The Business and Economics Open Source Software

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Open Source Program Office

August 14, 2003

HP WORLD 2003
Solutions and Technology Conference & Expo

Open Source Software

Is it changing business?
How do you do business?
How do you manage it?

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"The question for us isn't, *Will Linux dominate the world?*' but '*What part of the world will Linux dominate?*'"

Carly Fiorina
CEO, Hewlett Packard Company
Linuxworld

Linux Adoption

Source: IDC, 2002

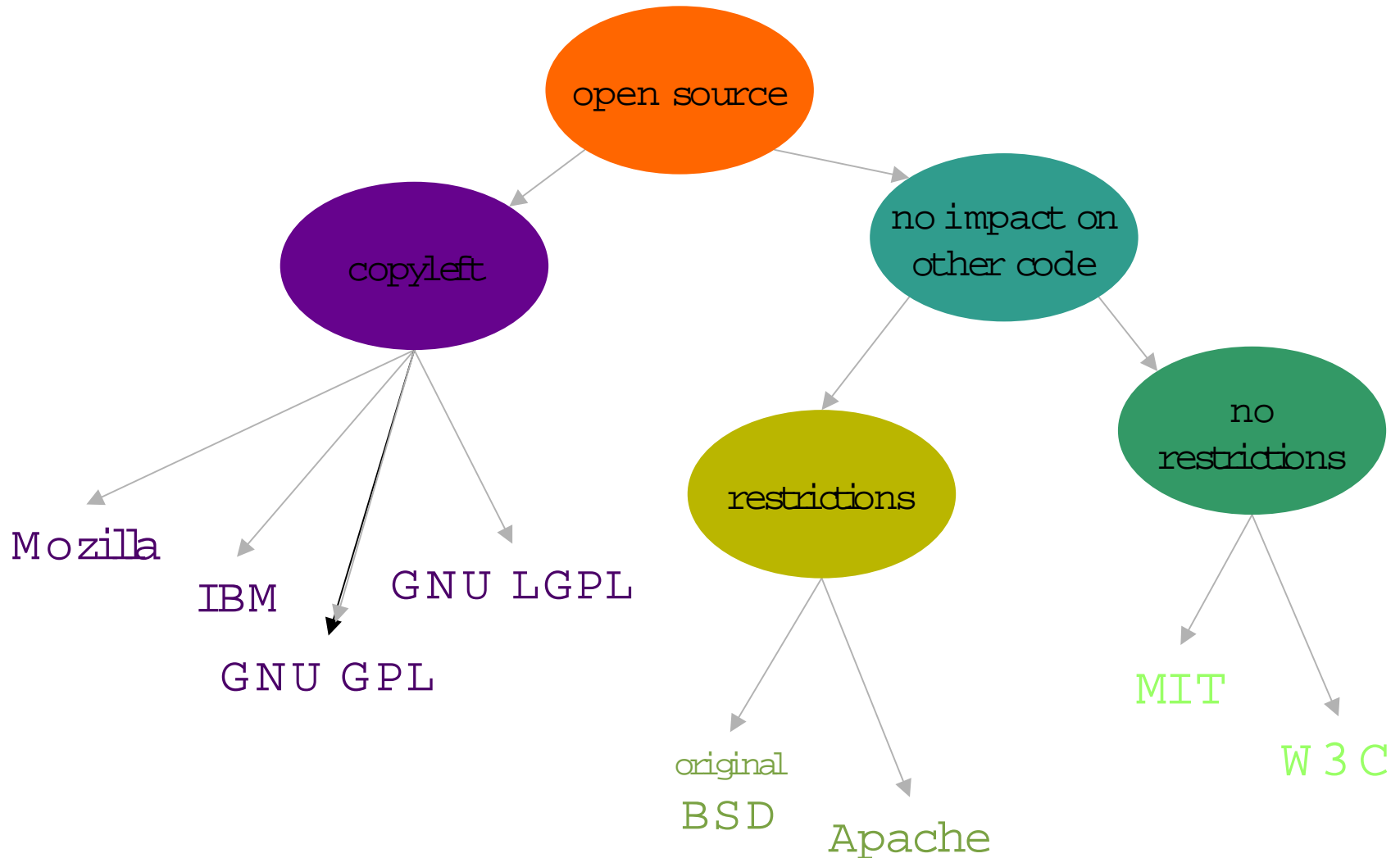Purchased   Free
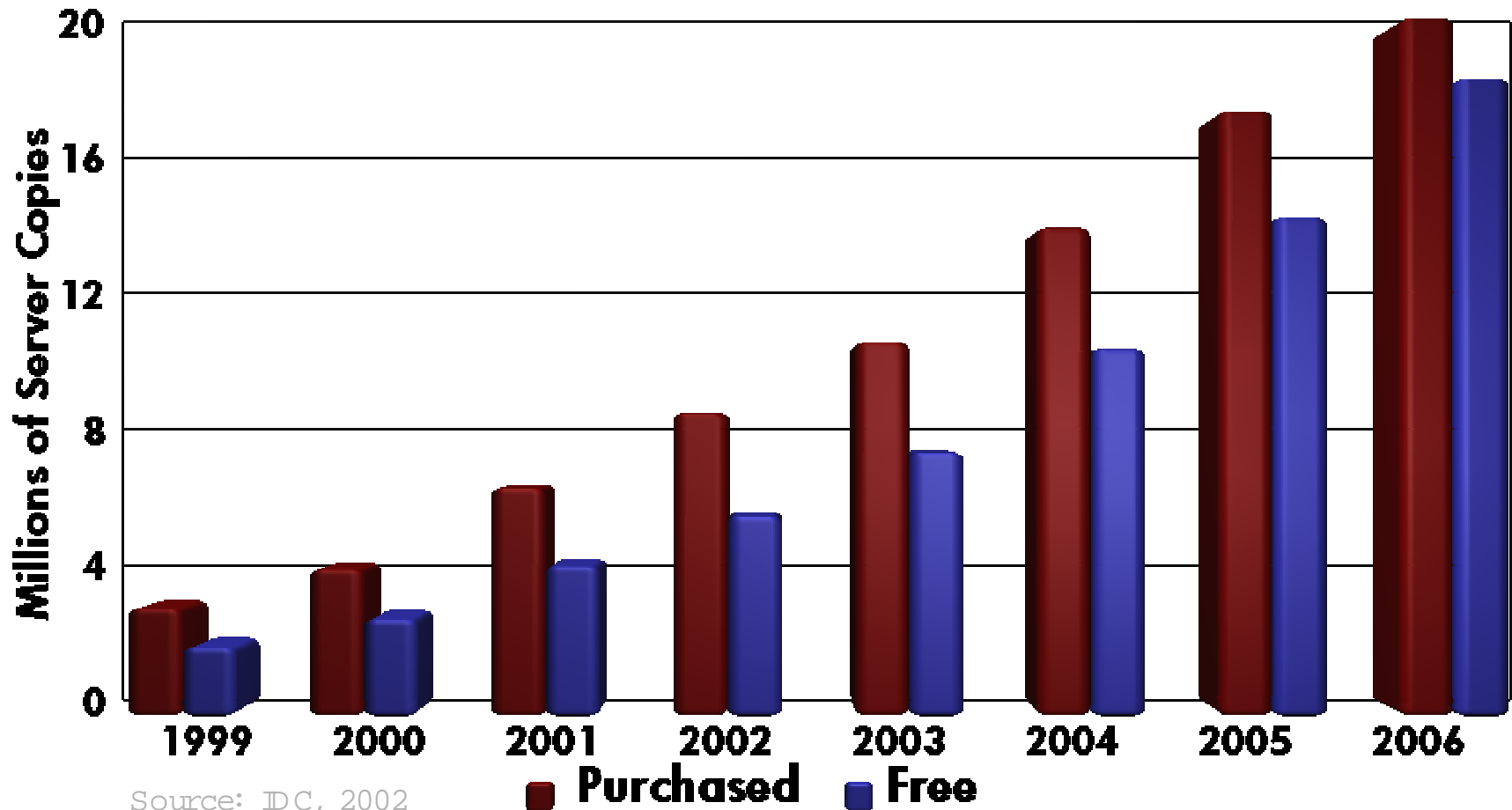
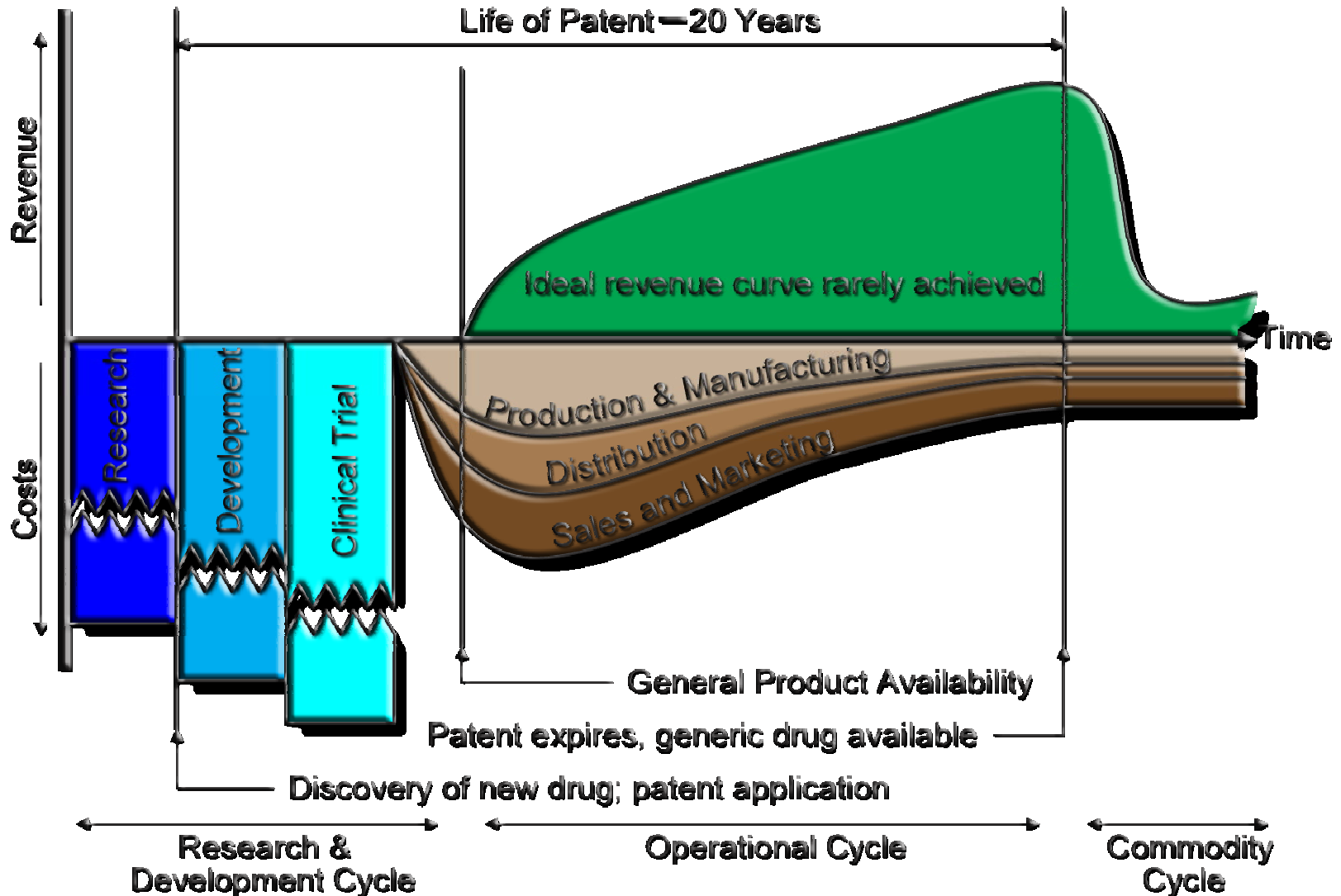Driving Future Investments

Costs - A Different Look
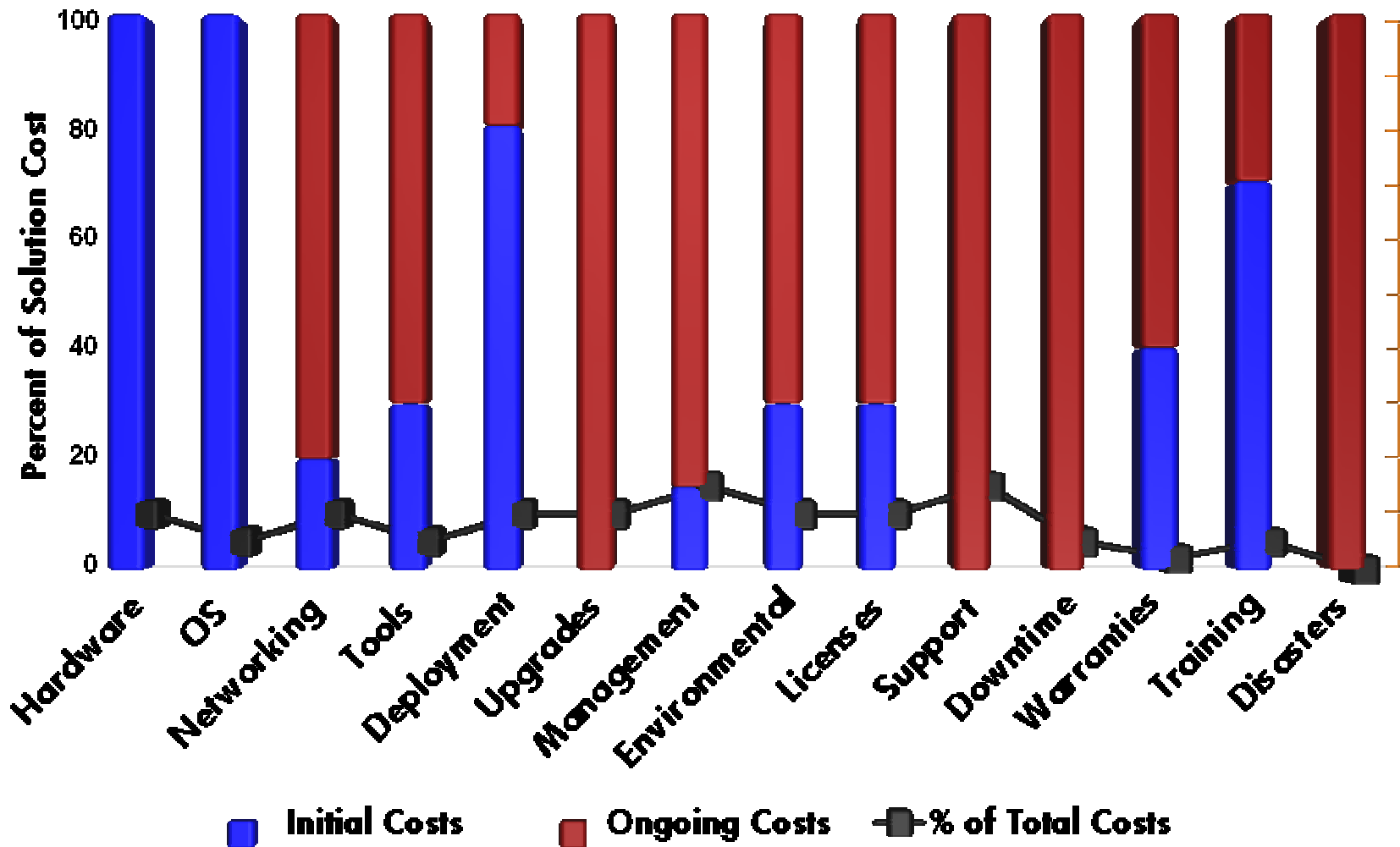
"open source" definition

- redistribution is permitted without requiring a fee
- source code is available and may be redistributed
- derived works are permitted and may be redistributed
- **opensource.org** for more details
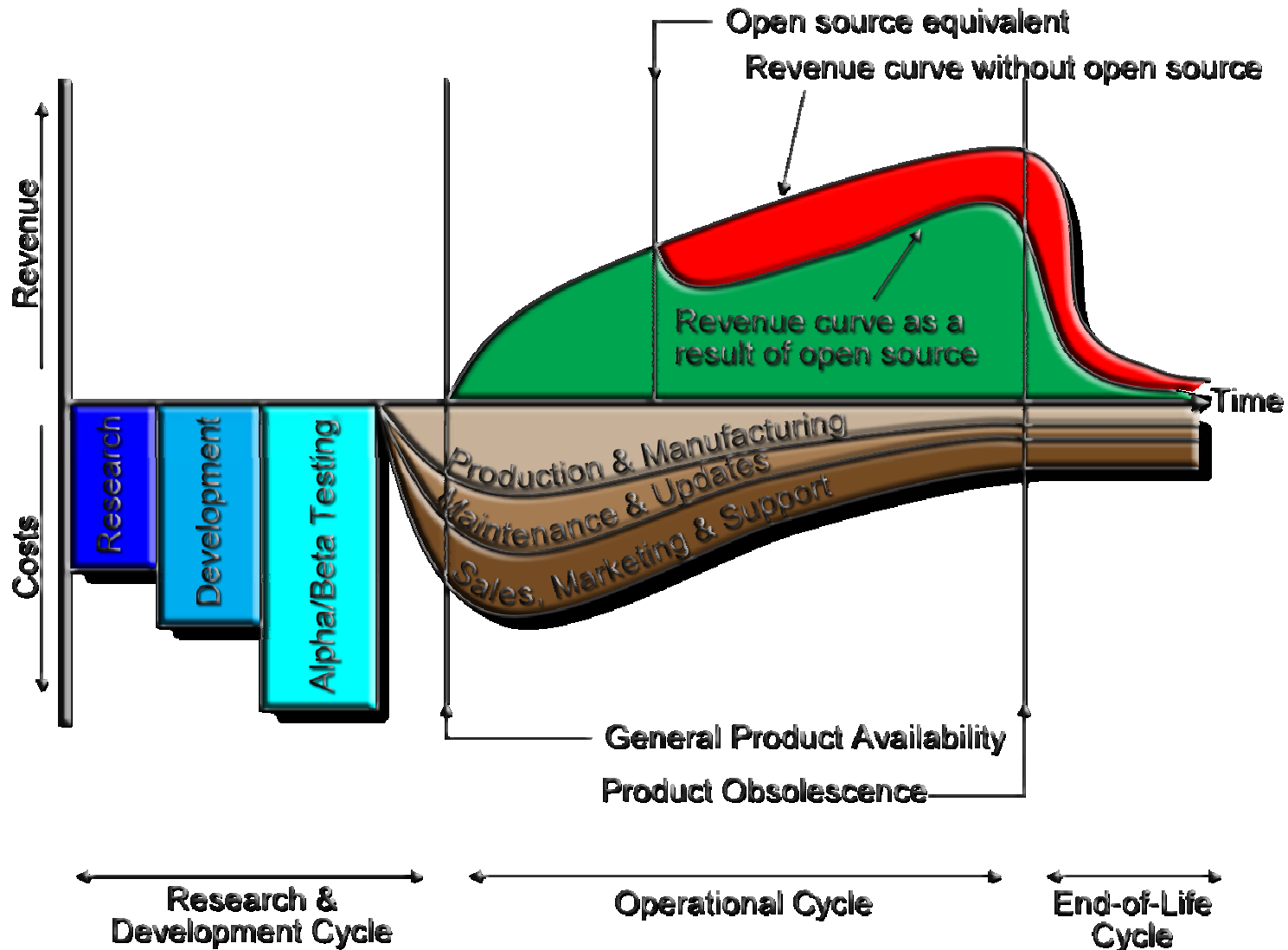
types of open source licenses

open source

copyleft

no impact on other code

Mozilla

IBM

GNU GPL

GNU LGPL

restrictions

no restrictions

original
BSD

Apache

MIT

W3C

Pharmaceutical Cost Model

Open Source Effect on Software

Business Models

- Commercial Software
  - Unless you cross the kernel boundary, nothing changes

- Support and Services tied to Open Source

- Aggregating and Enhancing

- Commercialize with a Dual-License

- Enable Hardware

- End-of-Life

- Building an ecosystem

Examples of Open Source Business Cases

- The product commoditizes a market you do not currently control.
  - Linux commoditized the desktop market, entering a market dominated by MS Windows

- The product would make a product or technology pervasive.
  - Open source printer drivers will assure that Linux users can use HP printers.

- The product would promote the use of a proprietary piece of software.
  - You open source a management framework that gives users the ability to authenticate users, run tools remotely on multiple systems. Users can plug in their own tools, however you also sell a suite of tested and certified tools.

- Open sourcing would lower the product's overall cost to the company.
  - PA Linux had as many open source developers as HP developers. The community greatly lowered HP's R&D costs.

- The product promotes hardware (or other value add).
  - HP offers printer drivers for Linux that promote HP printers.

Examples of Open Source Business Cases

- Open sourcing creates a custom solution for a customer.
- You can provide profitable services in relation to the product.
  - A highly customizable product that allows customers to change it to meet their needs.
  - You sell customization services.
  - Support
- Open sourcing the product allows you to exit a business.
  - Dumping is not a good idea!
  - If there is a large enough community interested in maintaining the code, or if the customer base is willing to support it themselves.
  - Not the only way to give customers code.
- Open sourcing the product allows you to leverage resources from others.
  - For example, because Linux is open sourced, IBM, HP and others can all work on the same core product, as opposed to Unix where we all created our own flavors.

When you might not open source

- The product is a control point for you
- The product should be obsoleted
- The cost does not justify the benefit
- Misdirection and defocusing of resources
- The intellectual property risk cannot be justified
- To compete against the open source community
- Just because it's cool technology

Example Reasons to Use Existing Open Source Code

- When to use open source technologies
  - You would like to promote an existing standard
  - There is already an existing, pervasive technology
  - Refocus your resources on value add
  - No risk of accidentally copylefting an existing product

- When 'NOT' to use open source technologies
  - The technologies direction does not match your strategic goals
  - The product's chief architect does not agree with the proposal
  - Time to market is critical (you cannot control open source release schedules)

HP's Open Source Policy Objectives

- Ensure legal compliance: honor open source licenses and prevent unintentional "copylefting"

- Establish proper business controls based on a clear understanding of open source

- Have a central place where all open source activities are understood for consistent communication inside and outside of HP
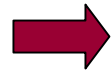
What are you really buying?

Copying →	Yes, you can freely copy open source software but there might be restrictions.
Support →	You can get it from multiple places, including doing it yourself
Media/Manuals →	How do you need?
Licenses →	It still has a license.
Bundles →	What's really in there?
Indemnification →	It doesn't exist in the open source world

HP's Open Source Program Office

- **Open Source Policy Document**
  - General policy on how and when to use open source

- **Open Source Review Process**
  - Group of open source experts
  - Business and legal review
  - Pointers to resources

- **Open Source Portal**
 - Web portal for all of HP's open source activities
  - http://opensource.hp.com

HP's Contributions in Open Source

http://opensource.hp.com

- Handhelds.org

- HP's leadership in SAMBA

- Debian Project

- Linux Standards Base (LSB)

- Pegasus Project

- HP's leadership in Linux on IPF

- Linux on PA-RISC

- Founding member of OSDL

- Data Center Linux Working Group

- The Gelato Federation

- OpenSSI

- ScTL

- Printer Drivers

- Apache

The
BUSINESS
and
ECONOMICS
of LINUX and
OPEN SOURCE

Martin Fink
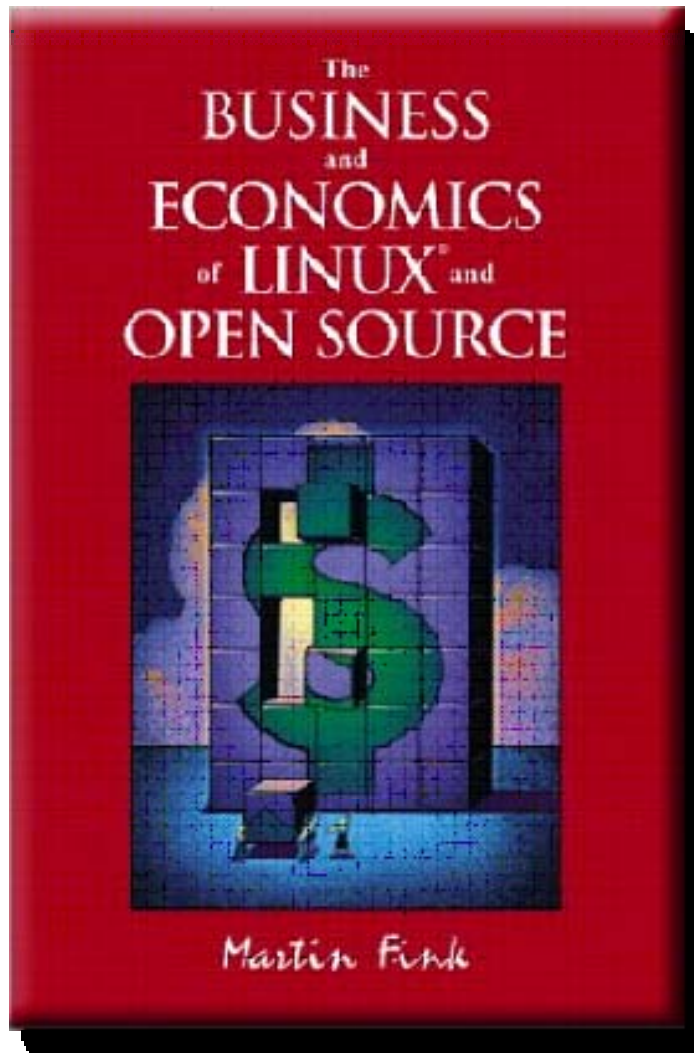
- **Part 1 – Groundwork**
    1. The Business of Linux and Open Source
    2. Linux – Heart of the Operating System
    3. Open Source – Navigating the Legal Path to Freedom
    4. Communities and Organizations

- **Part 2 – Operational Linux**
    5. Linux Distributions – Completing Linux
    6. The Cost of Linux and Open Source
    7. Standards – One Linux
    8. Operations – Using Linux and Open Source

- **Part 3 – Open Source in Business**
    9. The Corporate Bazaar
    10. Value as a Function of Time
    11. Business Models – Making Money
    12. Integrating Open Source into your Business
    13. Human Resource – Getting Top Talent

Fonts, capitalization, emphasis and subdues

- Titles are Verdana bold 30 point
- Main bullet items are Arial 26 point
  - Sub bullets Arial 24 point
- Initial cap first word all titles and text
- Emphasize **keywords** Arial bold… R217, G99, B11
- Subdued text (including the bullet)should be treated as such… R128, G128, B128

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