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Consolidation Continues: Endeavor Acquired

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

Following its July 2006 acquisition of Ex Libris, private-equity firm Francisco Partners announced a definitive agreement late last fall to acquire 100 percent of Endeavor Information Systems from Elsevier. This acquisition represents a major step toward consolidation in the academic library-automation industry. As a result, this combined company stands as the largest provider focused solely on providing systems and services to academic libraries.

Previously, Ex Libris and Endeavor were direct competitors. Both companies specialized in providing automation software and services for academic libraries and consortia. Neither company has a large presence in public or school libraries. Combined, Ex Libris and Endeavor form a new powerhouse in the academic library automation sector. Competition in this arena narrows but by no means approaches monopoly. SirsiDynix has a large installed base of academic libraries, though in recent years its new sales have gravitated toward public libraries, and Innovative Interfaces continues to offer formidable competition for both academic and public libraries.

In an era of industry consolidation, direct competitors often make natural partners. Those in the field have already seen consolidation in the pubic library-automation sphere with the acquisition of Dynix by the owners of Sirsi (to form SirsiDynix) and in the school library market when Follett Software Company acquired Sagebrush Technologies. In this new business cycle, a large consolidated company dominates each of the sectors of library automation space. Innovative Interfaces, with strong appeal to both public and academic libraries, continues to buck the trend by holding fast to its identity as a founder-owned company with organic growth through steady sales rather than through strategic acquisitions.

The Francisco Fold

This transaction is Francisco Partners' second strategic investment in the library-automation industry in recent months. Francisco Partners announced a definitive agreement to acquire Ex Libris on July 26, 2006. That transaction completed on November 1, 2006; the company expects Endeavor's acquisition to be complete by year-end 2006 (approval must be obtained from regulatory agencies before the sale will be final).

Francisco Partners is a large private-equity firm with about $5 billion under management, investing exclusively in technology-focused companies. The firm characterizes its investment as "Complexity Arbitrage," a strategy whereby it acquires

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companies in a position in an industry that may be complex and difficult to understand and creates an opportunity to simplify and clarify the strategy of the company in a way that increases its value. This strategy often involves investing in multiple companies within an industry.

Mergers such as this one result in a single company with more business efficiency than the individual companies entering the transaction. By combining, the two companies are able to consolidate administrative functions, such as finance and personnel; the combined company will require a fewer number of high-level executive positions than the companies individually require. Marketing costs can be streamlined by working toward a single presence at conferences and conventions and blending staff into a unified sales force.

Product Strategy

The consolidation of Endeavor under Ex Libris does not imply the demise of the Voyager Library Management System. On the contrary, the new owners of the company plan to increase the level of development resources channeled into Voyager. The success of the combined company depends on building loyalty from the libraries using Endeavor. Both Aleph 500 and Voyager will see continued development.

In addition to two of the leading integrated library systems, the company includes a number of other major products:

- SFX context-sensitive link resolver;
- Verde electronic-resource management system;
- Meridian electronic-resource management system;
- MetaLib metasearch environment;
- DigiTool digital library-management system;
- Curator digital library-management system; and
- Primo discovery and delivery portal.

Endeavor had recently made major changes in its product strategy, dropping its ENCompass family of products related to managing electronic resources and its LinkFinderPlus link server. In lieu of these products, Endeavor offered its customers similar products through a partnership with TDNet. It seems reasonable to expect that following this acquisition, Endeavor customers will be enticed toward the Ex Libris products for linking and metasearch and toward Primo as a next-generation library interface. It's too early to know the company's positioning of the overlapping electronic-resource management products, Meridian and Verde, but based on the company's strategy, it makes sense that the chosen platform will be Verde.

Outside the library automation sphere, the new company will take on the ongoing development of the Journals On Site platform (JOS) for Elsevier, which serves as the platform for Science Direct On Site. As part of Elsevier, Endeavor's resources had been tapped to provide an updated platform for the aging ScienceServer product. ScienceServer allows organizations to access Elsevier's electronic journals from their internal networks rather than through the Internet. The JOS platform will support electronic journals from other publishers.

Organizational Changes

As with any transaction involving the combination of two large companies, it will take some time to sort out the specifics of the new organization. The tenor of the new company, however, can be seen from what has been announced so far. The Endeavor name disappears, and Ex Libris and Endeavor will be combined into a single company named Ex Libris Group. Matti Shem Tov, president/CEO of Ex Libris, will lead the combined company. Roland Deitz, president of Endeavor Information Systems, exits. These indicators point to Ex Libris leading the way as the new company forms. Over the next few months, a management team will be formed, drawing from both sides of the company.

The new company will consolidate a number of its office locations. Both companies had offices in the Chicago area, which will be combined into Endeavor's facility in Des Plains, IL. International offices will be consolidated into Ex Libris facilities where each company has a presence in the same region.

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Impact on Endeavor's Library Customers

Librarians and library staff view the acquisition of the automation company providing their individual libraries' systems with uncertainty. Very few library personnel want to have to change automation systems unexpectedly. No such disruption should result from Francisco Partners' acquisition of Endeavor, though. Endeavor did not prosper under the ownership of Elsevier, and ongoing development of Voyager lagged.

Those in Francisco Partners indicate they will significantly increase the development resources devoted to Voyager. In the longer term, given the new company's sole focus on the academic library sector, we can expect a stronger long-term product strategy than would have emerged under Elsevier, which struggled to define a strategy for Endeavor in the context of its interests in electronic publishing. In recent months, Elsevier shifted Endeavor's strategic focus toward digital archiving, devoting less attention to mainline library-automation products.

Combined Company Scale

As a combined company, Ex Libris and Endeavor form the largest supplier of automation software to academic libraries. The combined company will initially employ a workforce of about 417, still significantly smaller than SirsiDynix, with 679 employees reported at the end of 2005. Innovative Interfaces ranks as the third largest company in the industry.

The automation systems of the two companies are installed in more than 2,300 library organizations (Voyager: 1325; Aleph 500: 981). The number of individual library sites using these systems totals about 2,600; adding in the non-ILS products would increase this total to a higher figure.

The combined company includes a number of automation products and a customer base of a large portion of the world's most prestigious academic libraries. The company offers ILS software to 56 (21 Aleph 500, plus 35 Voyager) of the 123 members of the Association of Research Libraries (ARL). More than 80 ARL members are using ILS or other software products from the combined company, and 25 national libraries use either Aleph 500 or Voyager, including the Library of Congress.

Endeavor Corporate History

As Endeavor Information Systems becomes absorbed into a larger corporate entity, we take note of the company's history—one of the more interesting stories in the annals of commercial library automation. Though the company's founding took place in January 1995, Endeavor has a longer history, involving multiple antecedent companies.

Looking back one direction, Endeavor follows the corporate secession of Carlyle Systems and MARCorp. Carlyle Systems emerged in 1981, offering an automation system called "The Online Multiple User System," or TOMUS. The company received $2 million in venture-capital investments in 1986, but it had financial difficulties throughout its history.

In September 1989, the company filed for Chapter 11 bankruptcy, emerging in January 1990 with the help of investments from Technology Funding, Inc. In January 1992, Carlyle introduced a new client/server automation system, the Voyager Library Series, and in June 1993 Carlyle Systems changed its name to MARCorp (Multimedia Access & Retrieval Corporation). The company failed to thrive and was put up for sale.

Endeavor Information Systems, Inc., came into existence in November 1994, when it acquired the Voyager Library Series from MARCorp. Endeavor provided support for the existing version of Voyager, but the company immediately began the creation of a new client/server system of its own design.

Endeavor's other legacy emerges out of NOTIS Systems, Inc. Individuals at Northwestern University created the mainframe-based NOTIS Library Management System, a system that earned the reputation as the premier automation system for academic libraries.

In 1981, under the leadership of Northwestern University librarian John McGowan, the university began marketing NOTIS to other libraries. On September 1, 1987, Northwestern spun off NOTIS Systems, Inc., as a for-profit company, and then Ameritech Information Systems—one of the "baby Bell" telephone companies—acquired NOTIS on October 1, 1991. Ameritech further extended its presence in the library automation market with its January 20, 1992, acquisition of Dynix.

In the context of declining interest in mainframe-based systems, in June 1993, NOTIS began the development of a distributed client/server system, with Carnegie Mellon University as a development partner. In August 1993 NOTIS announced its new system would be called Horizon. About a dozen other large academic libraries signed with NOTIS as beta test sites for Horizon, and another eighteen libraries signed contracts as early implementers.

In late 1990 Dynix created Marquis, a company to develop a client/server library-automation system by that same name, which debuted at the ALA Midwinter conference in January 1991. Marquis early customers included the corporate library for Microsoft Corporation.

But on June 20, 1994, Ameritech announced a major change of strategy. The NOTIS Horizon project would be discontinued; Dynix Marquis would be re-branded as Horizon, would become

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the company's strategic client/server product, and would be offered to satisfy the thirty-six contracts pending for NOTIS Horizon.

It was the Marquis-based system that formed the basis for the today's Horizon product (as part of SirsiDynix's product line). Ameritech took this opportunity to consolidate its portfolio companies in the library-automation industries, forming a division called Ameritech Library Systems, with Paul Sybrowski, president of Dynix at the helm. Jane Burke, president of NOTIS Systems, left the company.

Following the demise of NOTIS Horizon, many of its key developers exited from Ameritech, and by November 1994 formed Endeavor Information Systems to develop a new client/server automation system for academic libraries. The team had strong support of the academic library community as well as the opportunity to learn from any mistakes made in its initial efforts. The founders of Endeavor included ex-NOTIS employees Patrick Franklin, Verne Coppi, Cindy Edgington, and Don Reilly. Jane Burke joined the company as president and CEO in March 1995. Endeavor redeveloped Voyager from the ground up, keeping little more of the original product than its name, and the company quickly emerged as one of the leading companies in this sector.

Academic libraries responded to Endeavor Information Systems and its new Voyager ILS, and as a result, the company saw strong sales and won a large percentage of the ARL members and built a strong customer base of medium-sized and large academic libraries too. The Library of Congress implemented Voyager to replace its locally developed library-automation systems. Today, Voyager is used in 35 of the 123 members of the Association of Research Libraries.

Endeavor's founders paid off their debt to TFI in February 1999, gaining complete ownership of the company. The company's financial independence lasted only a short while, though. In April 2000, the founders sold the company to Elsevier Science, an Amsterdam-based multinational publisher of scientific scholarly literature. Burke continued as president of the company through December 2004. At that time Roland Dietz, who previously served as managing director of Global Sales for Elsevier, took charge of the company as president and CEO. Elsevier's ownership ends with the sale of the company to Francisco Partners.

Francisco Partners' acquisition of Endeavor and the reformation of Ex Libris Group as a combined company focused on the technology needs of academic libraries marks a new phase of commercial library automation. Viewed optimistically, this new company offers the opportunity for the development of a new generation of library-automation systems better aligned with the needs of academic libraries in an increasingly digital age. A more pessimistic perspective would note the decrease in competition and might fear that pressures to make the new company more profitable could moderate the level of research and development investments. The outcome likely falls somewhere between these two positions.

Given the faltering position of Endeavor under the stewardship of Elsevier, remaining with the status quo would ultimately be more disruptive to the libraries relying on the company's products than any of a number of other possible outcomes. As customers of the new leading company in the academic library market, Endeavor libraries may gain access to more ambitiously developed and higher quality products than they would have seen had the company not been sold. The upcoming months and years will test the ability of this consolidated company to deliver on its ambitions to develop technologies that will take academic libraries forward in these times of rapid change. ■

More Info @:

"Francisco Partners to Acquire Endeavor Information Systems from Elsevier: Endeavor to be Merged with Ex Libris, to Create Global Leader in Library Software and Services," www.exlibrisgroup.com/newsdetails.htm?nid=499

Hectic Pace blog by Andrew Pace, "Ex Libris and Endeavor Merge," http://blogs.ala.org/pace.php?title=ex_libris_and_endeavor_merge

Tech Boosts to Book Discussions

At first glance, book-discussion groups seem to fall squarely in the bottom quartile of things that would benefit from computer and information technology. What could be more decidedly offline than a group of people sitting around talking about a book?

Actually, there are several ways libraries and other organizations are experimenting with providing technological boosts to book groups. Obviously, if an e-book version or digital audiobook version of a book to be discussed is available, pointing potential discussion participants to these versions ensures that everyone has quick and easy access to the text. During the actual book discussion, there may be ways that computer and information technologies could be used to facilitate and enhance the discussion, but methinks having a PowerPoint presentation at most in-person book discussions would be overkill and perhaps counterproductive.

Online chat and various comment and feedback loops can foster and facilitate a dialogue between two or more people about a book from disparate locations. This fact really is blurring the lines between traditional single-person utterances about books, such as book reviews and critical commentary, and book dialogues and discussions. For example, if I read a blog posting that comments on a recently published book, then post a comment in reply, followed by a follow-up comment from the blogger about the book, at some fundamental level we have started a dialogue about that book, and other readers of that blog may chime in. Voilà! A book discussion has broken out.

Text chat-based online book discussion forums have been in existence for years. In her recent book, *Running Book Discussion Groups* (Neal-Schuman, 2006), Lauren Zina John devotes chapter eight to starting and conducting an online library-sponsored book discussion group. Some bulletin board and e-mail discussion groups are private, while others are open to everyone, even if subscribing is required. As Ms. John reports, the success of these early forms of online book discussions has been mixed. Although the theoretical advantages of online book discussions seem compelling (for example, you can reach a broader group of people interested in a particular book, there's no need to travel, discussing a book online should make most people willing to share their impressions of the book, and a text-chat book discussion should appeal to teens, who evidently love to text-chat about anything), in reality perhaps the emotional bandwidth of these early online book discussion venues was just too narrow. They don't feel like book discussions.

Web-conferencing software, which usually includes a voice-over-IP feature and, increasingly, a video cam function, can create a better sense online that a group of people have gathered to discuss a book. Using Web-conferencing software, PowerPoint presentations, co-browsing to author Web sites, and other document presentation systems can enhance the book discussion experience. OPAL (Online Programming for All Libraries)—the collaborative of libraries of all types to provide a wide variety of public programming—has conducted many online book discussions as well as genre discussions and author interviews. Although the success varies, in general attendance has been lower than expected. This may represent a publicity challenge.

Another attractive aspect of many online systems being used for online book discussions is the ability to record, archive, and podcast these discussions. This allows online participants to time-shift as well as place-shift their literary interests and intellectual pursuits.

Authors, publishers, librarians, and common readers seem to be warming to the idea of using computer and network technologies to improve the book group experience. On December 5, 2006, as part of *Library Journal*'s URLearning series of online events, a group of literati discussed how Webcasts, podcasts, and other newer technologies can be used to encourage the delicate but vital activities of book groups.

The most recent venue for online book discussions seems to be online three-dimensional, multi-user virtual environments, such as Second Life. Although participating in a book discussion may be the last thing many avatars wish to do in Second Life, for the bookish, an online environment creates the ambiance of an in-person discussion in the real world. I recently participated in a Second Life book discussion of George Eliot's short Victorian novel (no, "short Victorian novel" is not always an oxymoronic phrase) *Silas Marner*. Thirteen avatars attended, and the discussion was lively and good, with many avatars expressing their thoughts. Of course, when attending any online book discussion, you need to bring your own refreshments.—*Tom Peters*

More Info @:

Library Journal'sURLearning Series: Reading Groups—New Angles Make Them Work www.libraryjournal.com/article/CA6271543.html

Online Programming for All Libraries, www.opal-online.org

A-Podcasting We Will Go

The signature behaviors of Web 2.0—blogging, podcasting, social networking, etc.—are becoming the fit and proper objects of serious study and surveying. In November 2006, the Pew Internet and American Life Project issued a brief four-page report about podcasting, which follows an earlier report about American blogging behavior. This project data memo focuses on usage of, not the creation and dissemination of, podcasts.

Based on a nationally representative telephone survey conducted in August 2006, twelve percent of Internet users reported they had downloaded a podcast to listen to—or view—at a later time. This percentage was up from the seven percent of Internet users who admitted to downloading podcasts during a similar survey conducted in February–April 2006.

Perhaps predictably, more men (fifteen percent) than women (eight percent) reported having downloaded a podcast, and the longer a person has been a user of the Internet, the more likely he or she is to download podcasts. The more formal education attained, and the younger one is, the more likely the use of podcasts. Oddly, however, the level of household income appeared to have little or no bearing on the propensity to use podcasts. Another interesting survey finding: podcast downloading seems to be a sporadic, not a regular, behavior for most podcast users.

Although the survey focused on usage rather than creation of podcasts, the report does note, "The range of content available to those interested in podcasts has exploded over the past two years." Individuals who wish to offer their own garage-content to the world continue to create podcasts, but for-profit corporations as well as not-for-profit organizations (including many libraries) are casting their pods to the wind. Textual and video podcasting has grown in relation to the more traditional audio podcasts.

The November report mentions that the earlier February–April survey found that twenty-six percent of Internet users reported owning a portable MP3 player, but evidently that question was not included in the August telephone survey. That's a pity, because the growth of the adoption and diffusion of these devices throughout the general population could have a bearing on the success and growth of various library services that provide mobile audio and video experiences, such as library-grown podcasts, downloadable digital audiobooks, and downloadable music services.—*Tom Peters*

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More info. @:

Pew Internet Project Data Memo: Podcast Downloading, www.pewinternet.org/pdfs/PIP_Podcasting.pdf

The Meaning of Second Life

Second Life (SL), the three-dimension virtual reality environment that has grown like Topsy throughout 2006, continues to fascinate me, both as a general technological, social, and cultural phenomenon, and as a professional opportunity for librarians.

Early in 2006, Second Life had only a few hundred thousand registered residents. By late November last year, the number of residents was approaching 1.7 million, and nearly 700,000 of those residents had been active in the past 60 days. That is, the people behind those residents of this boomtown virtual world had actually logged into Second Life.

One general thing that intrigues me about SL is something I have failed to see or experience: other residents dissing real life (RL). When I first became active in SL, I thought there would be lots of utopian sentiments expressed along the lines of "The real world is a mess and a failure. Let's start afresh in this brave new virtual environment. Humanity can do much better the second time around." The utopian ideal flared into action in American life in the 19th century and again in the late 1960s and early 1970s, so it would not have been surprising to see it expressed early and often in this first decade of the 21st century with SL as its chief outlet. Granted, I have chatted with only a hundred or so of those 1.7 million residents, but I get no sense of an anti-RL mood. These are not disaffected refugees from real life, but active, creative people who see in SL a new outlet for, well, their activities and their creativity.

Teen Second Life is another fascinating aspect of the entire SL landscape. A separate virtual environment is being created and populated by teenagers between the ages of 13 to 17. Although sometimes it seems as if the real world is driven by the angst and desires of the teenage mind, it will be wonderful—or perhaps horrifying—to see what a group of teenagers actually create in Teen Second Life. Although many of the residents of the adult SL seem to be related to Barbie and Ken—one surmises they are generally younger and thinner than the real-life humans behind those screens—the residents of Teen Second Life may be much more far-fetched in terms of appearance and behavior.

As a librarian, the challenges and opportunities presented by SL seem enormous. The surface issues (Do we need a library building? If so, what type of building?) certainly are intriguing, but I hope our profession also takes up the SL gauntlet and researches and ponders some of the deeper issues about the ways humans seek, store, and use information objects.

Take, for example, browsing. Although searching seems to be the rich, popular city cousin of poor, humble, rustic browsing, in fact browsing is a complex behavior that may flourish in virtual environments. We know from our experiences in RL libraries and bookstores that human information browsing is a popular activity. For all I know, the topic of "browser neck," caused by long perusal of spine labels of books on shelves, is a regular session at chiropractic conferences. What we often overlook is that other animal species also engage in browsing behavior. They browse through fields and forests looking for food.

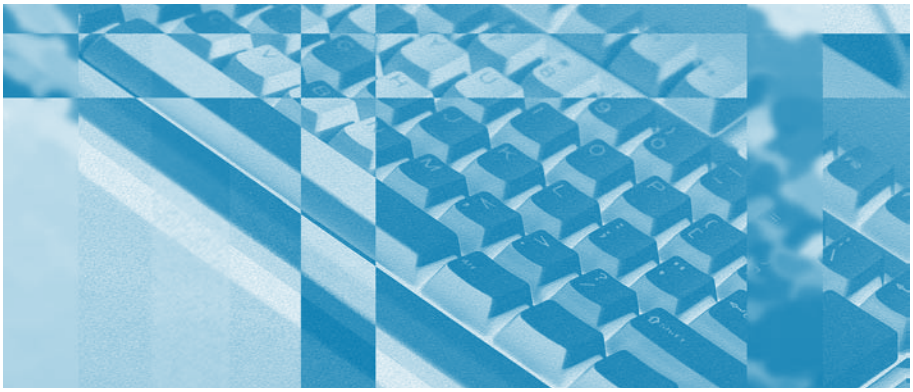
Again, my experiences of SL are still in their early, formative stages, but the type of browsing I see residents engaged in seems to be a hybrid of the human information browsing in RL that we all know and love and animal RL browsing. In SL it is possible to scatter information objects across the landscape, both indoors and outdoors, in the air and under water. The question of how to organize and present information for maximum use and usability is very interesting in Second Life.

Some librarians take a dim view of current efforts to bring librarianship to virtual environments. Their criticisms are important and need to be discussed throughout the profession. Nevertheless, I hope we remain open to the possibility that the meaning of Second Life for library and information technology may be a key component of the continued growth of our profession.—*Tom Peters*

More Info @:

Second Life (Web site, not Second Life the virtual environment, http://secondlife.com

Teen Second Life Web site, http://teen.secondlife.com



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The Lowdown on Endeavor's Acquisition by Ex Libris's New Owner

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

Contributing Editors
Marshall Breeding
615-343-6094
marshall@breeding.com

Tom Peters
816-228-6406
tpeters@tapinformation.com

Editor
Teresa Koltzenburg
800-545-2433, ext. 3252
312-280-3252
tkoltzenburg@ala.org

Administrative Assistant
Judy Foley
800-545-2433, ext. 4272
312-280-4272
jfoley@ala.org

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