# Open Source Software Business Models Redux

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# There is <u>NO</u> Open Source Business Model

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### GCC 1997 ~750,000 LoC ~\$10,000,000



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#### Interix ~\$100,000

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#### Interix + ACT ~\$140,000

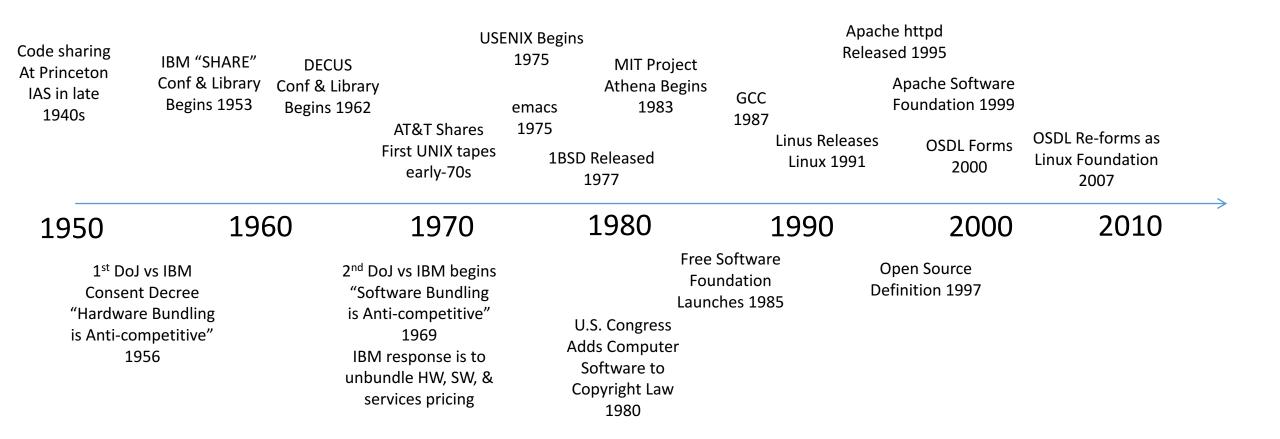
### Build vs. Buy

### Build vs. Buy vs. Borrow

#### Build vs. Buy vs. (Borrow & Share)

#### Open Source Software is about Engineering Economics

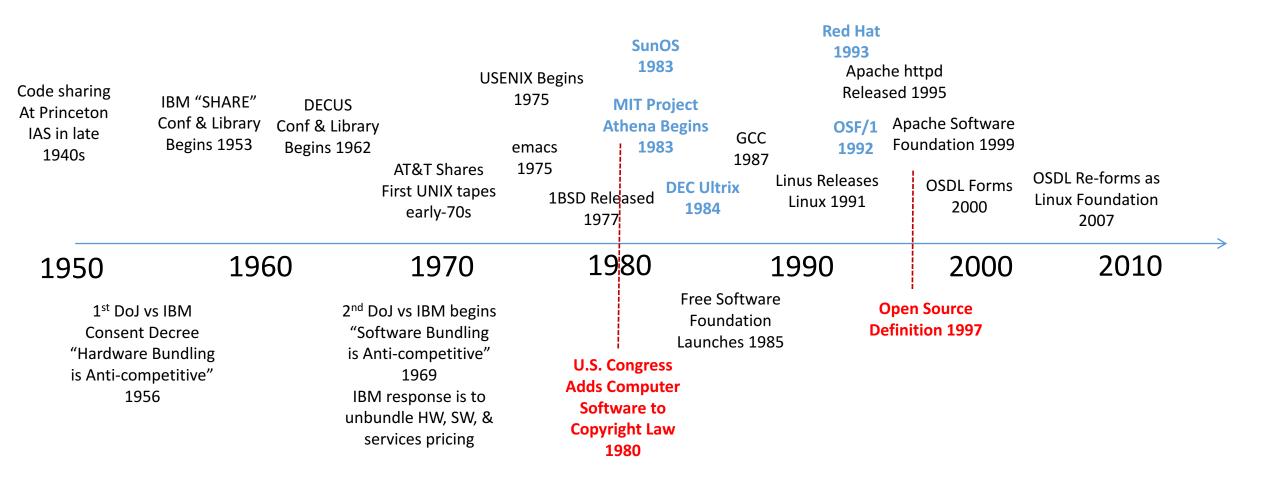
#### We've shared software since we've written software



#### We've shared software since we've written software Writing good software is hard work

Code sharing At Princeton IAS in late 1940s	IBM "SHARE" Conf & Library	ary Conf & Library 3 Begins 1962		ENIX Begir 1975	ns MIT Proje Athena Be			Apache httpd Released 1995 Apache Software			
	Begins 1953		AT&T Shares First UNIX tapes early-70s	emacs 1975	1983	GCC	GCC .987	Foundation 1999			
				189	D Released 1977			Linus Releases Linux 1991	OSDL Forms 2000	OSDL Re-forms as Linux Foundation 2007	
1950	196	50	1970		1980			1990	2000	2010	>
1 <sup>st</sup> DoJ vs IBM Consent Decree "Hardware Bundling is Anti-competitive" 1956		"Sof is Ar IBM unbu	oJ vs IBM begins tware Bundling ti-competitive" 1969 response is to ndle HW, SW, & rvices pricing	ļ	Free S Foun Launch U.S. Congress Adds Computer Software to Copyright Law 1980		ation	n D	Open Source efinition 1997		

#### Companies shared software before we had the OSD



# Companies shared software before we had the OSD (Writing good software is hard work)

Code sharing At Princeton IAS in late 1940s	IBM "SHARE" Conf & Library Begins 1953	DECUS Conf & Library Begins 1962	US	USENIX Begins 1975		S ject	•	ne httpd sed 1995		
			AT&T Shares First UNIX tapes early-70s	10201	Athena Be	egins	1997	Apache Software Foundation 1999		
					Released D 977	DEC Ultrix 1984	Linus Releases Linux 1991	OSDL Forms 2000	OSDL Re-forms as Linux Foundation 2007	
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Collaboratively-Developed Liberally-Licensed Software is about Engineering Economics

### Another Story

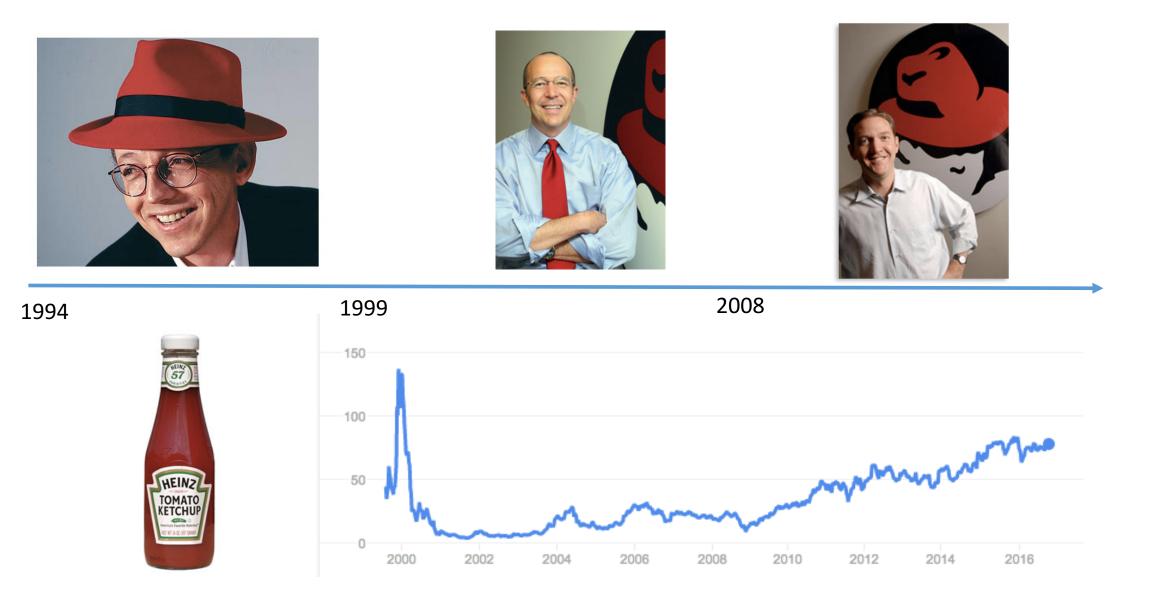


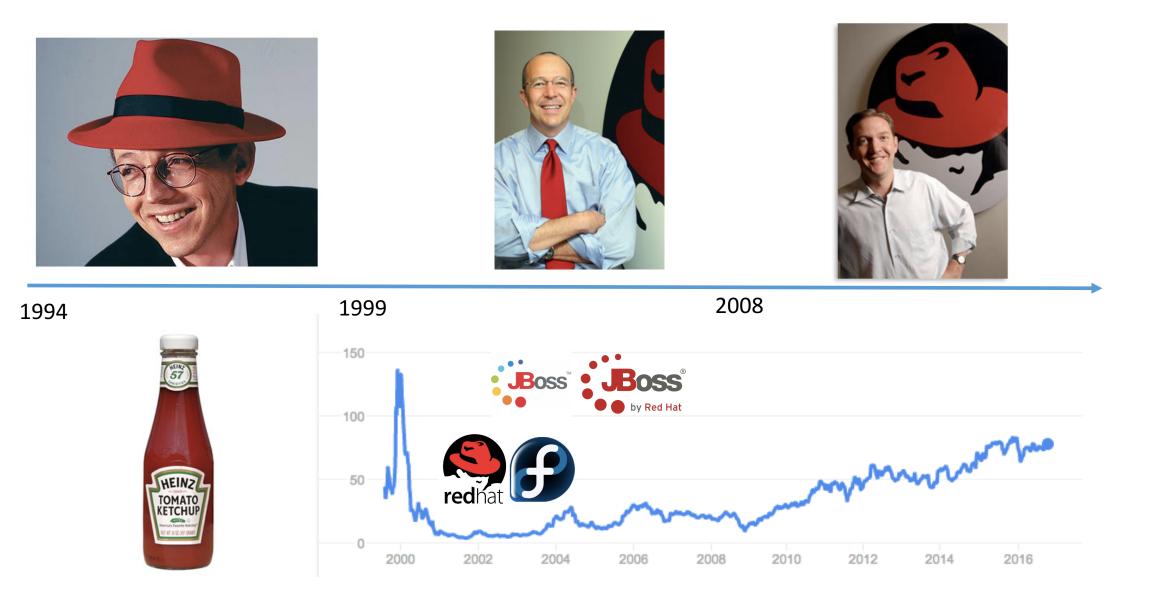






1994



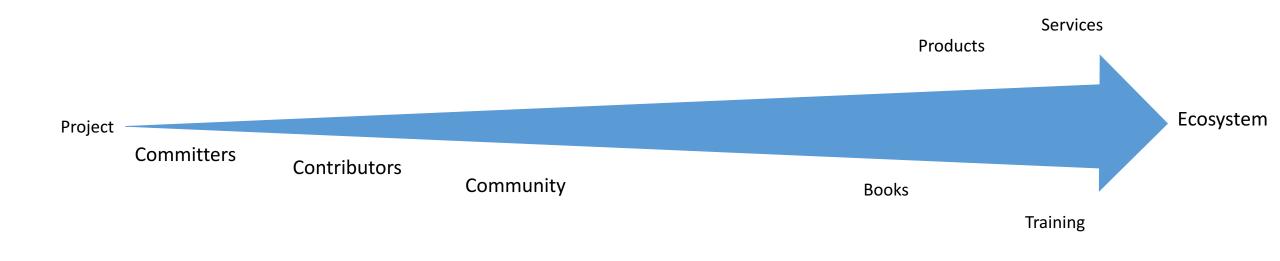


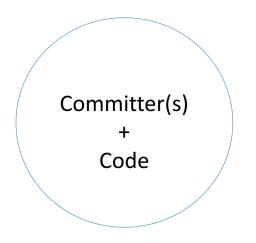
Red Hat is a software company that is focused on making its customers successful

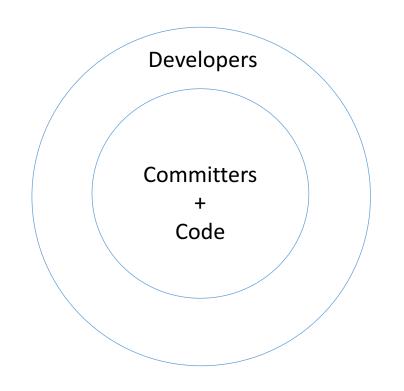
Red Hat is a software company that is very good at the engineering economics of open source software

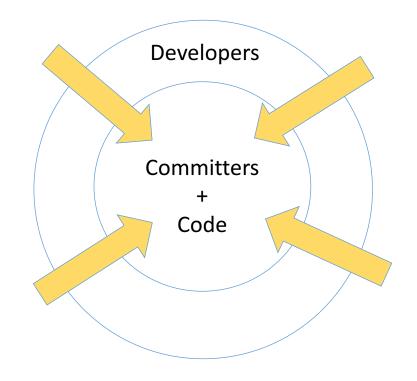
#### So What About the Business Model?!?!!?

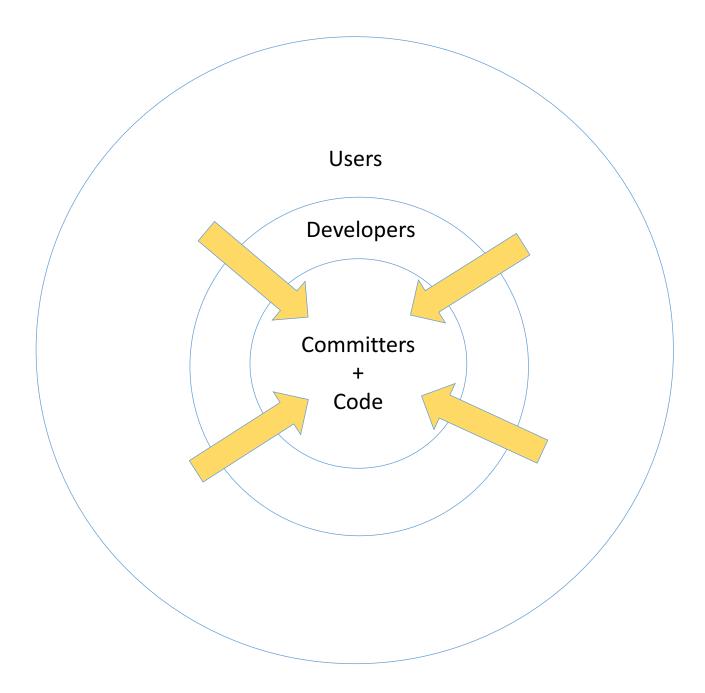
### The Evolution of an Open Source Project

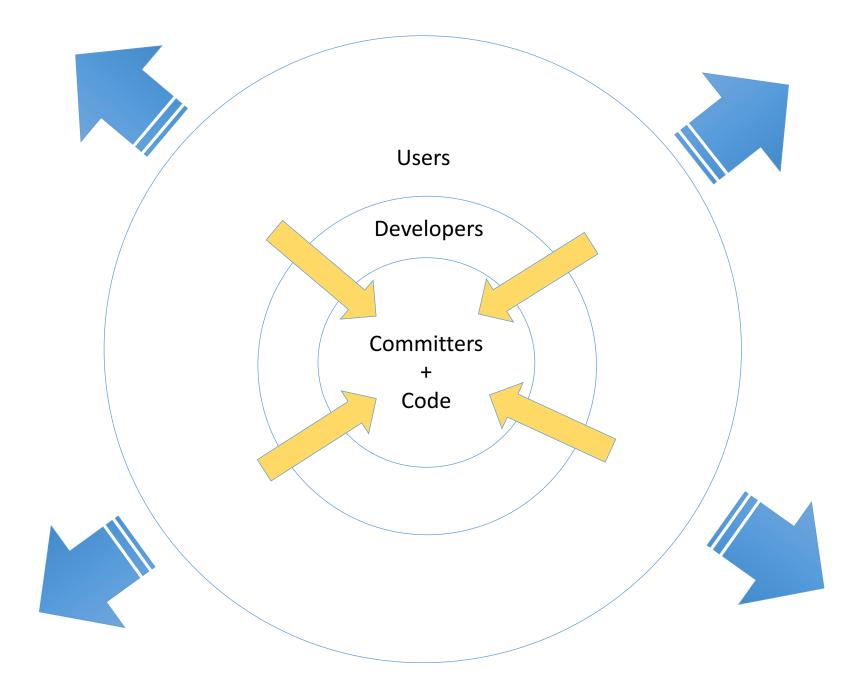


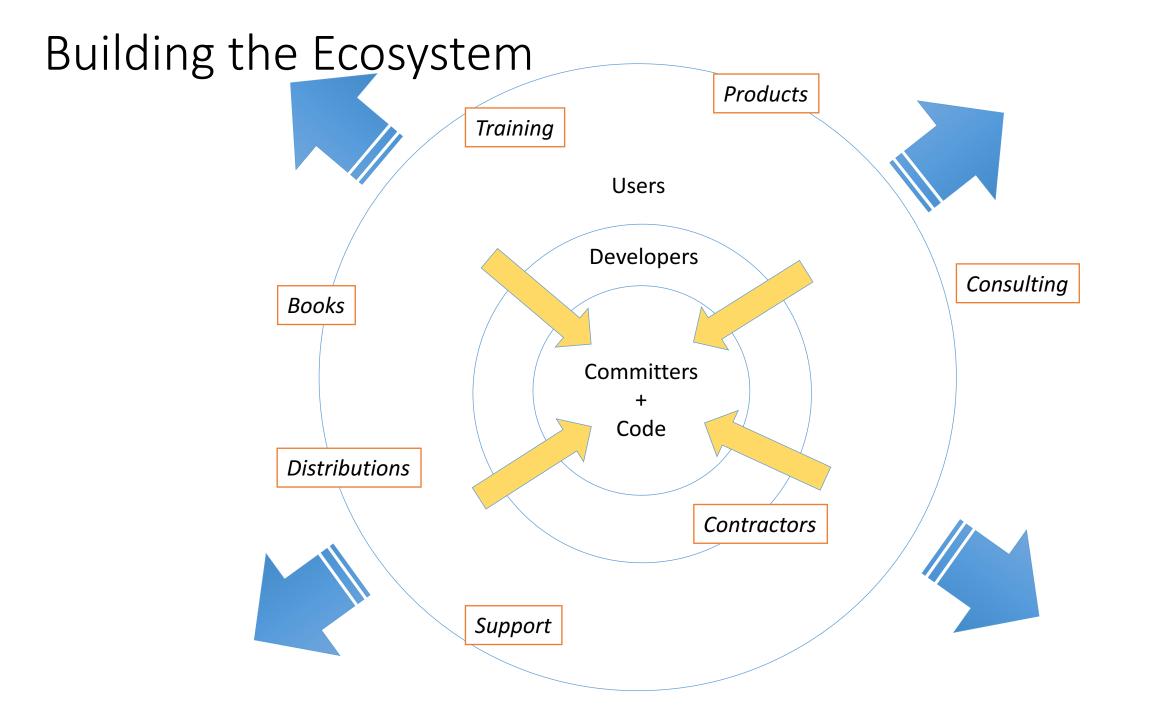












(Because that's where you'll find your developers)

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#### How do you encourage developers?

(Because these are your future contributors)

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(Because these are your future contributors)

#### How do you make it easy to contribute?

(Because this is the growth and success of your community)

#### How do you increase your user base?

(How do you make it easy to install/configure/use the software?)

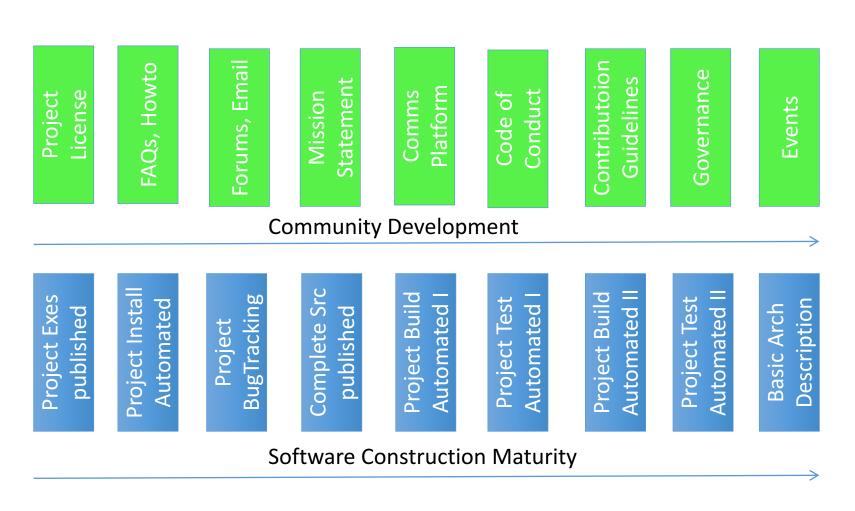
## How do you encourage developers?

(How do you make it easy to build/test/experiment?)

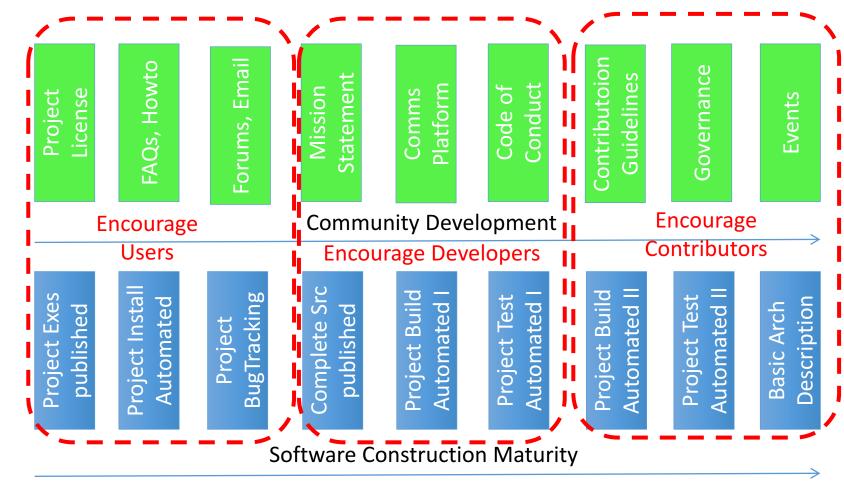
#### How do you make it easy to contribute?

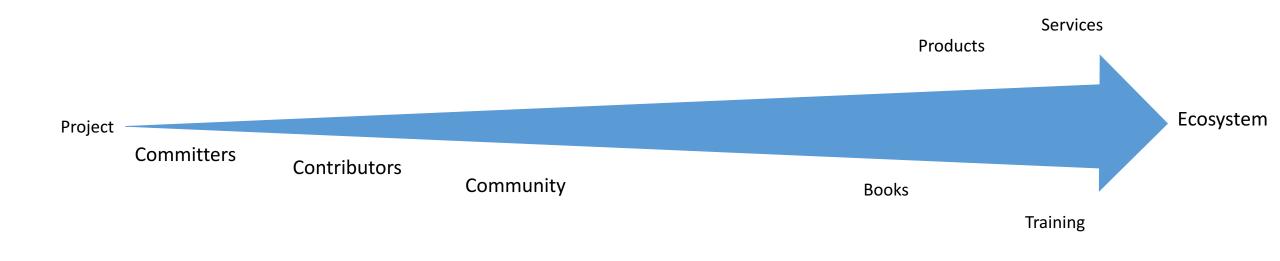
(What do you communicate to your community)

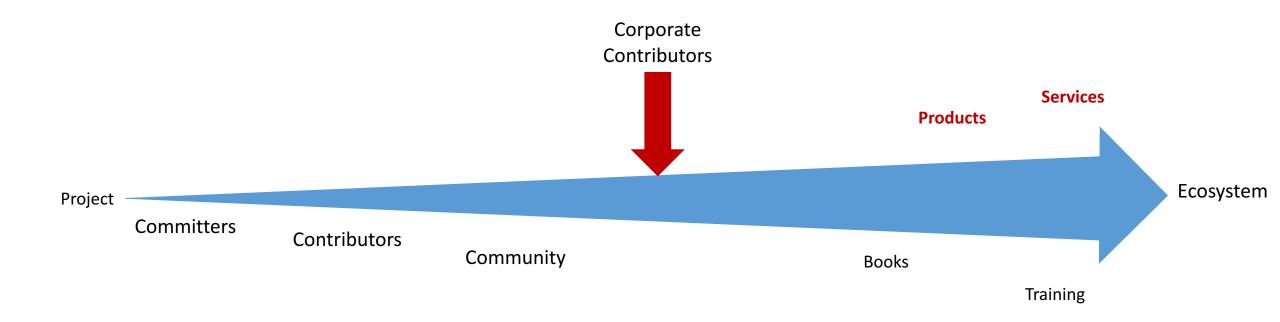
**Open Source Community Practices** 

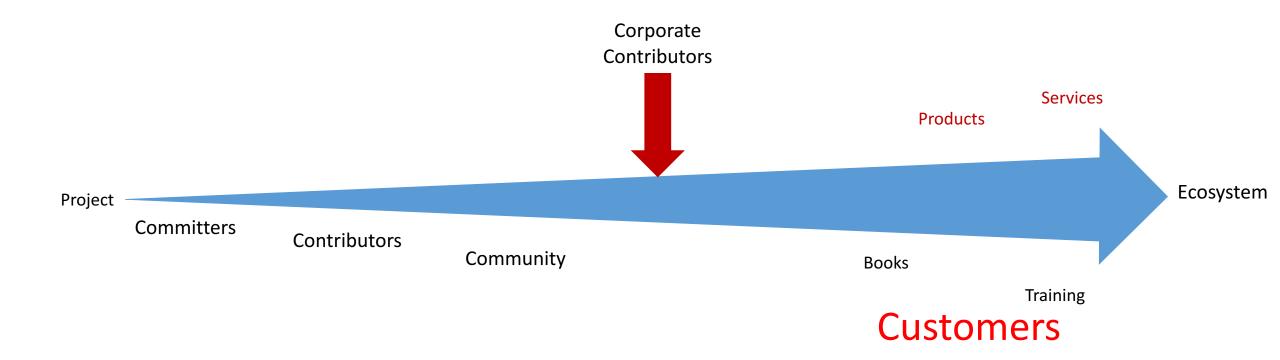


**Open Source Community Patterns** 

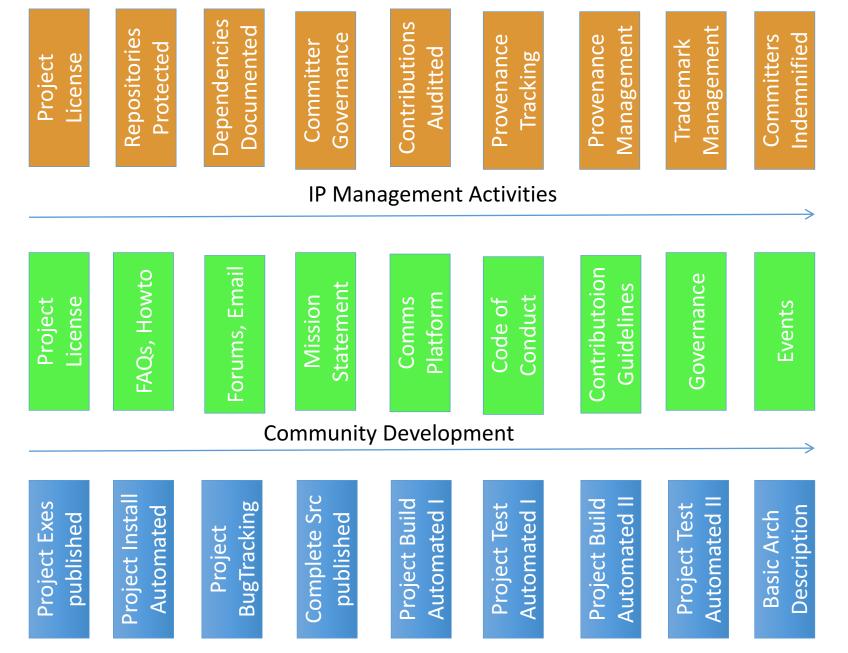




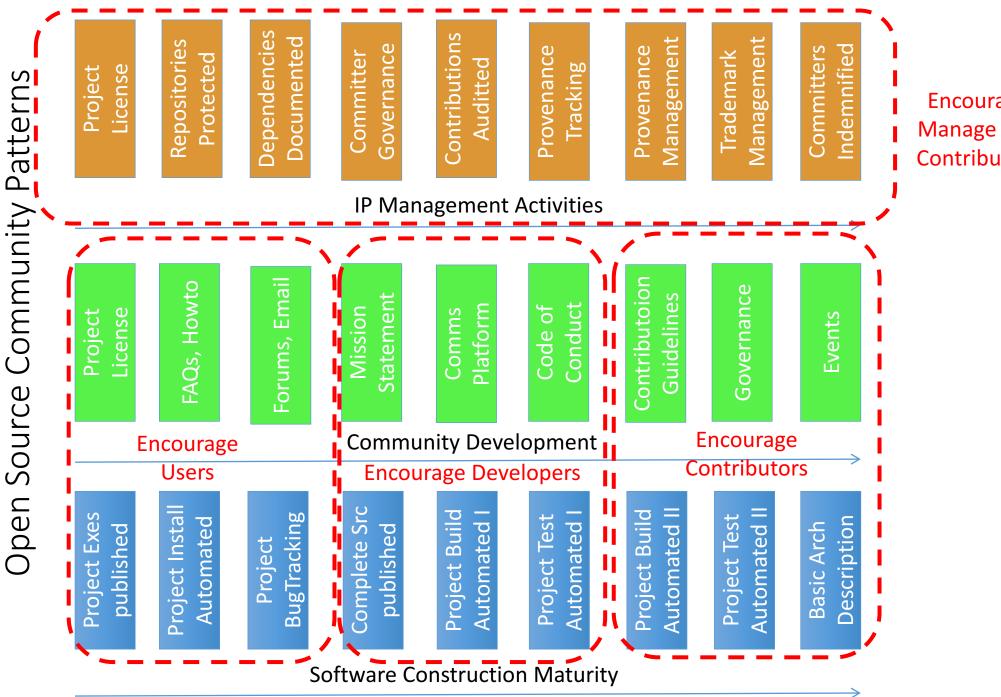




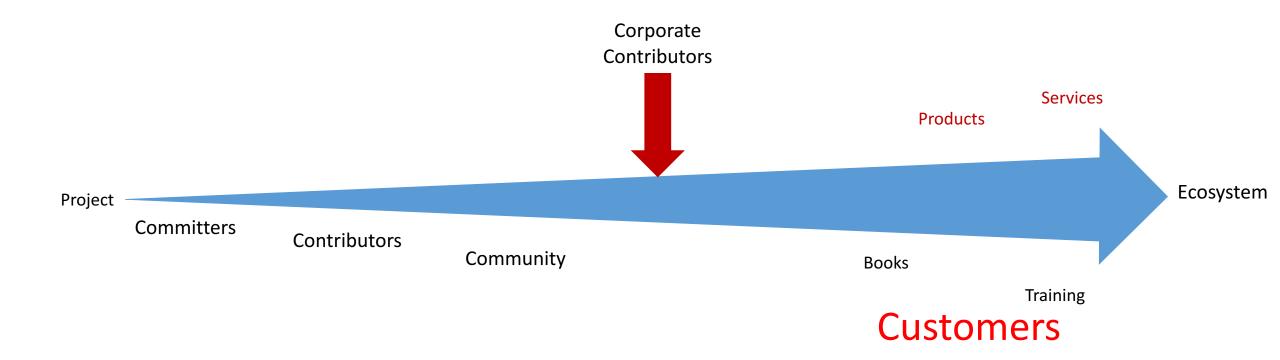
Practices
Community
Open Source Co



Software Construction Maturity

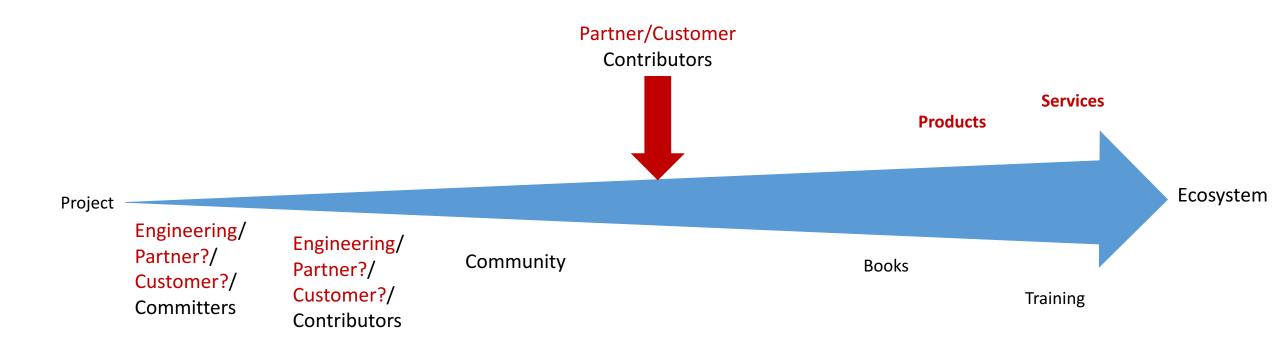


Encourage/ Manage Corp Contributions



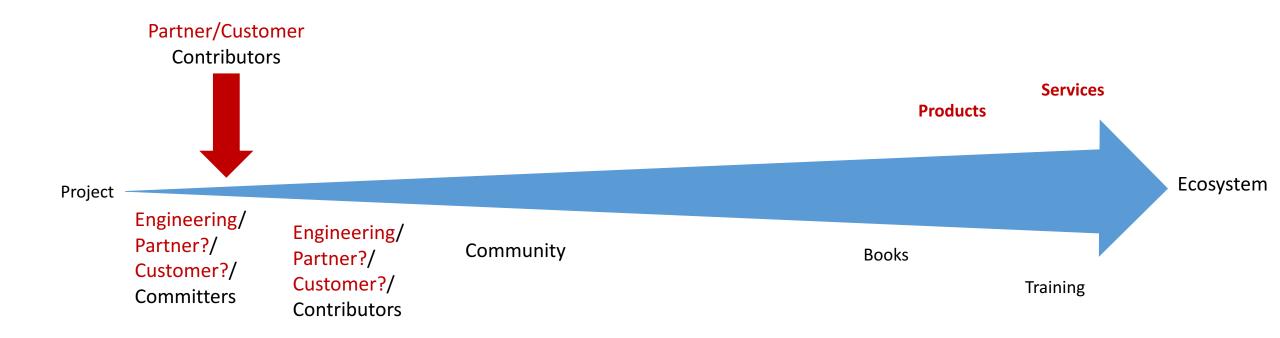
## TRANSISION

## The Evolution of a Corporate Open Source Project



#### Setting Customer and Partner Expectations in Community is Critical

## The Reality of a Corporate Open Source Project



#### Setting Customer and Partner Expectations in Community is Critical

### **Customers versus Community**

(Money vs. Time; Expectations are different; Conversations are different)

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## Partners versus Community

(Don't mix business with community)

### **Customers versus Community**

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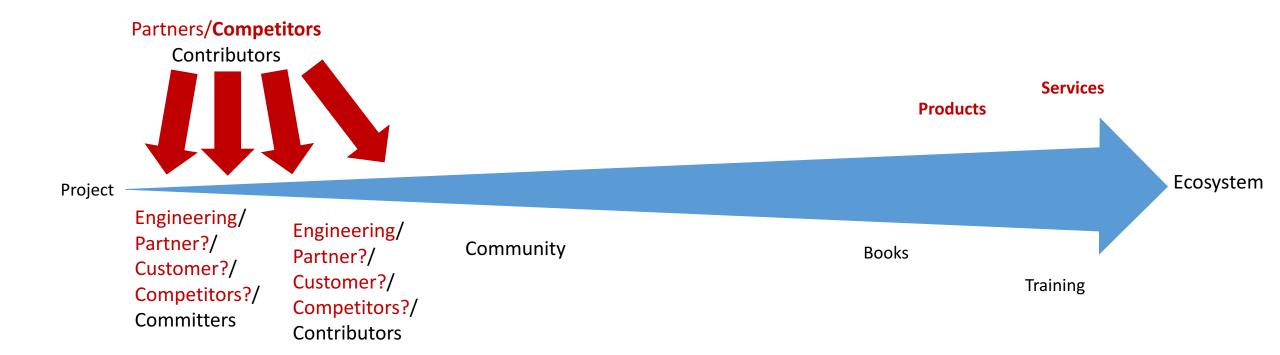
## Partners versus Community

(Don't mix business with community)

**Products versus Projects** 

(Success metrics are different; OKRs and KPIs are different)

## The Reality of Corporate Open Source Projects



### Setting Customer and Partner Expectations in Community is Critical

(We've Shared Software Since We've Written Software)

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## There is no Open Source Business Model

(Good Companies Solve Customer Problems)

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Successful Open Source Projects Follow Well Known Patterns (No Scale without Discipline)

(We've Shared Software Since We've Written Software)

#### There is no Open Source Business Model

(Good Companies Solve Customer Problems)

## Successful Open Source Projects Follow Well Known Patterns (No Scale without Discipline)

**Don't Confuse Customers, Partners, Community, Products & Projects** (Corporate Open Source Projects Require Different Thinking) How do you make money when you give away the product for free?

How do you make money when you give away the product for free?

What problem are we solving for our customers?

What problem are we solving for our customers? How do we make our customers successful? What problem are we solving for our customers? How do we make our customers successful? What can we do to make our community healthier? What problem are we solving for our customers? How do we make our customers successful? What can we do to make our community healthier? How do we make our community successful?

## Questions & Comments

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### No Scale without Discipline

(This is an Attribute of Software)

**Orders of Magnitude** (1000:100:10:1)

### **Freeloaders are important!**

(It means you're doing it right)