management (the new frontier of technical services processing) are destined to radically change the strategies of ILS vendors and simplify the work of libraries. Libraries will likely find a challenge in attaining the same level of support and attention for the traditional integrated system that they have received for the last three decades.

IN THIS ISSUE

This report summarizes responses from ILS vendors offering fully integrated, multi-user systems—those more traditionally referred to as large systems. These systems support UNIX, WindowsNT/2000, and Linux operating systems on multiple hardware platforms.

For the sake of consistency, this survey uses almost all the same methodology applied in previous years. Some queries, for internal purposes, were geared at determining whether the vendor supplied mainframe or personal computer based systems. Most other questions focused on turnkey status; supported hardware operating systems, programming languages, and software; sales to new-name customers; total system installations; gross revenues; staff support; system module usage; number of licensed users. For the first time, vendors were asked to report the number of professional librarians within their organizations.

Not every vendor answered every query. The only estimates included in this report are in the table for new-name sales by year. They were added for the sake of consistency. In some cases, consistently unreported numbers made evaluation of the vendor impossible, so analysis was not attempted.

This report is limited to systems that integrate modules into a single system and that support higher numbers of concurrent users. Almost every vendor discussed supports a system that includes: acquisitions, cataloging, serials control, circulation, Z39.50 client and server, and an online public catalog. Several systems have other integrated modules, such as inventorying, local database support, interlibrary loan, and EDI. Many reported support for modules not traditionally considered part of the integrated system, such as multidatabase search portals, reference linking services, personalized access, and digital asset management.

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VENDORS ADDING LIBRARIANS TO STAFF

A new addition to the vendor survey, Table 1 indicates that an average 18% of sales, development, and customer support staff hold advanced degrees in library and information science. This number is not only significant in that it is much higher than the numbers reflected in *Library Journal's* annual job placement report, but also because it answers a common complaint in libraries. The increasing number of librarians in vendor roles should go a long way to assuage the frustrations of librarians during the shopping, implementation, and system support process.

TABLE 1. STAFF COUNTS & MLS RATIO

Vendor	Total staff in reported roles	% w/MLS
Gaylord	99	33
Keystone Systems	12	33
Endeavor	144	31
Innovative Interfaces	249	31
Ex Libris (USA)	185	25
Dynix	391	25
VTLS	60	22
Sirsi	367	21
BiblioMondo	84	18
Open Text	24	17
The Library Corp.	143	16
Auto-Graphics	18	11
SydneyPlus Int'l	70	7
InfoVisionTechnology	46	0
Geac Software Solutions	127	0
EOS Int'l		
Inmagic	35	
CyberTools	7	0

Survey from page 1

and upgrade agreements can even fund large portions of their development budgets without an over-reliance on new-name sales.

- **Vendors actively support open source.** Although most ILS vendors embrace standards such as MARC and Z39.50, they were always inclined to add proprietary bells and whistles that set the products apart from competitors. Now that open-source software has sparked a bandwagon movement, especially among libraries, automation vendors are realizing that embracing open standards and protocols tends to improve marketability rather than adversely affect it. Some vendors are supporting the Linux operating system. Others are experimenting with the NISO (National Information Standards Organization) circulation interchange protocol (NCIP), which allows peer-to-peer circulation between disparate systems. Still others are active in standards development itself, driving the creation and adoption of OpenURL, NCIP, and draft standards for electronic resources management.
- **ILS plateau forces new product lines.** Recapturing the massive sales records of the mid-1990s will never be possible simply because the market is saturated with automated systems. Migrating to new systems, still a daunting endeavor, will likely remain a last resort in times of fiscal crisis and for ambitious digital library endeavors for which ILS is an obstacle or an afterthought. The data captured in an open-ended question on this vendor survey reveal massive development effort behind entirely new product lines, such as electronic resources management, metasearch portals, reference linking, and digital asset management. These efforts will have a tremendous impact on the library automation market and on future development of the ILS itself.—*Andrew K. Pace*

New products, maintenance fees quell new-name losses

Although the overall decline in revenues continues at a moderate pace, it is not proportional to the loss of new-name sales. This merely moderate loss level is likely due to the consistent revenue offered by maintenance fees and upgrades (the cash cow of the ILS industry). It is also due to vendor forays into new product lines not considered part of the traditional ILS.

Of serious concern to libraries over the next five to 10 years is the notion that current maintenance fees and upgrade charges are not substantial enough to support the level of product development demanded by libraries. Though often mentioned with disdain for their high cost, in actuality, the maintenance costs of

such a primary central management system often pale in comparison with other enterprise level hardware and software costs. Other enterprise solutions often charge maintenance and upgrade fees that range from 25% to 75% of initial costs.

Vendors have pared customer support in favor of product development because libraries expect the same level of development for much smaller cost than in recent years. Library expectations regarding pricing also have forced vendors to develop nontraditional and minimally integrated stand-alone products to maintain revenues.

TABLE 2. NUMBER OF INSTALLED BASES

Vendor	Installed base
Dynix	3,126
Sirsi	1,739
Endeavor	1,159
Innovative Interfaces	1,015
Ex Libris (USA)	900
Geac Software Solutions	713
The Library Corp.	494
InfoVisionTechnology	395
VTLS	391
Gaylord	277
Open Text	221
BiblioMondo	175
Auto-Graphics	75
Inmagic	66
Keystone Systems	51
CyberTools	48
EOS Int'l	not reported
SydneyPlus Int'l	not reported

TABLE 3. REVENUE IN MILLIONS

Vendor	Revenue (\$U.S.)
Open Text*	more than 90
Innovative Interfaces	70–80
Sirsi	55
Endeavor	25–30
The Library Corp.	25–30
Ex Libris (USA)	20–25
Gaylord	15–20
BiblioMondo	10–15
EOS Int'l	7.5–15
Auto-Graphics	5–10
Inmagic	5–10
VTLS	5–10
CyberTools	less than 1
InfoVisionTechnology	not reported
Dynix	not reported
Geac Software Solutions	not reported
Keystone Systems	not reported
SydneyPlus Int'l	not reported

* includes income from other sources

**TABLE 4. NEW-NAME SALES 1999–2002,
PLUS SYSTEM UPGRADE COUNTS**

Vendor	New-name sales				Major system upgrades
	2002	2001	2000	1999	
InfoVisionTechnology	139	100			0
Endeavor	97	42	83	98	not reported
Sirsi	72	110	188	137	135
Innovative Interfaces	71	66	56	83	65
The Library Corp.	61	81	76	92	10
Ex Libris (USA)	48	70	43	95	180
Dynix	43	60	65	127	40
CyberTools	26				1
Geac Software Solutions.	23	25	22	41	77
Auto-Graphics	23	36			not reported
VTLS	20	39	23	18	38
BiblioMondo	15				25
Keystone Systems	10	4	7	6	3
Inmagic	8	19	13		3
Gaylord	6	12	5	19	15
Open Text	6	10	15	10	23
EOS Int'l	not reported	15	22	45	not reported
SydneyPlus Int'l	not reported				not reported
TOTAL	668				615

TABLE 6. NEW-NAME SALES TO CONSORTIA

Vendor	Sales to consortia
Sirsi	20
Innovative Interfaces	11
Endeavor	8
Ex Libris (USA)	6
CyberTools	2
Keystone Systems	2
VTLS	2
Gaylord	1

**TABLE 5. NEW-NAME SALES
1984–2002**

Year	# new-name sales*
1984	232
1985	196
1986	210
1987	350
1988	376
1989	435
1990	566
1991	674
1992	1,121
1993	1,600
1994	1,853
1995	2,322
1996	1,520
1997	991
1998	1,525
1999	1,550
2000	895
2001	830
2002	727

*Prior years estimated sales for companies not reporting. This year's number includes an increased estimate based on the average increase of the 2001 reported numbers.

sales decline

New-name sales, according to survey results going back to 1984, began their substantial decline in 2000. This year's notable exception was InfoVision's AmLib (distributed in the United States by Brodart).

Despite consistent reports to the contrary, new-name sales of complete systems are not the only barometer of an automation company's ability to fund product development. New product lines and maintenance fees can go a long way toward funding further product development. Sirsi and Ex Libris also enjoyed good years through major software upgrades, converting DRA's legacy ILS systems and older Aleph systems, respectively.

At a count of more than 600, system upgrades for 2002 were nearly as high as new-name sales, and well over double the 2001 upgrade figure of 239. Keystone and CyberTools—the only other companies enjoying an increase in new-name sales—were focused on niches, nearly cornering the market for systems for the blind and physically handicapped and hospitals, respectively.

Be careful in applying too much credence to reported numbers of new-name sales. Companies are not consistent in reporting this number. Some count merely the number of contracts, and others add all the server systems on a particular contract. Still others would rather report the number of libraries served by a central site server. New-name sales counts are only generally indicative of the sales strength of a company.

LIBRARY SIZE OUTWEIGHED BY DESIRE FOR MARKET

Five years of a rather saturated library system market has driven many vendors to market their products to customers outside the scope of their traditional customer base. Market expansion is not only seen in sales to different library types (see Table 12 on page 7), but also in marketing to either larger or smaller customers. Watching

this trend helps determine whether expansion into new markets might detract from required development. On other hand, a company's entrée into a new market may be a welcome change to customers who feel constrained in system choice simply because of their size.

TABLE 7. SITES WITH LESS THAN 16 CONCURRENT USERS

Vendor	# sites
Dynix	960
Sirsi	761
Endeavor	386
Geac Software Solutions	326
The Library Corp.	297
Innovative Interfaces	71
Open Text	70
EOS Int'l	50
Inmagic	46
CyberTools	39
Keystone Systems	38
VTLS	23
Gaylord	5

TABLE 8. SITES WITH MORE THAN 200 CONCURRENT USERS

Vendor	# sites
Dynix	537
Sirsi	406
Innovative Interfaces	289
Endeavor	162
Ex Libris	92
Geac Software Solutions	57
Auto-Graphics	52
Open Text	45
EOS Int'l	40
The Library Corp.	21
Gaylord	11
VTLS	11

SERVICE STAFF RATIO WEAKENING FOR GO

Customer service support continued its downward slip in 2002, dropping from a 1:10 to a 1:12 average ratio. Although this drop is increasingly troubling to the traditional turnkey libraries, it can be explained as more than vendors' attempts to cut costs. The systems librarian profession is more established than it was even five years ago, placing more systems expertise inside libraries. Moreover, users' groups continue their large contributions to library system administrative responsibilities, removing much of the

front-line burden from the vendors. The support needs of a decade ago can't be compared with the more technically advanced users' needs in 2002.

Libraries have always been suspicious of growing and aggressive ILS sales forces. Any library that has recently shopped for a new system can quickly determine just how fierce the competition is and how doggedly determined sales representatives can be. Part of the explanation for what often appears to be desperation is

due to the traditional organization of some ILS companies. Because new-name sales forces are traditionally separate from so-called customer sales (products pitched to existing customers), the reliance on commissions can become an overwhelming incentive to sell.

The ratio presented in Table 9 represents a double-edged sword. A large sales staff could be a sign of a flailing company trying to boost revenues with aggressive sales and marketing. But a large sales

TABLE 9. SALES STAFF COUNTS & CUSTOMER RATIO

Vendor	Sales staff	Ratio*
Inmagic	15	1:04
Gaylord	18	1:15
BiblioMondo	9	1:19
The Library Corp.	25	1:20
InfoVisionTechnology	18	1:22
CyberTools	2	1:23
Geac Software Solutions	31	1:23
Keystone Systems	2	1:26
VTLS	13	1:30
Ex Libris (USA)	24	1:38
Sirsi	46	1:38
Dynix	81	1:39
Innovative Interfaces	25	1:40
Endeavor	28	1:41
Open Text	5	1:44
Auto-Graphics	5	
EOS Int'l	0	
SydneyPlus Int'l	10	

*Ratio based on reported number of installed central sites.

TABLE 10. MAINTENANCE AND DEVELOPMENT STAFF COUNTS & CUSTOMER RATIO

Vendor	Maintenance/development	Ratio*
BiblioMondo	35	1:05
Gaylord	50	1:06
Inmagic	12	1:06
The Library Corp.	63	1:08
Keystone Systems	5	1:10
Innovative Interfaces	79	1:13
VTLS	30	1:13
Sirsi	113	1:15
Geac Software Solutions	43	1:17
Endeavor	64	1:18
Ex Libris (USA)	51	1:18
CyberTools	2	1:23
InfoVisionTechnology	17	1:23
Open Text	7	1:32
Dynix	94	1:33
Auto-Graphics	3	n/a
EOS Int'l	0	n/a
SydneyPlus Int'l	50	n/a

*Ratio based on reported number of installed central sites.

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force also could indicate a large demand for the product. To distinguish between the two, look for a growing support and development staff. If a sales staff grows out of proportion with the rest of the company, it could signal that needed support will not be available when all those newly sold systems go live.

TABLE 11. CUSTOMER SERVICE STAFF COUNTS & CUSTOMER RATIO

Vendor	Customer support	Ratio*
BiblioMondo	40	1:04
Innovative Interfaces	145	1:07
Ex Libris (USA)	110	1:08
Inmagic	8	1:08
Sirsi	208	1:08
Gaylord	31	1:09
The Library Corp.	55	1:09
Keystone Systems	5	1:10
Geac Software Solutions	53	1:13
Dynix	216	1:14
CyberTools	3	1:15
Open Text	12	1:18
Endeavor	52	1:22
VTLS	17	1:23
InfoVisionTechnology	11	1:36
Auto-Graphics	10	
EOS Int'l	0	
SydneyPlus Int'l	10	
AVERAGE for 2002		1:12
AVERAGE for 2001		1:10

*Ratio based on reported number of installed central sites.

Vendors expand market areas

Expansion into new areas of market distribution is usually done to affect market share but can be of concern to libraries seeking dedicated development of specific products (such as course reserves for academic libraries or materials routing for public libraries). For the last decade, libraries have been told only to shop for systems that already have a firm standing in their particular segment, such as academic, public, special, or school. Shrinking markets, however, have forced ILS vendors into new markets; some of these changes are even announced with great fanfare, such as Innovative Interfaces's new Via system for school libraries.

Since these market expansions are usually coupled with substantial outlays of monetary and intellectual capital, the admonition to avoid vendors with fewer live sites in a particular segment might not always be the best advice. Libraries need to learn to be tolerant of these market expansions.

Visit www.techsource.ala.org to view Table 13, Number of Vendor Sites by Area of the World, a complete listing of vendor contact information, and more.

TABLE 12. PERCENTAGE OF VENDOR SITES BY TYPE OF LIBRARY

Vendor	Academic	Public	School	Special
Auto-Graphics	4	38	30	28
BiblioMondo	5	85	5	5
CyberTools	23	0	0	77
Dynix	37	23	13	21
Endeavor	72	1	1	27
EOS Int'l	9	4	16	71
Ex Libris (USA)	61	9	0	24
Gaylord	5	92	2	1
Geac Software	11	57	2	30
InfoVisionTechnology	2	30	60	8
Inmagic	0	0	0	100
Innovative Interfaces	64	31	2	3
Keystone Systems	12	0	0	88
Open Text	2	1	0	97
Sirsi	32	51	5	10
SydneyPlus Int'l	0	0	0	100
The Library Corp.	22	60	10	7
VTLS	65	15	1	19



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