November 2013

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Recommended Citation

DOI: https://doi.org/10.7771/2380-176X.4351

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ATG Interviews Christopher Warnock
CEO, ebrary

by Katina Strauch (Editor, Against the Grain) <kstrauch@comcast.net>

ATG: Tell us about ebrary. When was it begun and by whom? Why? Who owns ebrary? What is the technology underlying your system and how is it different from your competitors?

CW: The beginning of ebrary...there are two beginnings really: The initial idea and then the actions to start the company and the development process.

In one sense, it all started while I was attending the University of Utah when a television special aired in which Steve Jobs described the computer as a bicycle for the mind. It inspired me to build a bicycle of my own. While conducting research for the bicycle, I realized that someday, all of the world’s information would become accessible from computers. This beginning was followed by years of wonder as to what such a system would be like and how I could contribute to it.

All of this led me to Adobe Systems, where I worked on Acrobat, Octavo where I conducted feasibility studies on the digitizing of rare books, the Arion Press in San Francisco, where I learned about publishing, printing and bookbinding, and Stanford University, where I met Mike Keller and Vicky Reich, two people who gave me a chance to formulate and express the idea behind ebrary. Then in 1998, there was the action and creation of ebrary, which was initiated by my need to incorporate in order to become a contractor at Stanford.

The second and most important beginning of ebrary was when I met with Kevin Sayar, a friend of mine from high school, who was a lawyer at the law firm of Wilson, Sonsini, Goodrich and Rosati. When I approached him with the idea of becoming a corporation of one, he suggested that we start a business together. I told him the idea, he said “let’s do it,” and we did. This was over the course of his career with the firm. Kevin is the president of ebrary. We then brought in Mohammad Al-Baghdaei, who is our VP of International Sales and Channel Development and together, along with the help, blood, sweat, and tears of our employees and numerous librarians, we fleshed out what would become ebrary today.

ebrary is a privately held corporation that is, as of this writing, owned by our investors: Random House, McGraw-Hill, Pearson, some private investors and our employees.

ebrary’s underlying technology essentially deconstructs PDF and builds a database that allows for the support of several different business and usage models. Incorporated within this system is Digital Rights Management, Full-text Search, Display technology, multiple Discovery engines as well as some interfaces that we have developed to facilitate integration. The system is built with the intent to be as flexible and scalable as we can make it.

ATG: Where did the name ebrary come from? How does your Website work? A lot of material is available free of charge but much of it is not available or costs a fee to view. Can you explain the model that you are working with costwise? This is an important question to answer clearly. Please spend more time on this one.

CW: I came up with the name “ebrary” while on the train, on my way home from work at the Arion Press. It was not taken. I had checked on Internic the moment I got home, so I registered it. The New York Public Library told us a couple of years later that we had beaten them to the name by a mere month. I don’t even remember what some of our other considerations were.

ebrary supports a number of business and payment models. Our primary focus is aggregating databases of content from leading publishers that we license to libraries and other institutions. We also license our technology to customers that need to distribute and archive their own content, under the business and payment model of their choice. We also operate a few sites for individuals: ebrary Discover, a free-based site designed for individual researchers who do not yet have access to our databases through their library, and our Library Center, a complimentary site that provides news and information for librarians and MLS students.

For our content aggregation business, we work with leading publishers to create dynamic databases, which we license to libraries and other institutions worldwide. We offer aggregated databases in multiple subject areas as well as collections from single publishers such as Datamonitor and D&B. Our databases primarily include full-text books, but we also offer sheet music, maps, journals, reports, magazines and other documents.

Libraries pay us an annual license fee for our databases based on type of library and size for simultaneous, multi-user access to content. Typically there is no cost involved for the end user, the library subscribes to multiple databases, which many of our customers do, they get access to all of the databases individually, but the library may also request that their site be configured to provide access to a database that seamlessly integrates all of the different collections. This is one of the most powerful features that ebrary offers.

For our technology licensing business, customers pay us an annual license fee based on the number and type of documents, bandwidth and customization requirements. Customers that license our technology control the access and pricing models. For example, some customers who license our technology offer content for free, under a completely Open Access model including the downloading of the source PDF. Other customers stream information, but don’t allow downloading. We also have customers that either provide restricted access, or access only with paid compensation, either through subscription or via micro-transactions, or payment by each document.

We recently announced that both ALA and SLA are licensing our technology to distribute their publications online. ALA is using ebrary to distribute and archive American Libraries magazine, while SLA is using our technology to distribute and archive Information Outlook. We also distribute Advanced Technology Libraries, a newsletter published and edited by Judy Duke.

Furthermore, we even have some publishers that have digitized either their collections or their publications using our services for distribution of their content. Stanford University, which is using ebrary’s software to distribute information from their collections, as well as their publications that they have digitized, offer numerous collections to their user community. UC Berkeley and the Library of Congress both distribute some of their books through ebrary’s aggregated databases, and of course a percentage of our publishing partners are university presses.

When it comes to models, we attempt to offer multiple options. This combined with the cost-effectiveness of building databases through our software provides an effective, commercially viable means for distributing electronic documents. We believe that we arguably have the most efficient means for creating and publishing commercially viable databases on the planet.

ebrary’s strength is in its ability to build cost-effective databases with flexible business models to provide commercially viable solutions for distributing electronic documents. We have leveraged this strength to provide a very successful service and become a leader in the international library market.

Additionally, ebrary offers sites for individuals: ebrary Discover, which features a full-text database of books, maps, reports and other documents spanning multiple subject areas, is continued on page 67

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design a database of books and newsletters for public access. The site is intended to provide librarians and students with important research materials, industry news, and information related to librarianship and related fields. There is no cost associated with using the site or the content.

**ATG: The past year (2003) has been very successful for us from all reports. You had a customer base increase of 300% and a customer renewal rate of 95%. How did you achieve such tremendous growth in hard times? What is your secret?**

We are beginning our third year of sales. Last year, our second year, was a great year, especially in light of how hard things are for libraries with regard to funding. We are very grateful for our customers and for their insights and support that they have given us. We are also very fortunate to have great people at ebrary and are very proud of our accomplishments. However, whenever a company achieves great results under such difficult market conditions it is most likely attributed to a very strong value proposition.

We are a small company. While people may have heard of ebrary, most librarians will categorize us as an e-book provider. When librarians see what we do, evaluate our title lists and participate in a trial program, they realize that we are not an "eBook" provider. In fact, ebrary has never been in the eBook business. Unfortunately, it has been difficult for us to effectively explain that we offer much more than mere eBooks. The good news is that when we give a demonstration, especially if people have been working with traditional eBook vendors, they see the benefits and the value of what we offer to their libraries—especially in times of reduced funding—and to their patrons in terms of research aids.

**ATG: Who are your customers? Is it largely libraries? What percentage of your customers are US and what percentage are international and in what markets? Over the past year, where was the growth—in the North American market or in a different segment?**

We have two types of customers. Our primary customers license our content. These are primarily academic libraries, but we are beginning to penetrate the special and public library markets as well. The second type of customers license our technology. These are typically content aggregators, publishers, libraries, and corporations.

Our customer base is distributed throughout 41 countries, and is nearly evenly distributed between North America and the rest of the world. The growth we experienced in 2003 was also distributed evenly geographically, as well as across all of our market segments.

**ATG: How does the North American market differ from the European market, or the Asian market or other international markets? Can you tell us what share of your business is in each market? How many customers do you have? How do libraries make use of your service?**

We have difficulty in understanding the differences between the US and international markets. Each is unique, just as every library is unique due to the influence of the native culture of the area, the differences due to the personalities of the Librarian, the Collection Development Librarian, or the influence of the IT staff. These differences in many ways are much more palpable than international differences.

With regard to our market share in each market, we are working to our overall plan, and things are continuing to go very well for ebrary.

Libraries for the most part, make use of our service the way it was intended to be used, which is to integrate with libraries' existing OPAC systems enabling patrons to gain access to the full text of the book, or...
Currently we are prototyping different variations of our software: we have one version where we just submitted over 10,000 documents in less than a day. I was amazed that we were able to create a fully functioning, commercially viable, ebrary enabled database of over 10,000 documents in less than a day. It was a huge break-through.

**ATG:** Who are your competitors? There are more and more of you. Is the market going to settle down or are we just in a state of flux because we don't have the right (profitable?) model yet?

**CW:** It's funny, we certainly have competitors that we are competing with, but it is not what anyone would characterize as head-to-head competition, at least not yet anyway. We often get "mish-shelved" in the eBok category, yet we do not have meetings internally where we say, "so and so just released feature x, when can we have it?" Instead, we find we are competing for the library's diminishing resources and the possibility to play a role in the libraries construction of their future. We are competing with entrenched ideological paradigms of varying extremes, and toughed on top of all the status quo.

Ultimately, the question boils down to why a library would want to offer their users remote access to a database of over $600,000 worth of recently published books with simultaneous multi-user access over the Internet from within the library's OPAC system, under the library's branding for a couple of thousand dollars per year? Last year our collection grew by more than 30%. We are the only company with an offering for primarily book content like this and we believe we have several compelling reasons as to why every library should want to partner with us, especially in times of reduced funding.

**ATG:** What do you think is the best/most outstanding aspect of ebrary?

**CW:** The main thing that is outstanding about ebrary is that we have been able to work side-by-side with publishers and libraries to make authoritative information available and accessible to the world. This has been a collaborative effort. It is truly rewarding to work with the corporations and institutions that are responsible for distributing ideas and making ideas organized so that the people who need access to authoritative information can find it and use it more efficiently. It is gratifying that we have been able to do this and maintain the publishers' and authors' compensation.

**ATG:** All the talk these days seems to be about OA, open access. What types of ramifications will this type of model have on ebrary?

**CW:** It seems that most of the communication regarding Open Access has revolved around Scholarly Communications involving Journals within STM. In some instances STM Journals and the articles they are comprised of, are funded by universities that have to pay for the research and authoring, then expend those same resources for peer-reviews and the further editing, then license that same content back in electronic form for about 20% or more of their library's materials budget. This seems like a pretty tough pill to swallow so it seems appropriate that the academic community would look to other means of distribution to address this issue.

ebrary supports Open Access as a distribution model. We allow publishers to have their content downloaded, viewed, printed and copied without any fee or restriction. While I wholeheartedly believe in Open Access, I have not yet had a publisher or a university request for us to make their information available under this model.

With regard to the impact on ebrary, we intend to facilitate Open Access when a publisher or institution is interested. The barrier here is that non-scholarly publications and communications expect to pay their employees, their editors and their authors. This in no way detracts from the idea of Open Access. We are making content as openly accessible as publishers are willing, within the context of their rights, and their perspective on their industry and market. Now, that the majority of our publishers choose not to allow the downloading of their content, and expect to receive compensation, I think it is reasonable and to be expected, especially since the majority of the content within ebrary has not been funded by universities or grants, but through commercial channels. These are companies that are not insulated by universities or federal or state funding. Even some of our not-for-profit publishers have the expectation of at least recovering costs, and we facilitate this.

That ebrary technologically supports Open Access is not enough. We would love the opportunity to work with any Open Access initiatives that are looking for a powerful, yet economical means for distributing electronic documents. With regard to ebrary's existing database business, I think that there are some great opportunities to explore how different business and access models can be incorporated to facilitate research.

**ATG:** Do you have an overall advisory board of some sort? Does it include librarians?

**CW:** We have an advisory board which includes Roger Summit, founder of Dialog, Michael Keller, University Librarian, Director of Academic Information Resources, Publisher of HighWire Press and Publisher of Stanford University Press and Craig Cline, who is an industry pundit of Seybold fame. We have been fortunate to meet with several of these people throughout the year, which involve librarians, and the IT Staff at libraries, depending on the information we are trying to obtain. Ultimately, however, we rely on our relationships with our customers to help us when we need it and let us know what we need to be doing better. So to this extent, everything we do involves and includes librarians.

**ATG:** What predictions can you make about the future? What will libraries and publishing be like in five or ten years?

**CW:** One of my favorite quotes, from William Gibson, is: "the future is already here, it is just not evenly distributed." Any discussion about the future I usually preface with this.

At some point all of the information on the planet will be accessible from a computer. The goal should be to make it accessible from every computer. This obviously does not apply to proprietary or private information. Storage and bandwidth have dropped tremendously in price, enough so that I could now have a complete library of all of my several

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I have seen machines, developed by some friends of mine at 4 DigitalBooks in Switzerland, that can scan a book without cutting the binding at the rate of over 1,000 pages an hour. Stanford has one and they are doing marvelous things with it. I have seen a printer that can print, bind and trim a paper bound book in less than 15 minutes. When these two devices are strung together via the Internet, you could have a book digitized and then printed and bound at multiple points simultaneously across the world in less than an hour. Either one of these devices on its own is staggering in its implications, but the effect of when they are combined becomes incredibly disruptive in a positive sense. How profound a disruption like this could be? Only time will tell.

This may not happen in the next five years, but every year more information is digitized, and some company is trying to figure out a way in which they can get access to all of the information for their own monetary benefit. It can be disguised as public utility, but in the end it is in no one’s interest to have information access within the control of any single company, or even distributed among a few. (This would be even worse if it was a governmental agency—imagine the outcome when the budget got cut?)

It is for these reasons that I believe in the ideas behind LOCKSS, with the addition of the caveat that the information will also be consumed in an equally distributed fashion. This has to happen so that the price for information drops. If the price of information does not drop, then we will not have realized the distribution potential of the Internet and the “information age.” By the way—I believe it is possible for prices to drop and for the publishers and authors to make more money.

In terms of the potential for the future, we have not even seen the tip of the iceberg. I would think that large, centralized repositories of information, whether they are retail-based or information-based, will be supplanted by smaller self-organizing systems that will allow for direct communication between publisher and consumer, or institution and patron, or publisher and institution. Commercial intermediaries need to be reduced or need not exist.

The future is ultimately what we collectively try to make of it. One of my favorite aspects of working within the academic community is that people talk about the future in cohesive conversations and collaborate in order to achieve it.

ATG: Finally, please tell us about yourself—family, what you like to read, what you like to do in your spare time, stuff like that.

CW: I love spending time with my family. I have two boys and a wonderful wife that I have been married to for 10 years. We live one mile from my parents and five miles from my wife’s parents. My parents are two of my best friends, and I have a tremendous amount of respect for them both. I see my brother and sister as often as I can.

If I am not working, I try to spend as much time with my family on our sailboat, “Magic Flute,” as possible. If we are not on our sailboat and it is winter, then we usually go skiing. Everything I do for fun generally involves some form of water: salty, fresh or frozen: I kayak, river-board, surf (poorly) and scuba dive.

I love books. I believe that the book is a perfect technology. I have kept almost every book I have ever read, and I have many more books that I would like to read someday. I read about a book a week. If I am traveling, I can generally squeeze in a bit more than that, unless I am someplace new, then I like to explore. I have a modest collection of first editions ranging across all my interests.