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IN THIS ISSUE

Smarter Libraries through Technology: New Chapter for SirsiDynix

By Marshall Breeding

The big news this month centers on the long anticipated sale of SirsiDynix to new owners. The acquisition of SirsiDynix by ICV Partners brings to a close a fairly dramatic chapter in the history of the library technology industry. When Vista Equity Partners acquired SirsiDynix in December of 2006, the company was still working its way through its merger. Both Dynix and Sirsi Corporation were large and complex companies with multiple products by their own development efforts and via previous acquisitions. Any of a variety of courses of action seemed possible.

Sirsi Corporation had acquired DRA, which had previously acquired Multi-LIS and INLEX/3000. Sirsi's own Unicorn ILS, DRA Classic, MultiLIS, and INLEX/3000 were all actively used in libraries at that time. Dynix had developed its original Dynix ILS and Horizon, and was working toward the completion of a new product called Corinthian. DRA Classic, INLEX/3000, and Dynix Classic were based on older technologies that could no longer be supported and were gradually being phased out as those libraries migrated to newer products. It was less clear what to do with the two flagship ILS products of the two companies, Unicorn and Horizon, or the new Corinthian product.

Vista Equity Partners wasted no time in establishing its plot line. Corinthian was doomed. The new ownership did not have confidence in its technical underpinnings, and its deployment would have meant new migrations for the entire customer base. Both Unicorn and Horizon had been well proven as stable products with rich functionality and used by similar number of libraries. Unicorn emerged as the foundation for the company's new flagship product, which was shortly branded as Symphony.

It's an understatement to say that this scenario was not well received by the library community. Unsurprisingly, many libraries using Horizon decided to

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move to other options. Despite their system emerging on top within SirsiDynix, some libraries using Unicorn likewise fled. The open source ILS movement was at that time just getting underway, and the distrust of vendors fueled its flames. Commercial firms such as LibLime and Equinox Software benefited as these libraries sought open source ILS products that would not tie them to any single vendor. Polaris was a company that was particularly successful in attracting libraries moving out of the SirsiDynix fold. All of that is a familiar story by now, but it leaves out important context.

The movement of some libraries moving away from SirsiDynix must also be seen in through the perspective that the vast majority of libraries using its products stayed the course. While there was some painful leakage, most libraries using Dynix Classic, Horizon, MultiLIS, and DRA Classic ultimately moved to Symphony. I observe that libraries remain loyal to its current vendor even when they are less than pleased with its performance. Factors include the simplicity of sole-source procurements versus the much longer RFP process, financial incentives provided by the incumbent vendor, and a view that other vendors and products are not likely to perform substantially better. This "devil you know" attitude favors incumbent vendors.

Even during this difficult period, SirsiDynix continued to attract new library clients in respectable numbers, especially on the international front. While the growth of the company may have been below projections, I have no doubt that the company remained profitable. Vista's business integration strategy produced a company that was mostly centralized and operationally efficient.

SirsiDynix seems to have mostly weathered the storm. Its story has taken a more positive turn in recent years. In 2013 its sales performance topped the charts. Horizon lives on. The company now emphasizes that it will continue to support Horizon and that all new development and add-ons will work with both of its ILS products. While no new sales of Horizon are expected, other than libraries joining existing implementations, the flow of libraries moving away from Horizon has slowed and most of those are opting for Symphony. SirsiDynix has embarked on a development agenda that hits a lot of the right notes as far as a modern technology platform and addressing some of the pressing needs of libraries, especially in e-book management and access.

It seems to me that Vista's chapter of the SirsiDynix legacy finishes with a tone of optimism. The company is strong, with broad international reach, and has some interesting directions in product development. Its tarnished reputation seems to be recovering. The stage is now set for its next chapter, with few clues that reveal whether its course will continue mostly as set, or if there will be some more dramatic twists of plot.

ICV Partners Acquires SirsiDynix

A new era in the corporate history of SirsiDynix, one of the corporate giants of the library technology industry, has begun. After over eight years of ownership, Vista Equity Partners has sold SirsiDynix to ICV Partners, with Vista retaining, and company executives acquiring, minority stakes in the company. While it is too early to assess how new investment owners will shape the direction of the company going forward, it is clear that SirsiDynix remains a major force in the industry with a very large number of libraries relying on its success.

SirsiDynix, along with other Ex Libris, Innovative Interfaces, and Follett Corporation, ranks as a giant in the industry, which also includes dozens of mid-sized and small companies. Each of these four companies has earnings in the range of $100 million and develops strategic technology products for libraries. However, each follows quite different business strategies and has distinct profiles of customers according to type and geographic region. Globally diverse, SirsiDynix supports customers in more than 70 countries.

SirsiDynix has a long and interesting history that spans many different companies, products, and personalities. This issue of *Smart Libraries Newsletter*, examines SirsiDynix, working through the phases of its corporate history, its product strategies, and the potential impact of this business transition.

Two Decades of Ownership and Management by Founders

Sirsi Corporation (Specialists in Reliable Software, Inc.) was founded in 1979 by Jim Young, Jacky Young, and Mike Murdock as a general computer software consulting and development firm based in Huntsville, Alabama. The individuals that founded the company were recent university graduates with an affinity for libraries. During its initial two decades these three founders led the company with Jim Young as Chief Executive Officer, Jacky Young as President and Chief Operating Officer, and Mike Murdock as Chief Technology Officer. Jim Young was the principal architect of the company's core product, the Unicorn Collection Management System, now known as Symphony.

In 1980, Sirsi Corporation was contracted to assist in the development of an online circulation system for the Prince Gilbert Memorial Library at Georgia Institute of Technology. Jim

Young had previously served as a systems analyst for the library and had earned both his degrees from the university. The system that Sirsi Corporation created was named Unicorn and subsequently became one of the most widely used library automation products in the world. Unicorn's initial design of the product was delivered in June 1981, with the operational system installed in early 1982. This original Unicorn installation ran on Texas Instrument 990 minicomputers under the Unix operating system, was written in the C programming language, and was based on the client-server architecture. These technical choices proved to be astute and enabled the software to stand the tests of time spanning more than three decades.

Sirsi began offering Unicorn as a turnkey library automation system by mid-1983. Modules of the system included circulation, cataloging, import of records via magnetic tape, authority control, and academic reserves. Unicorn was initially sold primarily in the southeastern United States, but soon expanded nationally and internationally. Around 1988 Unicorn was enhanced to use BRS/Search as its indexing technology.

In June 1990, Peter Gethin and Nick Dimant founded Sirsi UK Limited, with an arrangement with Sirsi Corporation to license and market its products in Europe, Africa, and the Middle East. Gethin had previously been associated with the BRS distributor in the UK as a manager and later as a co-owner.

During the phase of the company where it was owned and managed by the founders, Sirsi Corporation grew organically by steadily signing new customers. By 1991 there were 100 installations of Unicorn. The company also enhanced and expanded its product line. The original Unicorn system was created with text-based interfaces access through computer terminals or emulation software. In 1997 the company created WorkFlows, a new staff client application based on the Windows graphical interface and design concepts that assembled discrete tasks into patterns that could be easily understood and operated by library personnel. Sirsi introduced WebCat as the first Web-based online catalog in 1995. Sirsi Corporation developed a specialized version of Unicorn, launched in 1992 and branded as STILAS, for government agencies that supported the data format used by COSATI (Commerce, Energy, NASA, Defense Information Managers Group) for cataloging technical reports and an Accountability Module was developed to provide enhanced access control according to clearance levels.

Seaport Capital

By 1999, Sirsi Corporation had grown considerably. Its flagship product was installed in almost 1,000 sites, the company employed around 250 personnel, and had risen to the top-tier among the competitors in the library automation industry. At this time, Sirsi Corporation saw annual revenue of around $25 million. To further expand the company and to eventually provide an exit for the founders to gain the return on their investment, Sirsi Corporation began a relationship with CEA Capital Partners in October 1999. CEA Capital Partners is a corporate entity related to Seaport Capital, which acquired the majority ownership of the company, positioned as a recapitalization, with the founders retaining around a third of the equity.

Seaport's majority investment gave it the ability to set the strategy of the company. The minority stake of the founders provided important influence with the benefit of their deep experience of the industry, their customers, and the products. With Seaport's backing, Patrick C. Sommers was appointed Chief Executive Officer in May 2001 and the founders stepped away from direct oversight of the daily operations of the company. Jim Young remained on the Board of Directors and served as its chair during this period.

Sirsi Corporation saw its first phase of business expansion through the acquisition of DRA (Data Research Associates) in May 2001 for around $55 million. DRA, founded by Mike Mellinger, had grown to be of similar size to Sirsi Corporation and had become a publicly-traded company through its 1992 initial public offering. Prior to its acquisition by Sirsi Corporation, DRA had also grown through strategic acquisitions. It purchased the INLEX/3000 ILS in October 1993 and MultiLIS in October 1994. The acquisition of DRA essentially doubled the size of the company in terms of library customers and revenues.

Beginning around 1996 DRA had been involved in the development of a new-generation automation product, called Taos. By 2000, Taos was live in several sites, but did not perform well and failed to meet expectations. Taos continued to be marketed for a short period following Sirsi's acquisition of DRA, but a letter to customers dated December 7, 2001 announced that the product would be withdrawn and that all future development would be focused on Unicorn. DRA Classic, MultiLIS, and INLEX would continue to be supported, with Unicorn positioned as their forward migration path.

With the integration of DRA largely complete, Sirsi Corporation began further expansion. In January 2005, Sirsi Corporation acquired Docutek, adding its electronic reserves system to its product portfolio. Sirsi Corporation's largest strategic acquisition came with the purchase of Dynix in June 2005. Dynix was previously owned by a consortium of investors that included 21st Century Group, Greenleaf Ridge, and Stratford Capital. Following the acquisition, the company adopted SirsiDynix as its operating name.

Dynix had a long corporate history, making a number of organizational transformations and strategic acquisitions. Founded in August 1983 by Paul Sybrowsky, Keith Wilson, Jim Wilson, and Ralph Egan, the company developed the Dynix integrated library system that became established as the leading product for public libraries, with strong representation in academic and school libraries as well. Dynix was acquired by Ameritech in January 1992, which had also purchased NOTIS Systems in October 1991. While under the ownership of Ameritech, the company developed Horizon, an ILS following client-server architecture, and enjoyed considerable success marketing it to public and academic libraries. Ameritech divested itself of its library division in July 2000. Upon separation from Ameritech, the company was initially called epixtech, but shifted to the more recognizable Dynix name in January 2003.

Jack Blount was appointed CEO of Dynix in June 2002 and led the company through the development of a new product intended to eventually succeed its Dynix and Horizon products. This new product, called Horizon 8 or Corinthian, was developed in collaboration with Starsoft, a company based in St. Petersburg, Russia that specialized in software creation using Agile processes.

Following the initial acquisition of Dynix by Sirsi Corporation, the company stressed the ongoing support of all the established products (Unicorn, Horizon, Dynix Classic, DRA Classic, and INLEX/3000) and positioned Corinthian as its strategic next-generation automation platform.

Company Performance under Vista Equity

San Francisco-based Vista Equity Partners acquired SirsiDynix from Seaport Capital in January 2007 in a deal with an estimated value of around $260 million. The acquisition included Sirsi UK Limited, which was until that time a separate corporate entity. Vista Equity Partners, founded in 2000 by Robert F. Smith, has raised a series of private equity funds over time, each with its own portfolio of investments. Though involved in a fairly diverse range of industries, Vista has invested primarily in technology-oriented companies.

Private equity firms do not take a passive role in the companies in their portfolio. Their ownership stake gives them control of the board of directors, which in turn installs the senior executive management and sets the high-level business strategy. Vista is generally known to follow a "playbook" that outlines an aggressive approach to business integration and operations, which centers on product consolidation and cost reduction. The acquisition of SirsiDynix was made on the premise that considerable savings could be achieved through focusing on a single platform.

The execution of the new business strategy transpired in short order. On March 15, 2007, less than three months after the close of the acquisition, SirsiDynix announced that it would discontinue the development of the new Corinthian platform as well as the existing Horizon ILS and that all future development would be focused on enhancing Unicorn. Initially renamed Rome, but later branded as Symphony, this product would be developed and expanded to fulfill the anticipated benefits of Corinthian, but on top of a mature, stable, and reliable codebase.

Shortly after the acquisition of SirsiDynix, Pat Sommers, appointed under the ownership of Seaport Capital, abruptly resigned. Martin Taylor, Operating Principal of Vista Equity, led the company between the departure of Sommers on Feb 16, 2007 and the appointment of Gary Rautenstrauch as CEO in June 2007.

Under the ownership of Seaport, SirsiDynix saw a modest level of business and product integration. A more aggressive business integration process can be seen under Vista. In 2004, the year prior to their merger, Dynix had reported it employed 362 personnel and Sirsi 394, resulting in a combined workforce of 756. These numbers decreased in 679 in 2005 and 629 in 2006 while still under Seaport. Personnel numbers saw a much sharper decline under Vista, with a dramatic drop to 491 by the end of 2007. The company shed another 106 employees in 2010 resulting in a workforce of 385. Personnel levels have remained fairly constant since that year.

The key measure of the effectiveness of the business strategy can be seen in its impact on its customer base. The next page's table of total sales reported to the Automation Marketplace report demonstrates a general decline following the merger. In order to break even, the sales of Symphony would need to equal that of both ILS products, given its withdrawal from development and marketing announced in 2007. It should also be noted that the general economy experienced a downturn which was a factor in lower sales industry-wide.

The product strategy executed by SirsiDynix ultimately had an adverse impact on the company. Not only did new sales of Symphony decline, considerable defections came from libraries using both Symphony and Horizon. High proportions of libraries running Dynix Classic and Horizon did opt to move to Symphony. However, many Symphony and Horizon sites moved to outside alternatives. The abrupt product strategy of SirsiDynix at least partially stoked the flames of the open source ILS movement, with many libraries moving to Evergreen or Koha. In the US public library arena, Polaris was able to attract many libraries moving away from SirsiDynix products. Beginning around 2009, SirsiDynix moderated its stance on Horizon, announcing that it would continue to support and develop the product. All add-on products created would support both Horizon and Symphony.

Company satisfaction, as reflected in the annual Library Automation Perceptions surveys likewise declined during the initial period of Vista's ownership.

Another important factor in the SirsiDynix business strategy is its strong emphasis on hosting services. A high portion of the libraries that had previously implemented Symphony and Horizon have shifted to the hosted option, with even higher portions of new sales. SirsiDynix also offered strong incentives

	2001 Total	2002 Total	2003 Total	2004 Total	2005 Total	2006 Total	2007 Total	2008 Total	2010 Total	2011 Total	2012 Total	2013 Total
Symphony	117	207	124	134	91	71	121	135	126	122	104	128
Horizon	126	114	168	193	147	94	15	0	20	2	1	9
Symphony + Horizon	243	321	292	327	238	165	136	135	146	124	105	137

for libraries to sign long-term maintenance or hosting contracts, which many libraries signed to lock in attractive pricing.

SirsiDynix Revitalized

In recent years, SirsiDynix has deviated from the more austere version of the Vista playbook, channeling more resources into product development, support, and marketing. These efforts have paid off in terms of increased customer satisfaction, retention, and stronger sales. The International Library Automation Perceptions survey shows that customer satisfaction has steadily improved since its low point in 2008.

SirsiDynix has also moved to strengthen and modernize its product line. An increase in the personnel allocated to product development has produced a variety of new products with the new functionality expected by libraries, such as the BookMyne mobile interface and eResource Central for the management and access of e-books and other electronic resources. The company enhanced its Enterprise discovery interface and Portfolio, which extends Enterprise to also manage digital collections. Each of these products operates in conjunction with either Horizon or Symphony, relying on an add-in interoperability layer of web services. In March 2013, SirsiDynix announced the BLUEcloud suite, which includes all these new products, as well as a new set of web-based functional modules, initially for circulation and cataloging. The BLUEcloud suite is deployed through a new multi-tenant web-native platform hosted by SirsiDynix. While currently dependent on a library having installed either of the company's legacy ILS products, SirsiDynix has articulated a product roadmap where BLUEcloud will eventually provide comprehensive functionality.

In 2013, SirsiDynix led the industry in terms of sales with 128 contracts for Symphony, with 85 of those to new accounts. Major new sales such as the national system for the public libraries in Northern Ireland, the Houston Area Public Library, the SWAN consortium in Illinois, a statewide contract for the public libraries in South Australia reflect the resurgence of SirsiDynix. The sales performance and reputation of SirsiDynix has remained stronger internationally than in the United States. Despite any perceptions to the contrary, SirsiDynix remains an exceptionally strong competitor for new systems, both domestically and internationally.

There has also been an evolution in leadership in SirsiDynix during Vista's tenure. The company has had three CEOs during this period: Gary Rautenstrauch (June 2007), Matt Hawkins (Dec 2010), Bill Davison (October 2011).

SirsiDynix has also recently expanded through its May 2013 acquisition of EOS International (see *Smart Libraries Newsletter* December 2013). For SirsiDynix, EOS International brought an additional 1,000 libraries into its fold and provided an incremental bump in recurring revenue. Most of the EOS International customers were special libraries or small academic libraries. EOS.Web is one of the leading products for corporate, legal, and medical libraries and information centers. Like SirsiDynix, EOS International emphasized its hosting services, with only a small portion of its customer libraries opting for on-premises installations.

ICV Partners

A new phase of SirsiDynix begins with its acquisition by ICV Partners (http://www.icvpartners.com/) in a transaction that closed on December 31, 2014.

ICV Partners has not previously invested heavily in the software development or high-tech sector nor has it had previous involvement with companies serving libraries, publishers, or related industries. Its current slate of portfolio companies includes:

- OneTouchPoint (commercial printer with technology-enabled document outsourcing)
- Mallet & Company (oils, ingredients and equipment to the commercial baking industry)
- Stauber Performance Ingredients, Inc. (distributor of nutraceutical ingredients)
- Cargo Airport Services, LLC (cargo handling solutions)
- SAFE Security, Inc. (residential and commercial security alarm systems)
- American Alliance Dialysis Holdings, LLC (kidney dialysis treatment)
- Interventional Management Services, LLC (interventional pain management services)

ICV Partners was founded in 1998 under the name Inner City Ventures as a minority-owned private investment company. The company continues to operate as a certified Minority Business Enterprise. ICV Partners manages a pool of assets totaling $440 million, considerably less than the $14 billion currently managed by Vista Equity Partners.

The acquisition of a mid-market company from another private equity firm departs from ICV Partner's transaction types, as stated on its website, which include Family Succession, Recapitalizations, or Management Buyouts. SirsiDynix does fit within ICV Partner's investment criteria of companies with revenues between $25 to $250 million and EBITDA in the range of $5 to $30 million. Operational characteristics required by ICV include strong executive management, leading market position, growth opportunities, and working within an industry with stable demand. According to SirsiDynix CEO Bill Davison, "ICV Partners comes to this investment seeking to increase the long-term value of the company."

No information has been released regarding the value of the transaction. As with other acquisitions of this type, it is likely that it includes both direct investments by ICV Partners as well as bank loans, usually structured as senior debt and secured by the assets of the company. Executives in the company have also contributed to the equity of the transaction, which ensures continuity in the management of the company and indicates that the new owners are not likely to replace the incumbent management team.

The change of ownership will result in the reconstitution of the company's board of directors. Jermaine L. Warren will serve on the Board of Directors of SirsiDynix representing ICV Partners. Bill Davison will hold a seat on the board as CEO. It is also anticipated that an additional board seat will be offered to an individual external to the company or investment representatives. Vista Equity Partners has retained a small percentage of ownership in the company but will not be represented on its board of directors.

Perspective: Private Equity in the Library Technology

The library technology industry apparently continues to be perceived as a good investment opportunity for private equity. Libraries have proven to be a stable market for vendors offering technology-related products and services. While libraries tend to stick with a given system for a decade or longer, most view having current technology systems as an essential investment and allocate one-time replacement costs periodically and budget for annual maintenance or SaaS subscription fees. Even though the budgets of libraries have suffered in recent years, investments in the right technology products can help them operate more efficiently with fewer personnel resources and increase the impact of their collections through better discovery, wider resource sharing, and increased self-service. Most of the top-tier companies have established track records of moderate growth and profitability.

Other companies in the library technology industry owned by private equity firms include:

- Ex Libris Group: Golden Gate Capital (Francisco Partners 2006-2008; Leeds Equity Partners 2008-2012)
- Infor Library Solutions: Golden Gate Capital
- Civica: OMERS Private Equity (3i Investments 2008-2013)
- Innovative Interfaces: Huntsman Gay Global Capital, JMI Equity (Now including Polaris and VTLS).

Companies owned by private individuals or families include The Library Corporation, Follett Corporation, EBSCO Information Services, Axiell Group, Biblionix, Lucidea, Equinox Software, and ByWater Solutions. OCLC is a nonprofit corporation, owned by its members, which in turn owns a for-profit business.

Each ownership model has its relative advantages and disadvantages to libraries. All of the companies expect to take in revenue beyond expenses, including the nonprofits. Particular ownership arrangements show no clear pattern of more innovation, lower prices, and better service. Nor do I see a correlation between investment horizon and the development of innovative technology products. Ex Libris, a company well regarded for its creation of new technology products, has passed through three private equity owners in the past eight years. SirsiDynix, a company that until recently has focused on the stability of its more mature products, was owned by the same private equity firm during that period. Large family-owned businesses such as EBSCO or Follett have the longest investment horizon—essentially indefinitely. OCLC, as the only nonprofit in the industry, has created innovative products, but is not necessarily known for low costs. The mid-sized and small companies currently owned by families or founders cannot be counted on to remain outside of the investment arena indefinitely. We have seen long-standing holdouts such as Innovative Interfaces eventually sold by their founding ownership.

I do not consider private equity ownership as a negative in the library technology industry. Private equity firms have high expectations for the performance of their portfolio companies. Their investments are based on a specific projection of growth and annual profit, but they also plan for their companies to increase in value over time so that they can be sold at a higher price than the original investment. A business plan that seeks only short-term profits without creating value will not meet that requirement. While annual profits are important, portfolio companies must produce attractive products to fuel future sales. We can generally count on these companies to be stable and with good prospects in order to attract the attention of these investors. Private equity firms require control of the company through its board of directors, which will usually install its own senior executives to carry out its business strategies. Private equity investment also comes with overhead, including the management fees charged by these firms, one-time transaction costs at the time of acquisition, as well as the interest for bank loans associated with leveraged buy-outs.

Perspective: Business Integration and Product Strategy

Mergers and acquisitions have been a reality throughout much of the history of the library technology industry. Through the 1990s the industry was generally characterized as fragmented, with a large number of companies crowded in a finite competitive arena with little differentiation of products. After multiple rounds of acquisitions and mergers, a small number of large companies dominate, though fragmentation continues among the remaining mid-sized and small companies.

Roll-ups of competing companies have become an oft-repeated pattern in the library technology industry. When two competing companies merge, they are able to achieve a lower cost of operations, largely through the elimination of positions made redundant. Organizational and business integration brings considerable savings even in the absence of product consolidation. Almost all the mergers in the library technology industry, however, eventually lead toward a single product or platform. How that strategy is executed can make a major difference to library customers.

The other side of that equation lies in the disruption caused to libraries. One of the fundamental characteristics of this field lies in the high difficulty of changing automation systems. Libraries generally stay with the same system for a decade or longer. Their budget planning cycles for large projects such as automation migrations are long. It may require several years to obtain budget approval, carry out a competitive procurement process, and select a new system before they can begin the actual migration process. If pushed into a procurement situation, some portion of libraries will move to offerings from other competitors.

The creation of large companies through mergers can also lead to positive outcomes. By moderating the inclination toward sheer cost savings, these companies can have considerable capacity to develop new technologies. Small companies often struggle to keep up with development, especially through each of the major phases of computer architectures, such as the one currently underway from client-server to web-based multi-tenant platforms.

Ex Libris provides an example of a merged company that executed organizational integration, with a long-term strategy toward a unified product line. The company entirely integrated Endeavor Information Systems into its corporate structure following the merger in 2006, but continued to develop and support its Voyager ILS in addition to the Aleph. Ex Libris subsequently developed an entirely new line of products, Primo and Alma, which will replace both incumbent products in the long term. This product strategy has proven to be successful for Ex Libris as it continues to grow faster than its competitors.

The initial aggressive business strategy executed by Vista Equity Partners proved not to be a great match for the library technology industry, or at least for this particular scenario. The abrupt change in product strategy led to decreased confidence in the company, not only for the Horizon product that was initially abandoned, but also for libraries using Symphony. The absence of a new-generation product in a time when libraries generally felt that their current products were not living up to expectations also proved problematic.

SirsiDynix has been able to forge a path forward by making adjustments to its initial product and business strategies. Reasserting its commitment to Horizon has slowed the pace of libraries moving to competing products. More importantly, the development of the BLUEcloud suite provides a path forward that leverages existing ILS implementations, avoids the need for short-term migration, and demonstrates the ability to deliver products based on current technology trends. Vista's aggressive business integration has paid off in terms of building a more centralized company able to efficiently deliver support and develop new products. The more positive performance in the past few years is likely a factor in the Vista's ability to sell this long-overdue investment.

Perspective: the ICV Acquisition

It is interesting to consider the sale of SirsiDynix by Vista to ICV Partners in the context of other possibilities could have happened, but didn't. This transaction did not result in additional consolidation, but was a simple transfer of ownership. Had SirsiDynix been acquired by one of its competitors, another potentially painful round of product consolidations would follow in an arena where the available options have become uncomfortably narrow. The company also was not acquired by an entity in an adjacent industry, such as the acquisition of Geac by Infor or Talis by Capita, both companies with broader interest in business solutions for the public sector. OCLC has been on a streak of acquiring ILS companies, though none approaching the size of SirsiDynix. These theoretical possibilities may not have been practical options. Further industry consolidation may cross the lines of what might pass regulatory approval or push what libraries might tolerate in terms of narrowness of technology choices. Relative to possible outcomes, the sale of SirsiDynix to ICV Partners does not seem to bode toward disruption in the industry.

While ICV Partners remains an unknown quantity in the library technology industry, it opens new opportunities for SirsiDynix to pursue strategies that may go outside the repertoire of its previous owners. Any new investor enters the industry with the benefit of observing the strategies that have previously proven successful in the industry and those that haven't.

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