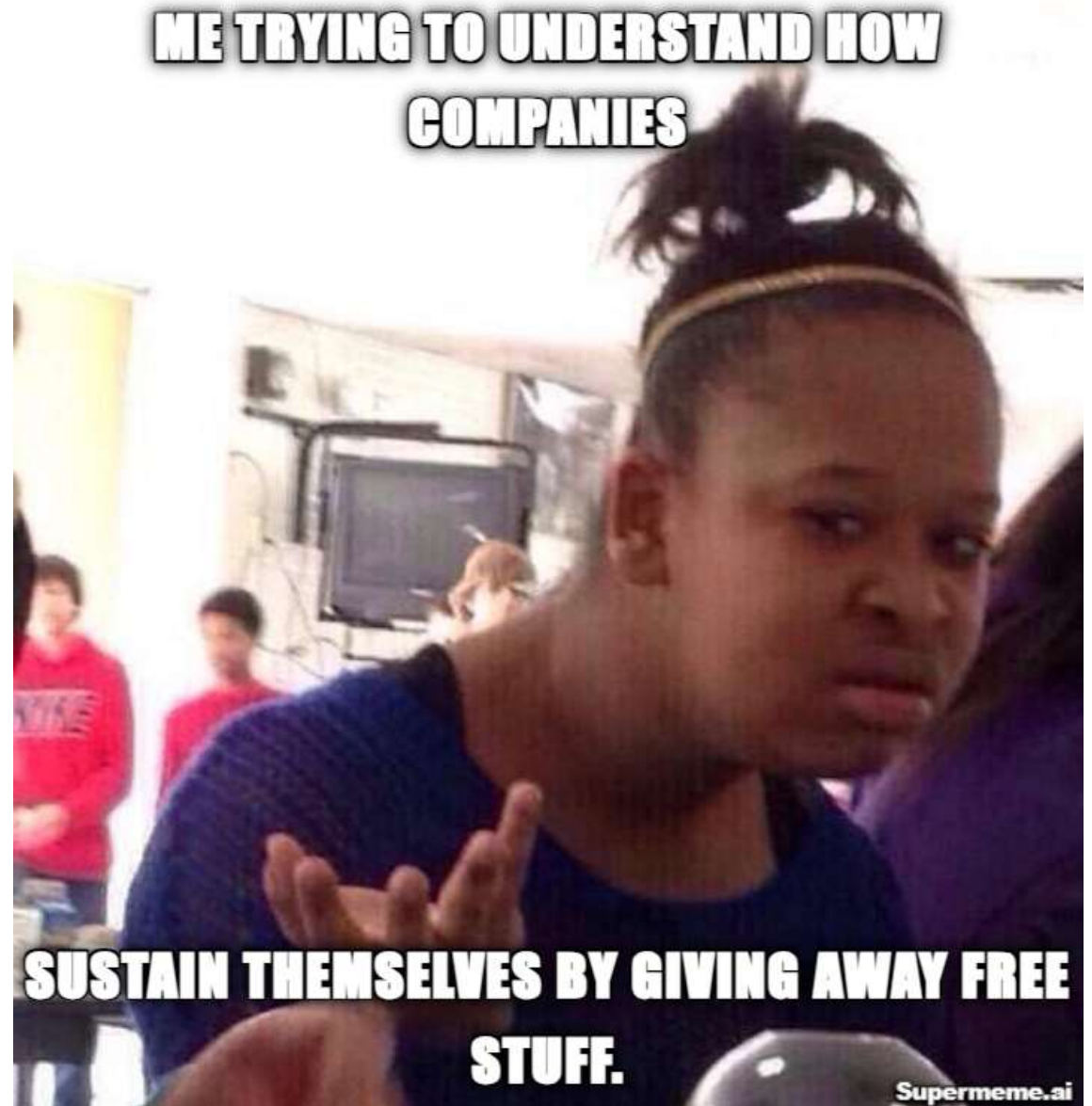


Module-4

Open Source Business Models

- How do Open Source Software companies survive?



Few Top Open Source Companies

- **RedHat** [acquired by IBM] US\$3.4 billion
- **MongoDB** Inc Revenue : [US\$1.28 billion]
- **GitLab** : Revenue : US\$424.3 million
- **Elastic** : Revenue : US\$608 million
- **Canonical: [ubuntu]** Revenue: US\$141 million
- **SUSE [open suse linux]** Revenue: US\$450 million
- **Mozilla Corporation:** US\$826.6 million

Smaller companies based on OSS[Commercial OSS]

- **Meilisearch**

- Open source flexible and powerful user-focused search engine

- **Supabase**

- Open source firebase alternative

Few more small companies

1. **HashiCorp:** Infrastructure automation solutions.
2. **MariaDB Corporation:** Relational database management system.
3. **OwnCloud:** File sync and share platform.
4. **Cockroach Labs:** Distributed SQL database.
5. **Talend:** Data integration platform.
6. **Sensu:** Monitoring and observability solutions.
7. **Dremio:** Data lake engine for analytics.
8. **Mattermost:** Team messaging platform alternative to Slack.

Traditional commercial business model

- Sale of software products
- Sale of software services
- Sale of support services
 - Can be bundled or provided separately.

COSS and POSS

- Companies getting income from open source software can be
 - Commercial open source software companies
 - Professional open source software companies

Business models used:

- Selling the code itself:
 - Dual licensing
 - Open – core
- Selling users
 - Advertising : selling user data
 - Partnership with funding organizations
- Selling support and consultancy services
 - Training
 - Selling branded merchandise

Example: Mozilla

- **Mozilla Firefox is free and open source software**, built by a community of thousands from all over the world.
- Firefox is made available to you under the terms of the Mozilla Public License.

How does Mozilla survive?

- Mozilla Corporation's revenue was \$466 million from its
- **search partnerships (largely driven by its search deal with Google), subscriptions and advertising revenue.**
 - Royalties received by search engines to be featured on its Mozilla Firefox browser.
- Mozilla's original deal with Google to have Google Search as the default web search engine in the browser expired in 2011, but a new deal was struck, where Google agreed to pay Mozilla **just under a billion dollars** over three years until 2017 in exchange for keeping Google as its default search engine.

Dual licensing model

- For example: using GPL and
 - A commercial license
 - Note: same software is provided under two different licenses.
- Why would anyone go for a commercial license and pay for a OSS?
 - Proprietary software linking to the OSS.
 - Does not want his proprietary software to become OSS.
- Ex: MySQL

Dual License products

- Community version under GPL
- Enterprise version under commercial license
 - Can be an enhanced version
 - Can include support etc.

Contributors point of view

- If you are contributing to a OSS which has dual license
 - You have to transfer the copyright of your work and allow them to make money.
 - You may be required to sign a legal document for the above.
 - Remember CLA?
 - Add on to the CLA.
 - If so what about the revenue generated?
 - Will it be shared with the contributor?

Open-Core model/Split open source

- Core portion is open source
- Extended portion/extensions [additional functionality] is put under commercial license.
 - Commonly used licenses under this business model: apache and mozilla open source licenses

Diff between Dual license and open core

- Lies in the license used.
- Apache and mozilla are permissive licenses while GPL is a copyleft license.
 - Permissive licenses allow intermixing[part open source part proprietary].

Examples

- Google's chromium engine[open-source browser project]
 - Used by Google Chrome, Microsoft Edge, Opera.
 - Under BSD License which is a permissive license.
 - Google chrome which is a proprietary software uses the chromium engine.
- GitLab[CE/community edition]:MIT license type
 - GitLab[EE] is under commercial license.

Selling users, services and merchandise

- Ex: Mozilla
- Many OSS companies are paid by google for allowing whitelisted acceptable ads display.
- Ex: SourceForge : open source project service provider company.
 - Uses advertising model on its website.[shares the revenue]
- GitHub was using this model earlier.

Selling professional services

- Consulting services
- Training services
- Technical support services
- Another way: providing only the source code under the public domain
 - Charging for executable binaries and packaging the software.
 - Example: can be done with Eclipse
- Companies using this model: RedHat, IBM

Selling branded merchandise

- Example: Mozilla and Wikimedia sell branded stuff like coffee mugs t-shirts
 - Does not work for all OSS companies.

Open SaaS Model

- Works for software products that are popular and useful.
 - Ex: Wordpress and sharetribe
- Money can be made via subscription, customization etc.

Donations and funding

- Voluntary donations
- Crowd funding[people are not associated with the project/product/company].
 - Ex:bountysource, snowdrift,freedomsponsors[for specific issues],
- Crowd Sourcing [funding + association]

Crowd Sourcing

- Participative and online activity [voluntary].
- Crowd is expected to bring their work, knowledge/experience, money.
- For societal, mutual benefit.
- Ex: linux, google android.

Freemium business model

- Free and premium
- Ex: Hashicorp

Relicensing model

- Proprietary software + OSS
- Relicensing under a proprietary license.
- Example: Apple Mac OS

Revenue models used by VCS

- SourceForge: advertising
- Github : premium subscription plans for teams and organizations.
 - Also gets commission on purchase of third party apps through their website.