

Presentation
Introduction and motivation
Supporting innovation with free software
FLOSS business models
Economic impact
Sustainability

Assignment: Ten myths about FLOSS business models

Assignment: "Yockai Benkler on the new open source economics"

Assignment: "Leadbeater on open innovation"

Activity: identify FLOSS business models

Activity: the open core debate

Activity: build your FLOSS business model

Economic Aspects of Libre Software

Master on Libre Software (URJC)

<http://master.libresoft.es>

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Economic impact

we study libre software

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The (business, economic) role of libre software

- **Functionality:**
Easy access to cutting-edge functionality
- **Acquisition of technology:**
Libre software is a transfer of technology engine
- **Economic efficiency:**
In many cases, libre software case is the most efficient
- **New opportunities:**
Libre software changes rules and permits new opportunities
- **Service economy:**
Software as a service, instead of software as a product
- **Adaptability, conformance to needs:**

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Specific impact in the business fabric

- Creation of production fabric:
Expenditure in services, network of companies of different sizes
- Creation of quality employment:
Jobs related to development, maintenance, management, innovation
- Cost savings, better use of public expenditure (funds for development): More and better impact of public expenditure
- Improved competitiveness:
Use of specific libre software, incremental development in IT sectors
- Promotion of the value of innovation:

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Libre software as a disruptive factor

Libre software means new opportunities
with disruptive potentials,
creation of a sustainable production fabric
and provision of means for improvements in
many sectors

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Some consequences of software "freedom"

- **Cost:** model very different from proprietary software
- **Openness:** can be modified, inspected, studied
- **Distribution:** new channels, new methods
- **Development:** 'surprising' development models
- **Maintenance and support:** Real competition

Mixture of two powerful mechanisms:

- Competition (with the same software base)
- Cooperation (even involuntary)

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Some business arguments

- Advantages of public scrutiny and chances for improvements
- Real competition in development and maintenance
- Technical feasibility vs. marketing
- Easy testing, deployment, update
- Lower barriers to business opportunities
- Non-formal collaboration and pooling of resources
- Technology transfer
- Libre software as an strategic tool

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What disappears when a business uses libre software?

- Dependence on monopolies:
Real competition, better products, better services
- Importance of vendor reliability:
Future depends on product acceptance
- Decisions taken based on few elements:
Software can be tested in its real environment, at a very low cost
- Dependence on the strategy of providers:
Decisions on the evolution of a product taken for those contributing with resources
- Confidence on "black boxes":

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Conclusions?

- Libre software is a viable business option
- Allows for new business opportunities...
- ...but it is important to know how to take advantage of those