
Open Source for SMEs

Agenda

- What is Open Source Software (OSS)?
- What can I use it for?
- How do developers pay their mortgages?
- If “free” software is so good, why isn't everyone using it?
(Or is free software worth what you pay for it?)
- What do I need to think about?

What is Open Source Software?

- Software that's developed under a licensing model that allows the source code to be accessed, modified and distributed by anyone who wants to use it.
- Details at, e.g.,
<http://www.opensource.org/docs/definition.php>
 - Free distribution
 - Source code
 - Derived works included
 - No discrimination
- Some ideological debate on the exact boundaries
 - For example, which licensing models are truly open?
 - These may affect developers, but rarely end users.

*“The **basic idea behind open source** is very simple: When programmers can read, redistribute, and modify the source code for a piece of software, the software evolves. People improve it, people adapt it, people fix bugs. And this can happen at a speed that, if one is used to the slow pace of conventional software development, seems astonishing.”*

www.opensource.org

Characteristics

■ Access to source code (& hence data definitions etc)

- Interoperable
- Can customise to own requirements (*if have skills*)
- Reduced risk of vendor lock in
- Deep review (hence high quality and high security – *sometimes*)

■ Free distribution

- Low initial costs
- Easy to trial
- Can extend and share

■ Collaborative development

- Community support for fixes and extensions (*if there is a strong community*)

■ Growing market penetration

- Strong vendor support (IBM, Novell, Oracle, HP, ...)
- Growing government support
- High adoption (e.g. web servers, browsers, appliances)

OSS is a disruptive technology

- *“Our direct competitors include firms adopting alternative business models to the commercial software model. Firms adopting the non-commercial software model typically provide customers with open source software at nominal cost and earn revenue on complementary services and products”*

Microsoft Annual Report, 2004

- *“Steve Balmer, the company’s chief executive officer, has acknowledged that the threat from open source software now poses Microsoft’s most important long-term competitive challenge”*

The Financial Times, May 2005

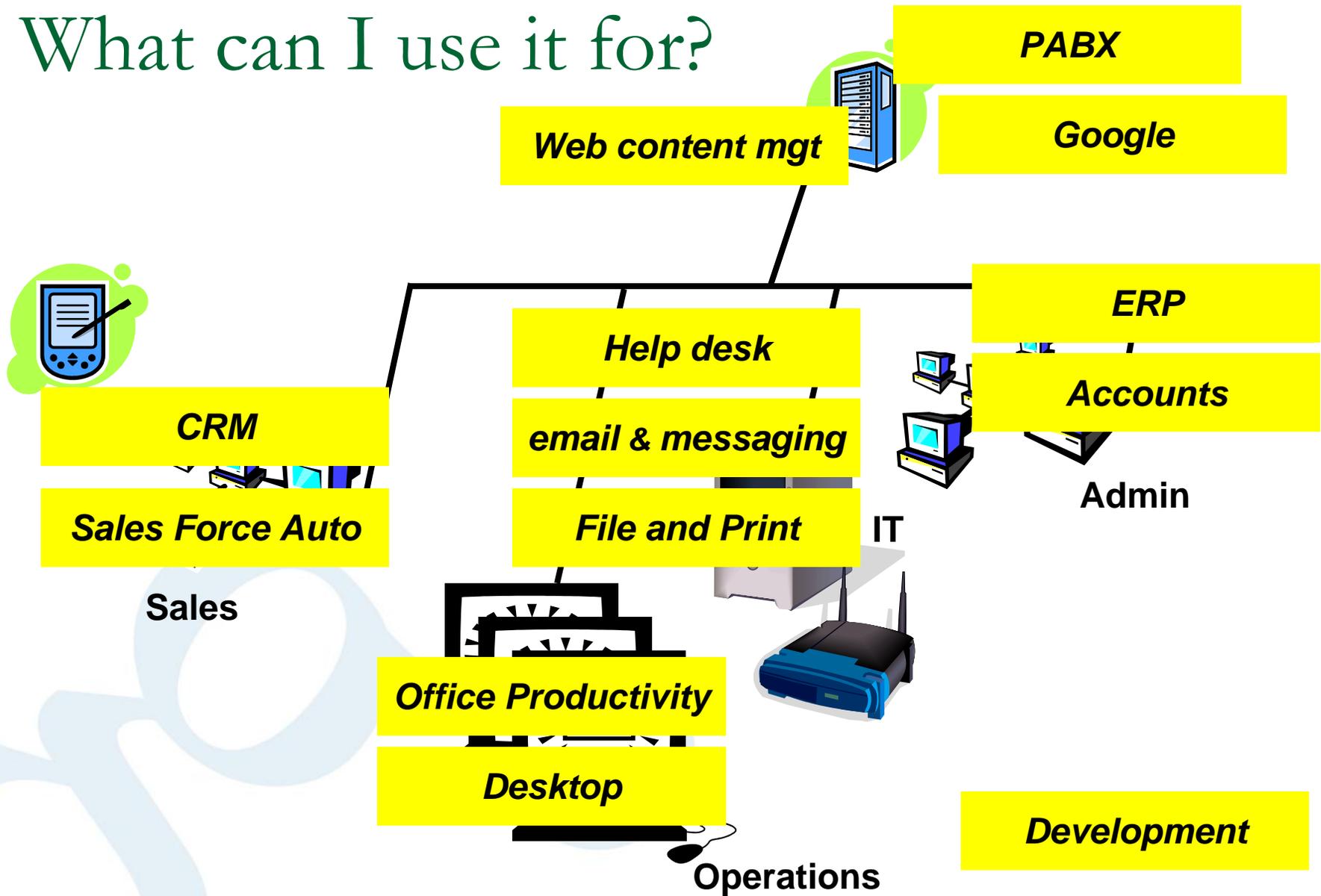
- *“President da Silva has instructed government ministries and state-run companies to switch from costly operating systems made by Microsoft and others to free operating systems, like Linux. [...] ‘We’re not going to spend taxpayer’s money on a program so that Microsoft can further consolidate its monopoly.’”*

The New York Times, April 2005

- *“use of OSS within the UK public sector can provide a viable and credible alternative to propriety software and lead to significant cost savings [...] open source software can provide a cost-effective and efficient solution in schools if effectively deployed.”*

British Educational Communications and Technology Agency, May 2005

What can I use it for?



Products include

- Linux (operating system)
- mySQL, PostgreSQL (databases)
- Tomcat, Zope, Jboss (application servers)
- Apache (web server)
- Plone, Mambo, Alfresco, OpenCMS (content management)
- email
- SugarCRM (CRM)
- Open Office (word processor, spreadsheet)

- Many technical tools – things that developers use to create systems
 - Developers have always created tools for themselves and shared them with their friends. Most open source software has been developed from this tradition.
 - It's likely that more business-oriented systems (e.g. for CRM and ERP) will become available over time, now that the basic tools are there.

How do people pay their mortgages?

■ Non-commercial model

- Day job pays the mortgage
- Develop for fun, bragging rights or ideology
- (Some people play football for fun, not profit)

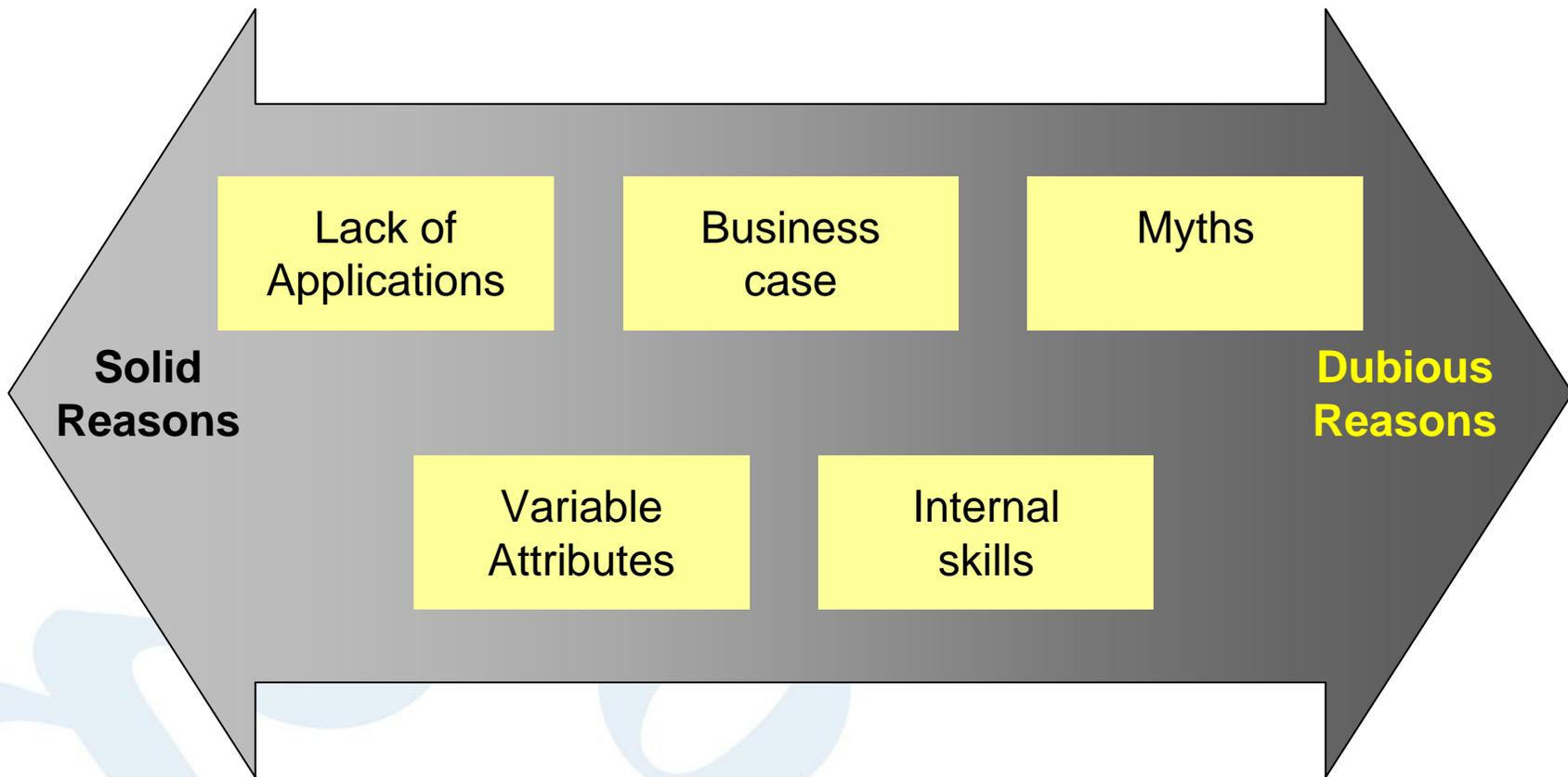
■ Reduced cost to support commodity products

- Operating systems and databases, for example
- If people won't pay for bells and whistles, how do you provide sales and service?
- If a community will support and speak for the product, then this can keep it alive and open opportunities to sell value add services.

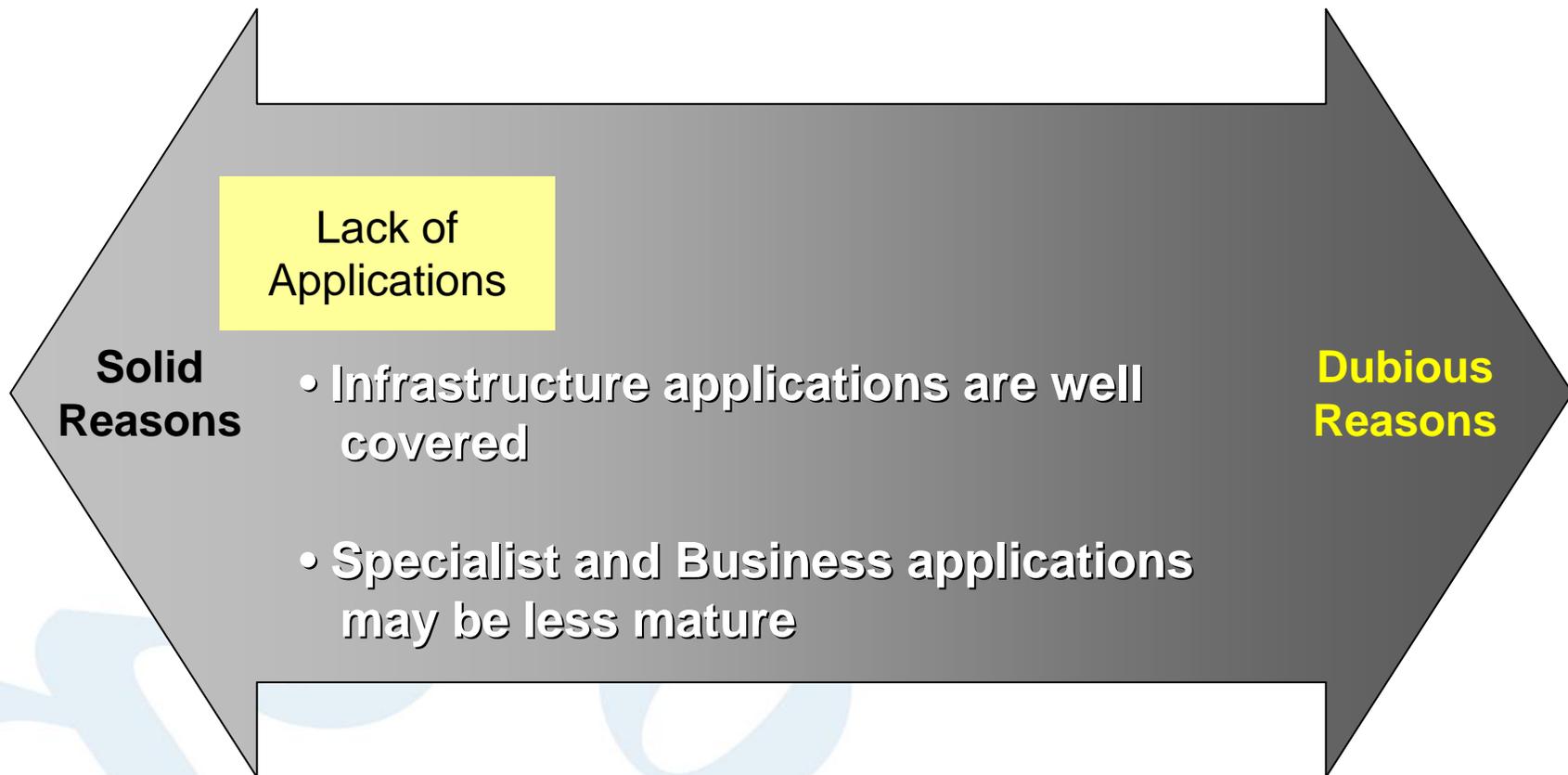
■ Grow the market for commercial services

- Software is the free giveaway that pulls people in to buy services
- This is how IBM used to sell hardware - it's a tried and true model

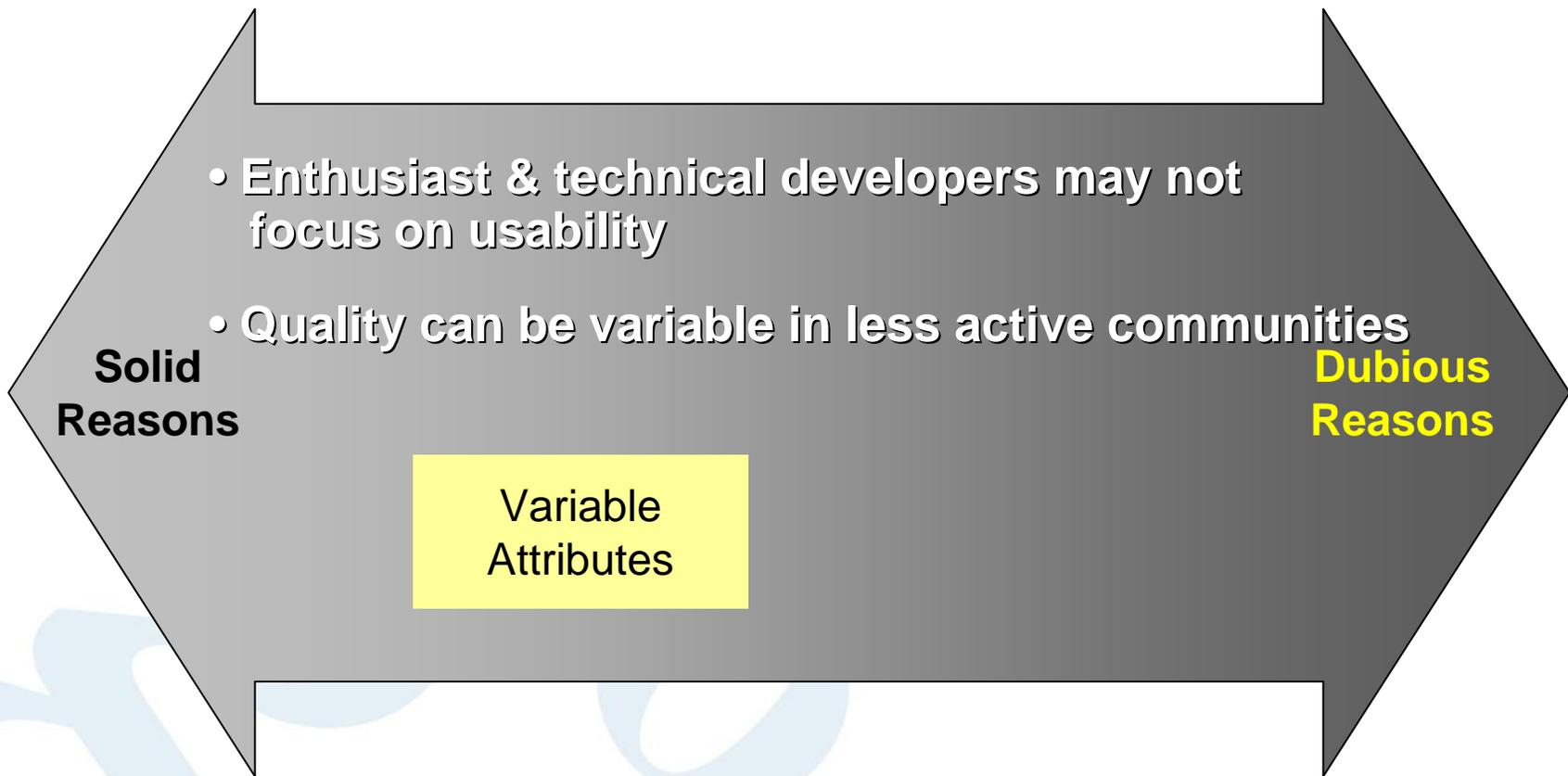
Why isn't everyone using it?



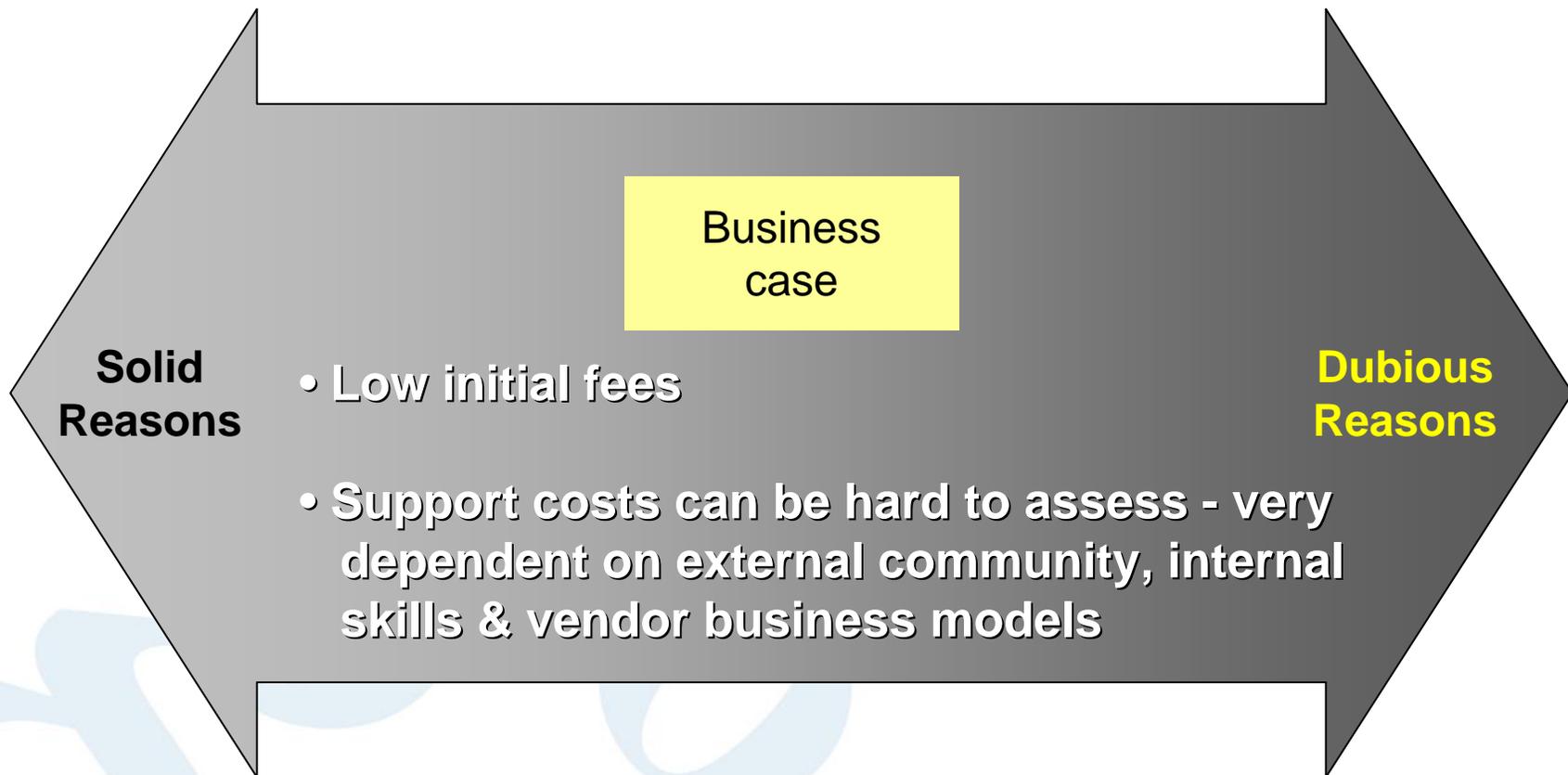
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Why isn't everyone using it?



Why isn't everyone using it?

- Training requirements can be significant. People may be enthusiastic, or highly resistant
- External support can be hard to find. In some areas, good people are rare. (But this is true of proprietary software too.)

**Solid
Reasons**

**Dubious
Reasons**

Internal
skills

Why isn't everyone using it?



Open Source Myths (Gartner)

- **Open source means anti-commercial**
 - A different business model, but many commercial players
 - Can be very viable for commodity products or for service-based businesses

- **Open source is inappropriate for the mainstream**
 - Widespread adoption of infrastructure applications
 - Business applications are maturing

- **Open source is a passing fad**
 - Open source has been around for decades

- **There is no control over open-source development**
 - Many disciplined, commercial players
 - Users have direct scope to influence product development

- **You can't get support for open-source products.**

What do I need to think about?

- Is there an application that does what I need?
- Is there good support for the application:
 - Strong community?
 - Commercial vendors?
 - External accreditation?
- What implications would a switch have for
 - Internal skills?
 - Existing hardware?
 - Existing support arrangements?
- Will there be a return on investment?

A couple more to think about

- How do I procure it?
 - Look for references (same as any software)
 - Look for community and accreditation
 - Look for services vendors to respond to formal procurements

- How do I implement and support it?
 - Do you have internal skills?
 - Look for services vendors
 - Consider independent assurance of small vendors

- Can I make money by open sourcing my own code?

Summary

- Freely available source code can create fresh impetus for innovation
- Business solutions (e.g. CMS, CRM) are becoming established.
- It's not free, but it can be good value.
- Commercial models are based on support rather than initial licence. This can be a good model, e.g. for commodity products.
- Consider
 - Does it do what I want it to do?
 - Is there an active community & support?
 - How does it match the skills we have already?
- OSS may disrupt existing vendors in some domains.

Thank you

Graham Oakes Ltd



■ Making sense of technology

- We help people work out how to use technology to achieve business goals.
- We deploy highly experienced consultants with a diverse set of technical, management and people-centred skills. Our principal, Dr Graham Oakes, is a highly skilled systems engineer with over 20 years' experience in the industry and a track record of delivering highly innovative solutions.

■ Clients

- **National Savings & Investments** – Leading team developing IS Strategy for NS&I and BPO partner (Siemens Business Services)
- **Amnesty International** – Defined enterprise content management strategy to support information sharing between researchers, activists and external partners (e.g. journalists, other NGOs).
- **Cisco Worldwide Education** – Defined financial models, competitive marketplace and potential infrastructure partners to commercialise Cisco's e-learning assets in Europe.
- **The Open University** – Defined enterprise architecture, customer relationship management strategy, and business case for renewing course production systems.
- **Oxfam** – Defined strategy and business case for content management and customer relationship management systems.
- **Intermediate Technology Development Group** – Defined enterprise architecture for knowledge sharing amongst communities of researchers and project teams in first and third world.
- **MessageLabs** – Helped define & implement technology strategy for customer and partner self-service portal.
- **Sapient Ltd** – Helped define & implement risk management strategy for customer billing solution.

■ Services

- Business and technology alignment
- Integrated business, technical and human architecture
- Technology innovation
- Project execution and review

