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# .org to .com: Going from Project to Product

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June 23, 2010

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# Perry

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Source: [1]



# Overview

- Why open source?
- Open source business models
- Advice from those who did it

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# Why open source? [2,3,4]

- Ideal for startups
- Protect intellectual property?
- Product is the de facto standard
- Company is the de facto source of the product
- Code escrow
- Shows the world your quality

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# Why open source? (cont) [2,3,4]

- Community
  - Lower cost of engineering and support
  - Lower cost of marketing and sales
- Lower costs → lower prices → raise competitive barriers

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# Open source business models

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# Red Hat Linux [2,4]

- Box edition at Software Etc., Babbages, CompUSA, etc.
  - CD w/installation support
  - Commercial support, training, services sold separately
- New version every 6 months
  - Necessary
    - Cash flow
    - Technical advancements
  - ISV and IHV certification nightmare
- Value placed upon atoms
  - Could still download CD ISO for free

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# Red Hat Enterprise Linux

- Different .org and .com
  - But all source is available [5]
- Fedora Project → Red Hat Enterprise Linux
  - Naming distinction
- Distribution cf. point product
  - Majority of project leads external

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# Red Hat Enterprise Linux (cont)

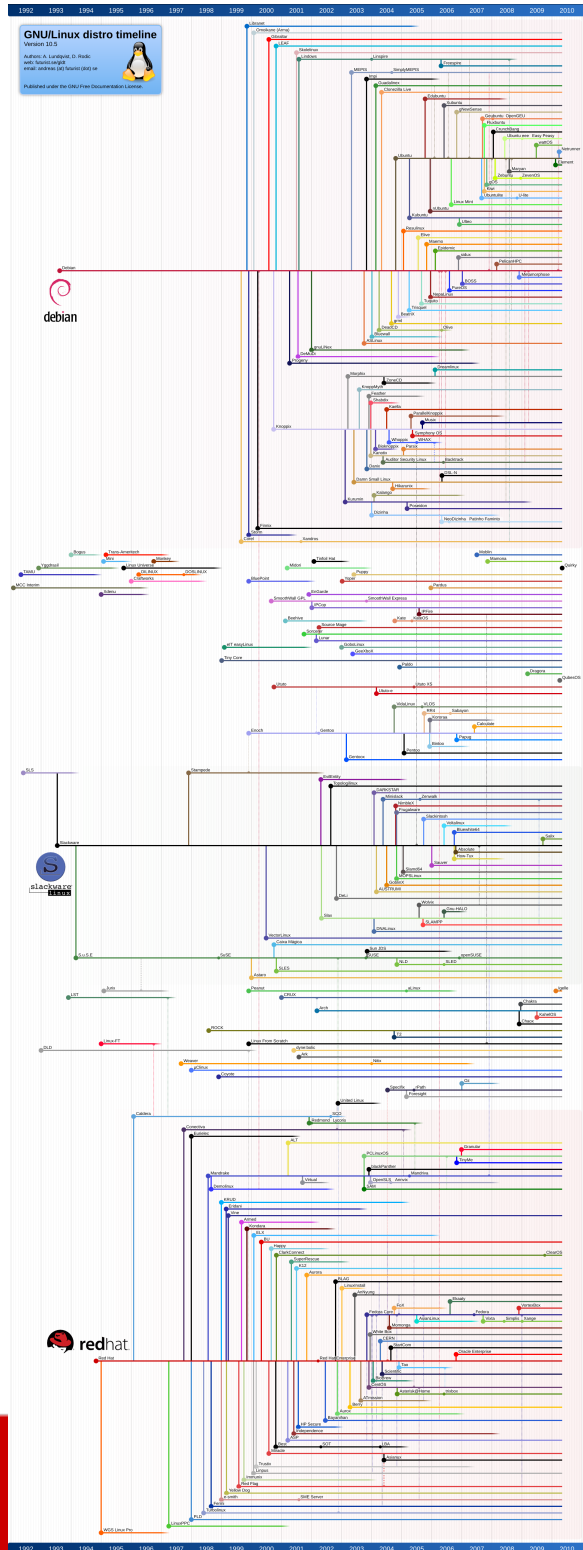
- Subscription model
  - Pay where it's installed [6]
- Benefits
  - Customer investment is proportional to usage
  - Derivatives create de facto standard
- Challenge
  - Competitors can leverage your work

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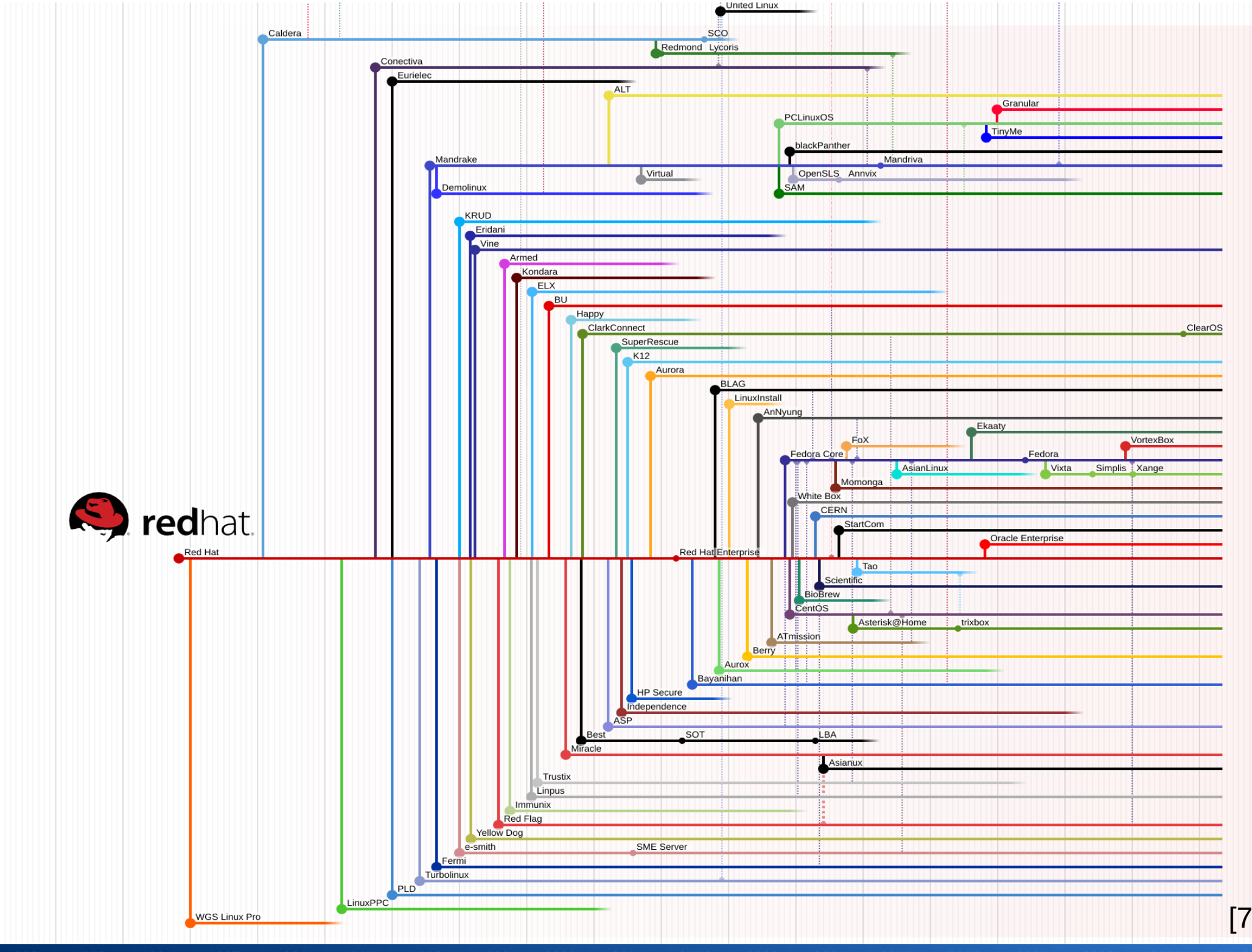
GNU/Linux distro timeline [7]

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Red Hat



# SuSE Linux Enterprise Server

- Different .org and .com
  - But .com source only available to customers [8]
- OpenSUSE → SLES
- Benefit
  - No one can leverage your .com work
- Challenge
  - No one can leverage your .com work [9]





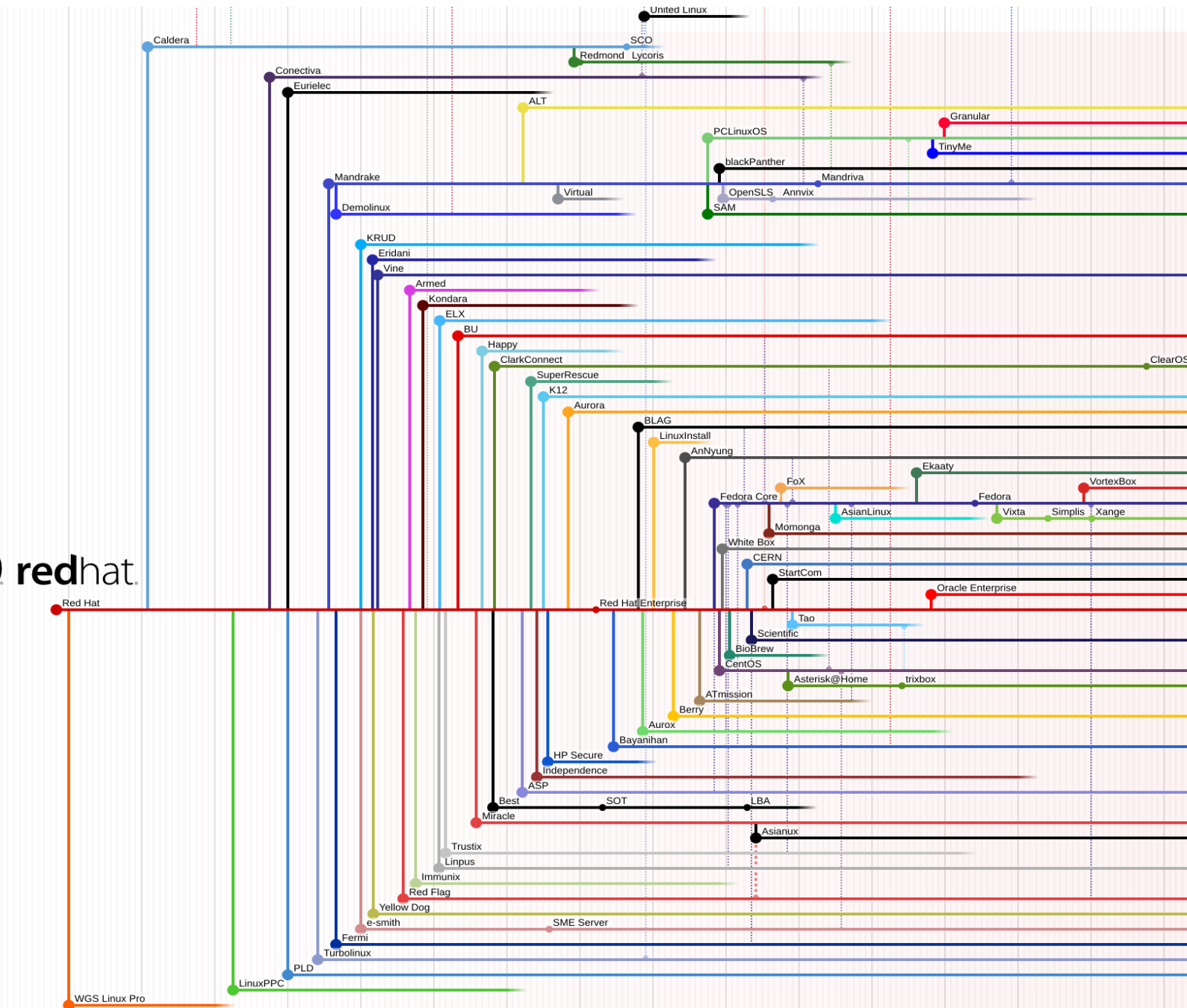
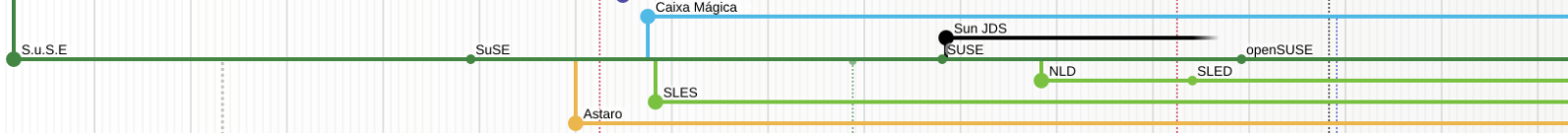
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[7]





1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010



# JBoss (the old way)

- “Professional open source” [10]
  - Free license
    - No distinction between .org and .com
  - Professional services, maintenance and support to derive revenue
    - Pay where you want support
- JBoss.org → JBoss.com
- Product cf. distribution
- Majority of project leads internal [3]



# JBoss (the old way) (cont)

- Benefit
  - One code base
- Challenges
  - Balancing innovation with enterprise grade stability
  - Free to fee conversion

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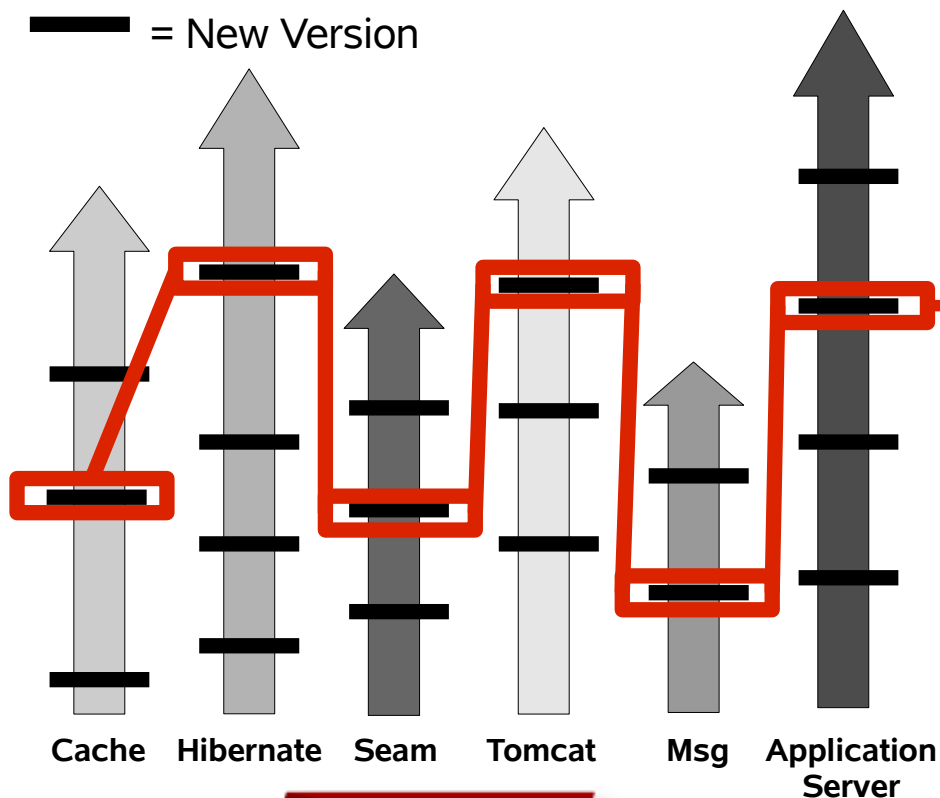
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# JBoss (the new way)

- Different .org and .com
  - Updates for all .com code and only new .org code [11]



## Challenge:

- Integrate and maintain integrations between multiple projects required for their enterprise platform needs
- Time intensive
- Expensive

## Solution: JBoss Enterprise Platforms

- Single, integrated, certified distributions
- Extensive QA process
- Industry-leading support
- Documentation
- Secure, production-level configurations
- Multi-year errata policy

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# JBoss (the new way) (cont)

- Subscription model
  - Pay where it's installed [6]
- Benefits
  - Customer investment is proportional to usage
  - Complementary paths for innovation and enterprise grade stability
  - More use of .com
- Challenge
  - Less use of .org

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# Canonical

- Dual release model: Ubuntu and Ubuntu LTS
- Freely available [12]
- Paid support and systems management optional [13]
- Benefits
  - Low barriers to entry
  - Fast path to increase market share and free to fee
  - Less motivation for competing downstream derivatives
- Challenge
  - Free to fee conversion

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# Downstream derivative support

- Support a derivative or build and support your own
- Benefits
  - Very low engineering costs
- Challenges
  - Very hard to defend business and differentiate [3]
    - You aren't the only one
    - Pricing is somewhere between the upstream price and \$0
  - No control and little influence over upstream source
    - Roadmaps, customer fixes

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# Multi-licensing [3]

- Code copyright holder dictates 2+ valid usage scenarios
  - \$0 for GPL efforts, but commercial customers must pay
- Examples
  - Sleepycat [3], MySQL [15], Qt [16], Asterisk [17]
- Mainly used when companies wholly own the software
  - Distribution strategy, not a development strategy
  - Product is usually a part of a customer's product
- Need, pleasure, pain [3]
  - Use reciprocal license and not academic



# Multi-licensing (cont) [3]

- Benefits
  - Control and flexibility
  - Potentially larger addressable market
    - Allows customers to buy their way out of the GPL if desired
- Challenges
  - Open source mainly used for distribution not production
  - Potential customer and contributor confusion
    - Invest in customer and contributor education
    - Pick a well known reciprocal license (e.g., GPL)
    - Defend your offering with vigilance



# Open core [18]

- Core software is open source
  - Value added features are not open source
- Examples: Apple, Alfresco, EnterpriseDB, Zimbra
- Benefit
  - Community can vet and enhance the core
  - Differentiate where the community doesn't want to go
- Challenge
  - No community around the closed code
  - Core must be useful enough to encourage community



# Non-profit charitable foundation

- Typically a non-profit 501(c)(3) corporation
- Apache Software Foundation [19]
  - Provides organizational, legal, and financial support
  - Sponsorship, donations
- Mozilla {Foundation, Corporation, Messaging} [3, 4, 20]
  - Revenue partnership with Google and others
  - Trademark and logo policies
- Benefit: Potentially leaner
- Challenge: Potentially beholden to a few sponsors



# Concluding thoughts

- Open source is great for companies big and small
- More than one good approach, not one size fits all
- Put a lot of up front thought into it
  - What is your value add (that no one else does better)?
  - Who is your competition?
  - What is your business model?
  - What is your exit strategy?
  - What license best fits your model?
- Be willing to change your mind later



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