

Udi Arad's History of Ex Libris, in three chapters

Chapter 1:

In 1986, Azriel Morag, my brother in law, approached me and asked me to join him as his partner in a Libraries' project. At that time I was looking for a job after leaving IMI (Israeli Military Industries) where I had worked as a mechanical engineer and head of the CNC production floor. We had negotiated at that time an exclusive distribution agreement of the ALEPH product (revenue share type, excluding Israeli Universities) with the Hebrew University of Jerusalem. We decided to call the company Ex Libris.

One of the main factors that led us at that time to sign the agreement with the Hebrew University to distribute ALEPH was that the Technion, the Israeli MIT, decided to buy ALEPH from the Hebrew University to automate its libraries. One University buying a product from another University in this small country is quite an extraordinary event and this was sort of a mark for us that there was something in it that may attract other libraries in Israel and, hopefully, globally.

In the first years I was working from home and the Ex Libris office was actually based in our small laundry room, in our small apartment in Jerusalem. We had 3 kids at the time (the fourth still to come) and my wife, Dr. Devorah Schwartz-Arad, was quite busy at the hospital working as an Oral and Maxillofacial Surgeon (-- as she is still today).

In these first years, 1986-1990, I was doing most of the managing work since Azriel was still working in his old job (REGIS), and mainly mentoring and guiding me in my new position. (In 1986 I was 32 years old with no experience in the Software business).

Both Azriel and myself had no idea about libraries, let alone about automation of libraries. I remember my first Ex Libris sale of ALEPH to the Israeli Research Center of Oceanography in Haifa. This was in 1986, a 15,000-shekels (about \$5,000 at the time) sale, 2 invoices, hand-written, 7,500 shekels each. We were extremely happy. The library director (Ms. Ruth Paldi) called me one day and asked me whether she can implement the Technion library Thesaurus. I had no idea what she was talking about!

Anyway, in these first years of Ex Libris, we decided to move ahead with the ALEPH project and focus on sales in the Israeli market only. We wanted to test and verify whether we had a product in our hands and not merely a set of programs. That is, whether we could sell it with a reasonable implementation and maintenance time and effort, and whether the software is running steady. This was a good decision and a good experience for all involved.

In the late eighties, The Hebrew University had decided to transfer ALEPH and the employees supporting it to its fully owned company named ALEPH YISSUM. The backup of ALEPH – YISSUM, headed by Yohanan Spruch the programmer and head architect of ALEPH, and Avner Navin, the manager, enabled us in Ex Libris to continue and distribute ALEPH.

In 1988, Ex Libris, still just a distribution company, made its first international sale. As I say quite often, “everything in life is planning”. This was one of those cases. It goes like this: The library director of the Technion had met in a conference in Europe the Library director of CERN (Geneva) and told him how great ALEPH is. The guy, Stephan Schwartz, decided to come to Jerusalem and meet us. He came with his lady friend, the head of the DTV library, the Technical Library of Denmark. This was a nice start for a “romance” between Ex Libris and this couple, CERN and DTV. After a long sales cycle CERN decided to buy ALEPH and, a couple of years later, DTV followed, and decided to implement ALEPH as well.

By the way, when Yohanan and I visited CERN and presented ALEPH to them in 1988 (yes, although I was Ex Libris CEO, I was the demo-ing guy), the IT guys started taking to us about this new http protocol and html layouts and why we need to start thinking about changing our OPAC to this new protocols. We had no idea what these dummies are talking about, but this was actually the start of the World Wide Web. We (Yohanan and myself) were there when it all started; we had GOOGLE in our hands (a great ALEPH search engine) and did nothing about it. Shame on us!

The deal with DTV brought Oren on board. The package-deal with these guys in Copenhagen was that we needed to put an Ex Libris guy on-site for a period of a year (that was extended almost to 3 years, you can check with Oren). It took us some time (Azriel, Yohanan and myself) to convince Oren to join and relocate to Copenhagen with his wife Naama. Why we had decided on Oren? Again one of those stories: Oren’s father was the Israeli National Library Director, and Judy Levi, ALEPH YISSUM chief librarian was also working in that library. Oren was an expert in Linguistics and we had the impression he was a clever guy who could help us a lot. He also had a very good chemistry with Yohanan. This was extremely important, and actually, following then, they worked together successfully for many years.

Chapter 2:

Until 1996, Ex Libris Ltd. was a distribution company only, and I was the company CEO. We were quite a small group at the beginning. Besides Azriel and myself, we had a secretary and a librarian working with us in Tel Aviv. Barbara Rad-El joined us at the beginning of the ‘90s; she was working with us in our Tel Aviv office. The development and support were handled by ALEPH YISSUM (owned 100% by the Hebrew University) in Jerusalem. Oren also joined Ex Libris in 1988 as part of the DTV project in Copenhagen.

There were many funny and unique episodes during that period, that is, the first 10 years of Ex Libris operation from 1986-1996. I will share with you 5 of them, out of many more:

The CSIC story (Madrid, Spain, Miguel Jimenez):

This was the first ALEPH sale outside of Israel before the Ex Libris era. Ex Libris actually replaced the previous ALEPH distributor who sold the CDC computer and the ALEPH software to CSIC (*Consejo Superior de Investigaciones Científicas*, Spanish National Research Council), and, due to lack of interest from their side, to continue to support ALEPH, Ex Libris stepped in and signed the distribution agreement with the University. I was the guy who installed ALEPH

on VMS (upgrade from CDC to a Digital VMS machine at that time), for the first time outside of Israel, in Madrid. I travelled to Madrid to install and was on the phone with Yohanan for installation instructions. There was nothing really written at that time. Several more trips, and the system was operational.

The CASLIN, Martin Svoboda story:

The Czech and Slovak Library Information Network (CASLIN) was a unique international project of 4 major libraries that started as a national one. When we started the project, Czechoslovakia was one country. As we were moving ahead with the sales and tender process, the split into two nations, Czech and Slovak, took place. The U.S. fund responsible for funding of this project, insisted that all 4 libraries in the 2 states should use one system and network. The Czech Libraries wanted ALEPH and the Slovak ones wanted another system DABIS. I took a night train from Prague to Martin in Slovakia, slept the whole night on the bench, and arrived to Martin at 5am in the morning. It was icy and freezing, -20 degrees (Cent.). I spent the day in the library, joined the library director for lunch and dinner, and returned on the same night train to Prague. The library director changed his mind and voted for ALEPH and we won the tender. From then on, I used the phrase "99% is being there" very often in business.

The Vatican network of Libraries (Prof. Rebernik)

I went to Paris for the IFLA conference. In those days, I was carrying the computer with me (an old MICROVAX computer) and the set up for the booth. It was a one man show: setting up the booth, demoing the system, and sales (hopefully).

One day I had an interesting visitor: Prof. Rebernik from the Vatican Library (not the main one but the Research one. An amazing library we had visited with many very old books). He had no money, but was part of the network of Catholic institutions. He asked for ALEPH and I decided to give it to him free of charge, including 3 more libraries in the network who paid maintenance only. We won the whole network and later on we won Italy.

Raising funds for Ex Libris Ltd (Mr. Pierre Schneider of Luxembourg).

We met Mr. Pierre Schneider honorary council of Israel in Luxembourg. We told him amazing stories about how Ex Libris would change the world. He asked for a business plan. Azriel prepared an Excel on half a page with some numbers. Pierre invested \$250,000 in Ex Libris, at the time, a distribution company only! He believed we would make it happen, and we did.

Establishing Ex Libris Luxembourg and recruiting Marc Daubach, Catherine Holzem and Bob Simon)

We established Ex Libris Luxembourg because Pierre Schneider had a spare office and Bob Simon his friend was willing to work for us. We thought that establishing a European base for Ex Libris would help us in Germany and France, and to a certain extent it did. Bob Simon knew nothing about Libraries and/or Software but he was a clever and loyal guy. One day he brought Marc for an interview. A young guy who just ended his job in CA Japan. He was born in a small village near the border between Germany and Belgium. He knew computers, spoke French, German and English but most importantly, he was dynamic and flexible enough to work with us, a bit disordered group of Israelis from the holy land. As with our other recruits, he knew nothing about libraries. Welcome Marc! Catherine Holzem was a great recruit. Our first Librarian working in Europe and, together with Marc, they were really a great A team.

Chapter 3:

In 1996 Ex Libris Ltd. merged with ALEPH YISSUM (The Hebrew University). The negotiation of this merger with the University took us about 5 years. The University did not follow a business-like negotiation approach. It was awkward and not straightforward, but we, Azriel and myself, understood that the unification of the IP, the Sales, Development and Support departments under a single company and under a single set of priorities directed by the CEO was our only option to raise funds and move forward, big time, to the USA.

After very long discussions with the University (we had discussed the merger with about 3 University CEOs, one after the other), Azriel came up with the magic number: 50/50. So be it. Difficult to argue since what each party brought to table was almost impossible to quantify. I was appointed as the CEO of the merged company, and Azriel, the Chairman, and we then rolled up our sleeves and the real sweeping began.

We understood that the only way to establish Ex Libris in Germany was to buy a German Company. Bob Simon, through his contacts, found this library company DABIS in Hamburg. They had a nice installed base on mainframes with offices in Hamburg and Berlin. They went bankrupt and were looking for a buyout from the German sequester. I met Michael Lutgen, the senior guy, and the team in Hamburg. After a short due diligence, I sat with Michael in the office, looked at him, and asked if the team would stay with us if we were to buy the company. He said yes. We bought Dabis for 500,000 German Marks, paid to the sequester -- a risky but excellent move for Ex Libris, at that time still quite a small company.

We had started, low profile, working in the US. Rob Baum, our US representative, was involved in the first sales to JTS and Notre Dame University, Ex Libris' first Academic customer in the US.

In 1998, we raised 4 million dollars from two VCs (Walden and Tamar technologies) at a value of \$16M pre investment. In two years' time I burned all that money. How? Simple: we established Ex Libris USA. I recruited Carl Grant and Russell McDonald from Dynix after a short visit to Salt Lake. We relocated Oren and Naama to the USA and rented an office in Chicago. The burn rate was high, but it was worthwhile: in those two years we established Ex Libris as a dominant player in the US Academic market.

The Ghent story (SFX, Jenny Walker and Herbert Van De Sompel).

Herbert Van De Sompel had developed SFX at Ghent University. Oren, was very much involved in the due diligence process and we had decided to buy the product from the University, with Herbert working with us as consultant and Jenny as the product manager. This was a great move that opened many doors for Ex Libris. It was actually a cornerstone in our strategy of selling products to libraries who possessed other ILS systems, such as Endeavor Information Systems, and positioned Ex Libris as a truly innovative and ground-breaking company.

When the company reached close to \$30M in revenues in 2002 I have stepped down from my CEO position, and shortly following a transition period Matti took the wheel.

In 2002 Ex Libris was sold to Francisco partners for \$62M, following an additional \$10M dividends round, and I sold my shares in Ex Libris.

Why Ex Libris has been a success story, in my opinion:

- Because we were a great A team and we chose the right people to work with.
- Because we dared to take the right risks at the right time.
- Because we had great technology
- And last, but definitely not least: SALES – we knew how to do it and how do it well!