



Government, Industry & OpenSource

How not to kill the goose that lays
the golden egg

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Python Business Forum

- Organises companies that base their business around the OpenSource programming language Python
- Formed June 2002
- About 50 members
 - Mainly small companies
 - Worldwide
- <http://www.python-in-business.org>

The logo graphic consists of overlapping colored rectangles: a yellow one at the top left, a red one below it, and a blue one to the right. A thin black vertical line is positioned between the yellow and red rectangles, and a thin black horizontal line is positioned between the red and blue rectangles. The word "STRAKT" is written in a large, grey, sans-serif font to the right of these elements.

STRAKT

- Collaboration and workflow software
- OpenSource based
 - Linux
 - Python
 - PostgreSQL
- Göteborg, Sweden
- <http://www.strakt.com>



Roadmap

- The focus of the talk
- Why this focus
 - The gains to be made
- Three problems and their solutions
- Conclusion



Software Categories

- Operating systems
 - Linux
 - NetBSD
- Commodity applications
 - OpenOffice
 - Mozilla
 - Kpilot



Software Categories (2)

- Data servers
 - Apache
 - PostgreSQL
- System and development tools
 - Emacs
 - Bind
 - Kdevelop
- Applications
 - The focus of the presentation



Examples of Applications

- Library catalogue and lending
- Hospital journals
- Car and driver license tracking
- Tax calculation and collection
- Customs declarations
- Immigration processing



Nature of Applications

- Few potential customers
- Long customer relationships
- Complex behaviours
 - Standard core
 - Heavy customisation
 - Usability very important



Why Are We Interested?

- This is where the money is!



For the Government

- Multi-million dollar projects
- Usually late
- Usually over budget
- Many projects fail
- Captive to original vendor



For OpenSource Companies

- Decent return on investment
- Predictability
 - Large likelihood of project being able to sell the resulting product
- Stability
 - Long term contracts



OpenSource Advantages (for the Government)

■ Cost

- Cheaper production
- Cheaper modification
- Cheaper support

■ Freedom

- To serve the people
 - Translucency
 - Responsiveness
 - Efficiency
 - Durability



The Factors Behind

- Working competitive market
 - No monopolies, no lock-in
- Improvement in procedure can be shared between different bodies of government
- More collaboration
- Administrative standards will evolve
 - Cost of doing business is reduced
- General OpenSource advantages



Problems

- Perception of OpenSource licences
- Government procurement procedures
- Business models



Licenses

- People think that OpenSource and free software must come with no cost attached.
- This may be untrue!



What If It Were True?

- No up-front investments in large, heavy-weight OpenSource applications
- Only development to contracted specification
- This is the current situation
 - It can be changed!



Can Not Be Restricted Under GPL

- Copy
- Distribute
- Modify

GPL:

"Activities other than copying, distribution and modification are not covered by this License; they are outside its scope.

The act of running the Program is not restricted..."



Can Be Restricted?

- Running
 - Who may do it?
 - What do they have to pay?
- Running derivative works
 - Rules above apply
 - Can the derivative have additional conditions attached?



New License Model

- The freedoms
 - Copy, distribute, modify
- The price
 - One time or annual
 - Cut-off date when the software becomes unencumbered



Procurement Procedures

- Adapted to the current reality
- Once we have made the decision we are stuck
 - In the vendors hand for upgrades
 - In the vendors hand for modification
 - In the vendors hand for support
 - In the vendors hand for bug fixing



Procurement Procedures (2)

- We must make the right decision decision from the start
 - No room for corrections later



Character of Procurement

- Expensive requirements phase
- Expensive evaluation phase
- Heavy contract negotiations
- Very long cycles



We Need a New Model

■ Agile procurement

- Goal oriented
- Lightweight specification
- Lightweight evaluation of existing software
- Thorough evaluation of vendors
- Thorough evaluation of market

- Short contracts
- Competition in every phase



Business Models

- Give your software away for free and hope that you can charge for consultancy work and support
- Not the only answer!



Business Models (2)

- Software company develops application on speculation
 - VC financing, or other
 - Licenses to run the software are sold
- Single government body finances development
 - Result is given for free to others
 - Licenses to run are sold to recover development costs



Business Models (3)

- Multiple government bodies finance development together
 - Options as above



Conclusion

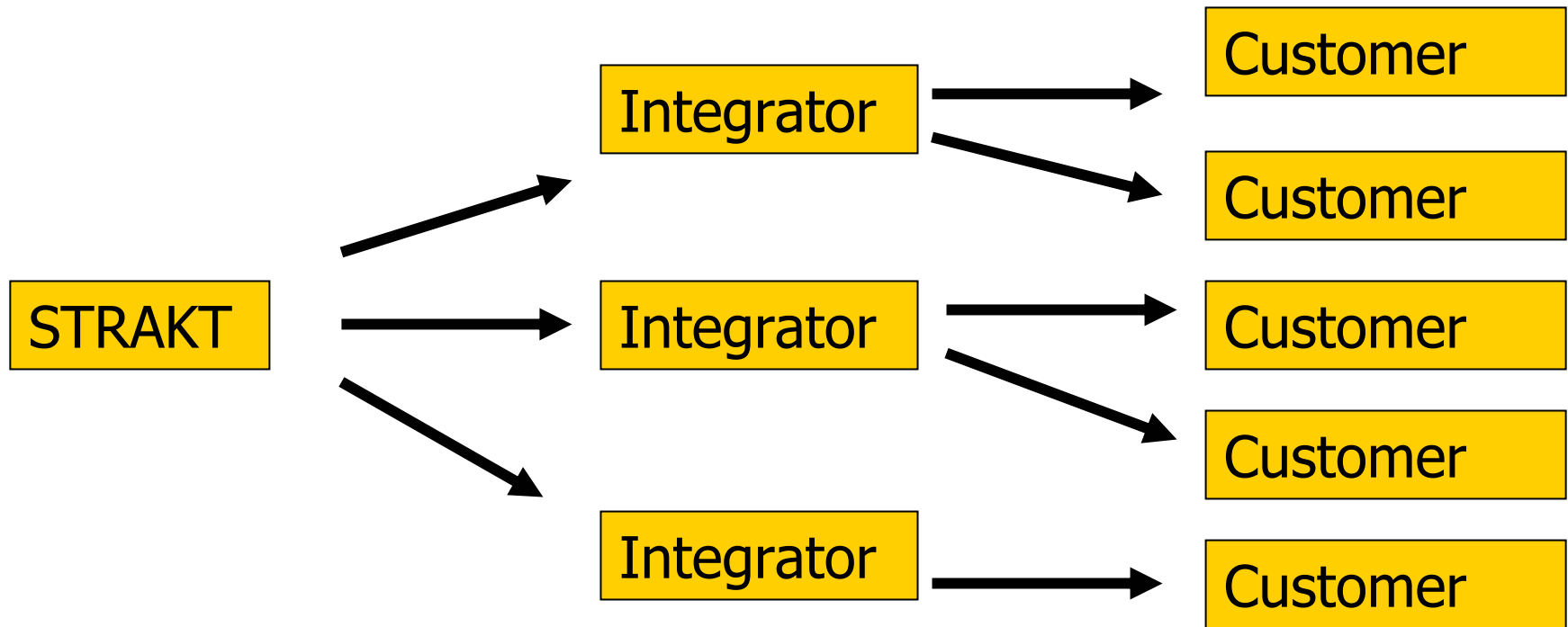
- If we can meet the outlined challenges, there is a very profitable relationship waiting for both government organisations and the OpenSource world
- If we can't, OpenSource software will be limited to system services and commodity applications in the government context



What About the Goose?

- It will die from 'business as usual'
- It will die from 'take what is given for free, forget about the rest'
- It will die from allowing predatory practices

Why STRAKT Does Not OpenSource CAPS™



The integrator requires
a local monopoly



Contact Information

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