

Open Source Business Models

Experience of being Open Source and working
with Open Source

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Key Issues

- ✦ STUDY the experience of others. Read articles, case studies, discuss with other open source companies (<http://www.opensourcestrategies.org/>, <http://flossmetrics.org/>)
- ✦ Market Focus: SMBs vs Enterprise vs Government / EU
- ✦ Easy to Use
- ✦ Documentation
- ✦ Community
- ✦ Partners / Personnel
- ✦ Agile and User Driven Development

OSS for SMBs

- ✦ "business owner" and "trusted techie" decide
- ✦ "techies" love open-source software
- ✦ Provide all three: open source, free and better than commercial systems
- ✦ SMBs pay less but often demand more in terms of support: Use the community to compensate, 95% of tech support can be done by the community.
- ✦ The model: 90% of code / functionality is given away free of cost, and then charge for advanced features (business models used by SugarCRM, Zimbra, etc.)
- ✦ Feature-bloat vs Easy to Use. It's exceptionally hard to create products that are easy to use

Our Model Highlights

- ✦ Control the ownership and road map: Minimize funding for the prototype / first product version
- ✦ Develop first product version as a custom solution with a customer willing to pay much less in order to let you open source the solution. Explain all other benefits besides cost: Guarantees better and longer support, evolving product, more safe in the long run.
- ✦ Develop the custom solution as a solution platform. Utilize robust, well known and supported frameworks. Avoid “final”, “end-user” products. Use proven core tools and technologies to safeguard your road map
- ✦ In each product version iteration charge an interested customer the advanced features and integrate them back to the main product

Adopt an OSS Solution

- ✦ Determine if you are early adopter or pragmatic user of IT
- ✦ Apply some metric of product maturity in key weighted areas:
 - ✦ Software (4)
 - ✦ Support (2)
 - ✦ Documentation (1)
 - ✦ Training (1)
 - ✦ Product Integration (1)
 - ✦ Professional Services (1)