

Business models for OSS

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Outline of presentation

OSS products

Viable business models

HW/SW vendors

SW vendors

Service vendors

Conclusions

OSS products

Various kinds

- Operating systems: Linux, FreeBSD
- Specialized servers: Apache, Sendmail, Samba, OpenLDAP
- Web tools: Perl, PHP, XML processors
- PPA: OpenOffice, StarOffice,
- Middlewares: ORBacus, JONAS
- DBMS: MySQL, PostgreSQL

Main reasons for success

Platform standardization

- Linux versus many UNIXes
- Web and Internet vendor-neutral software
 - BIND, Sendmail, INN, Apache

Effective development model

- collaborative Internet-based development
 - direct contribution from academic research
- massive peer review for code and design
- reusable components
 - easy to find, easy to customize

Observations

Emphasis on basic software

- OSS developers prefer to work on it (“more challenging”)
- Component integration much harder for large-size software
 - e.g. DBMS

Products can be made OSS for strategic reasons (e.g. threat from proprietary software)

- Netscape client software
 - threat from MS Explorer
- Bull’s JONAS J2EE server
 - not in Bull’s core business
- Matra Datavision’s Cascade CAD environment
 - deal with Dassault Systems to use Catia

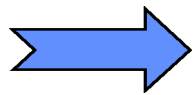
Viabile Business models for OSS

How does one invest in OSS development and get sufficient ROI and market share?

- not only using OSS

Problems

- reduced entry barrier for competitors because of restrictive licencing (GPL, NPL, ...)
- getting the developer community interested and organizing collaborative development



To be viable, sale complementary HW, SW or services

HW/SW vendors supporting Linux

IBM

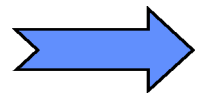
- Linux on Intel servers, mid-range AS/400 (iSeries) and mainframes
- should unify IBM heterogeneous platforms

SUN

- Linux on low- to medium-end, Solaris on high-end
- compatibility with Solaris

HP

- Linux in addition to HP-UX and Windows
- develop on Linux, deploy on Linux, Windows and HP-UX



Unify product lines or add one more option ?

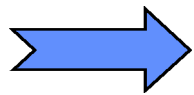
SW vendors

Netscape

- Client software made OSS in 1998
 - Mozilla.org to manage development
 - NPL = compromise GPL/BSD
- sale server software, services and content (with AOL)

Oracle

- commitment to Linux, in addition to other OS



To be viable, requires high-value proprietary software

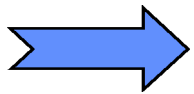
Service vendors

Linux distributors

- RedHat, Caldera, SuSe, Conectiva, TurboLinux, MandrakeSoft, etc
- Sale customer support
- UnitedLinux.com to unify the various distributions

Application Service Providers

- ASP1
- sale OSS and proprietary software as service



No significant entry barrier

Conclusions

The most viable business models require proprietary hardware or software

Emphasis on Linux may limit the number of server OS

- could well help increase interoperability with MS and thus sales of MS servers

OSS cooperative development model can be copied by large SW companies

- to produce high-quality proprietary software