



OpenSource Business Models: Showcases

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Experience

■ Sekans AB

- Fodder production
- Irrigation systems
- Hardware and software
- Distributors/integrators as customers

■ NetGuide Scandinavia

- ISP, Education, Consulting
- Software including OpenSource
- End users and companies as customers



Experience

- **Viscon AB**

- Consultancy
- Government agencies as customers

- **AB Strakt**

- Workflow systems
- OpenSource Strategy
- No customers yet
- Government agencies and large companies are the target



Grant Financing

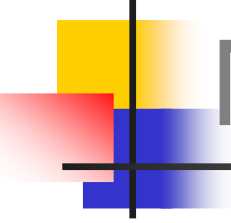
- EU Projects
- National Science grants
- Education grants
- DARPA and other US government agencies



Example:

Crossnet Systems Ltd

- Newbury, England
- 6 people
- Toolkits and libs for Library standardisation
 - Z39.50 Search/Retrieve protocol
 - Interlibrary Loans
- 2-4 EU projects at the same time
- Results sometimes OpenSource



Example: Mems Corporation

- In the US
- Nanotechnology research on government grants
- Heavy users of Python



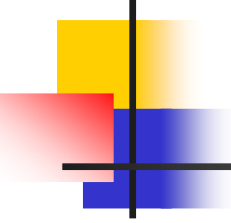
Loss leader

- OpenSource project is a Marketing activity
 - The software produced brings you fame and customers



Example: Zope Corp.

- Fredricksburg, Virginia
- 30? people
- Integrated web publishing environment
- Based on Python
- Revenue from customisation

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- Zope Corporation provides high-end solutions for Fortune 1000 companies, newspapers, media, telecommunications firms, the government, the military, medical, educational institutions and Internet businesses. The Company has discovered through experience that there are no cookie cutter answers to each company's unique story and evolving needs. Zope Corporation tailors its solutions in close collaboration with its client-partners to produce quality, utilitarian software systems to enable, support and grow with clients' evolving needs.



Example: Roxen.com

- Linköping, Sweden
- 10 people
- Web server with integrated publishing environment
- Based on Pike



Example:

ReportLab Ltd

- London, England
- 5 people
- Pdf generating software as loss leader
- Printing environment on top of Pdf generator as revenue generator
- Revenue from customisation



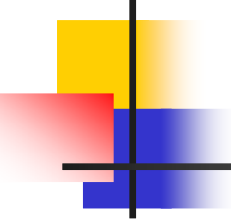
Using OpenSource Software

- Delivery
- Support
- Consultancy
- Customisation



Example: Redhat

- Used to be in the mass market
 - Lost money on distribution
 - Lost money on support
- Strength from IPO money
 - Stock owners money consumed
 - Share price \$5.29
 - When will it be back at \$150.00?
- New strategy gives a chance:

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- "In a challenging environment, Red Hat has consistently delivered positive adjusted earnings," stated Kevin Thompson, Executive Vice President and Chief Financial Officer. "Fiscal 2002 has been a successful year for Red Hat. It has been marked by the successful transition of the company from a retail software products company to a provider of Open Source Solutions to the Large Enterprise. This transition was accomplished while achieving and maintaining positive adjusted operating results."



Sell to the government

- Requires knowledge of tendering processes
- Formal requirements



Example: Indexdata AS

- Copenhagen, Denmark
- 6 people
- Library standards software
 - Z39.50 Search/Retrieve standard
- Base system OpenSource
- Customers all over the world
- Customisation, support



Hybrid licensing

- Make your source publicly available
- Charge nothing from OpenSource projects
- Charge for commercial products based on your software

- Useful for toolkit developers



Example: Trolltech AS

- Located in Oslo, Norway
- Substantial staff
- Develop QT
 - Graphics toolkit for Unix, Windows Mac (and handhelds)
 - Used by KDE
- Commercial licenses per developer, not per installed license



Hybrid development

- Integrate with OpenSource software
- OpenSource non-strategic parts
- Keep core technology under “Source included” or “Proprietary”



Example: AB Strakt

- Göteborg, Sweden
- 12 persons
- Case handling and workflow systems
- Target customers are software integrators



Ask for donations

- Requires that you consistently produce things that people think are worth supporting
- May not even be enough in an economic recession



Example: regexps.com

- One man company
 - Tom Lord
- Arch
 - A better tool for revision and configuration control



Ruin markets

- Who will pay 200 EURO a year (per user) to get a basic office package when there is a good one available at no cost?



Example:

Sun Microsystems

- OpenOffice at no cost
- StarOffice supported at a fairly low cost
 - Fonts
 - Adabas
 - Conversion filters



Support for hardware sales and consultant services

- Requires huge amounts of money to spend
- Many projects
 - You don't know which ones are really useful

Example:

IBM

- IBM Linux Technology center
- ~70 projects
 - <http://www-124.ibm.com/developer/opensource/linux/>
- Have invested \$ 1 billion
- Gotten return on investment



Why?

- IBM's main businesses are hardware sales and consultant services
- Save money on OS development
- Get better reputation



Why?

- Save money on software development
- Get better developers
- Get arsenal of useful products
- Regain world domination!



Conclusions

- Target large companies
 - Fierce competition
 - Initial resistance breaking down
- Target governments
 - They have the greatest gains to make
 - High initial resistance
 - Some inroads made
 - Lots of ground to break
 - Big wins for the one who succeeds



Discussion

- Did I miss anything important?
- Anybody who disagrees?