

FOSS and Business

COMP8440: FOSSD Lecture 8

What's the aim?

- Developers or users
 - Some companies ask the question 'how can I take advantage of FOSS?'
 - Others ask the question 'how can I make money from a FOSS product?'

In-house use

- Advantages for business users
 - Lower licensing costs (often zero)
 - Avoids vendor lock in
 - Ability to self-support
 - Ability to customise

Common revenue models

- Most fall in 5 broad categories
 - Hardware vendors: FOSS can help sell hardware
 - Sell support: Sell your expertise as software support
 - Proprietary extensions: Sell an add-on
 - Dual licensing: Offer an alternative license for a price
 - Advertising: Use FOSS to drive advertising revenue

Hardware Vendors

- Most server vendors support FOSS
 - Huge contributions by major vendors
 - e.g. HP, IBM, Intel, Sun
 - Often a significant factor in making a sale
 - Proprietary middleware apps ported to Linux
- Embedded vendors
 - Lots of support of FOSS by device makers
 - e.g. NAS vendors, gadget vendors

Sell Support

- The classic FOSS business
 - Pioneered by companies like Cygnus
 - Success strongly linked to degree of expertise
 - history of Cygnus in 'Open sources' is well worth a read
- Variants
 - Packaged support – e.g. RedHat RHEL support
 - Larger services – e.g. large contracts, consulting
- No lock-in
 - As source is available, anyone can offer support
 - The key is to choose someone with the right skills
 - Usually that means people who help develop the software

Proprietary Extensions

- Selling ad-ons
 - Uses free base package to gain market share
 - Ad-ons for business critical functionality
 - Not allowed by all licenses
- Examples
 - Exchange add-on from Novell for Evolution
 - Add-ons for Mambo CMS

Dual Licensing

- Sell an alternative license
 - Relies on customer aversion to FOSS license
 - Often used in combination with copyleft main license
 - Sometimes called 'GPL inoculation'
- Examples
 - MySQL database, commercial use license
 - TrollTech QT library

Advertising

- Web economy
 - Huge web advertising business arose in last decade
 - Some FOSS projects funded purely from advertising
- Examples
 - Hobby projects and web ads
 - Mozilla Firefox and Google
 - Earned over US\$70M from search deal in 2007
 - Can it be sustained?

Re-release as FOSS

- Start proprietary, change to FOSS
 - Sometimes done on otherwise defunct products
 - Sometimes purchased by new vendor or community
- Examples
 - Netscape navigator
 - Became base for Mozilla (“free the lizard”)
 - Blender 3D graphics tool
 - following bankruptcy and community appeal for EU100k
 - Interbase database
 - Released by Borland in 2000 under MPL
 - Later abandoned by Borland, but lives on as Firebird
 - OpenOffice.org
 - StarOffice bought by Sun in 1999
 - Released under dual license

Common Mistakes

- When contributing to FOSS projects
 - delayed release
 - registration for download
 - company name on all contributions
 - permission required for each contribution
 - version number based permission
 - patent applications
 - NDAs
 - special rights for company employees

How do each of these things hurt the project?