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# Open Source for SMEs

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# Agenda

- What is Open Source Software (OSS)?
- What can I use it for?
- How do developers pay their mortgages?
- If “free” software is so good, why isn’t everyone using it?  
*(Or is free software worth what you pay for it?)*
- What do I need to think about?

# What is Open Source Software?

- Software that's developed under a licensing model that allows the source code to be accessed, modified and distributed by anyone who wants to use it.
- Details at, e.g.,  
<http://www.opensource.org/docs/definition.php>
  - Free distribution
  - Source code
  - Derived works included
  - No discrimination
- Some ideological debate on the exact boundaries
  - For example, which licensing models are truly open?
  - These may affect developers, but rarely end users.

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*“The **basic idea behind open source** is very simple: When programmers can read, redistribute, and modify the source code for a piece of software, the software evolves. People improve it, people adapt it, people fix bugs. And this can happen at a speed that, if one is used to the slow pace of conventional software development, seems astonishing.”*

[www.opensource.org](http://www.opensource.org)

# Characteristics

- Access to source code (& hence data definitions etc)
  - ❑ Interoperable
  - ❑ Can customise to own requirements (*if have skills*)
  - ❑ Reduced risk of vendor lock in
  - ❑ Deep review (hence high quality and high security – *sometimes*)
- Free distribution
  - ❑ Low initial costs
  - ❑ Easy to trial
  - ❑ Can extend and share
- Collaborative development
  - ❑ Community support for fixes and extensions (*if there is a strong community*)
- Growing market penetration
  - ❑ Strong vendor support (IBM, Novell, Oracle, HP, ...)
  - ❑ Growing government support
  - ❑ High adoption (e.g. web servers, browsers, appliances)

# OSS is a disruptive technology

- *“Our direct competitors include firms adopting alternative business models to the commercial software model. Firms adopting the non-commercial software model typically provide customers with open source software at nominal cost and earn revenue on complementary services and products”*

**Microsoft Annual Report, 2004**

- *“Steve Balmer, the company’s chief executive officer, has acknowledged that the threat from open source software now poses Microsoft’s most important long-term competitive challenge”*

**The Financial Times, May 2005**

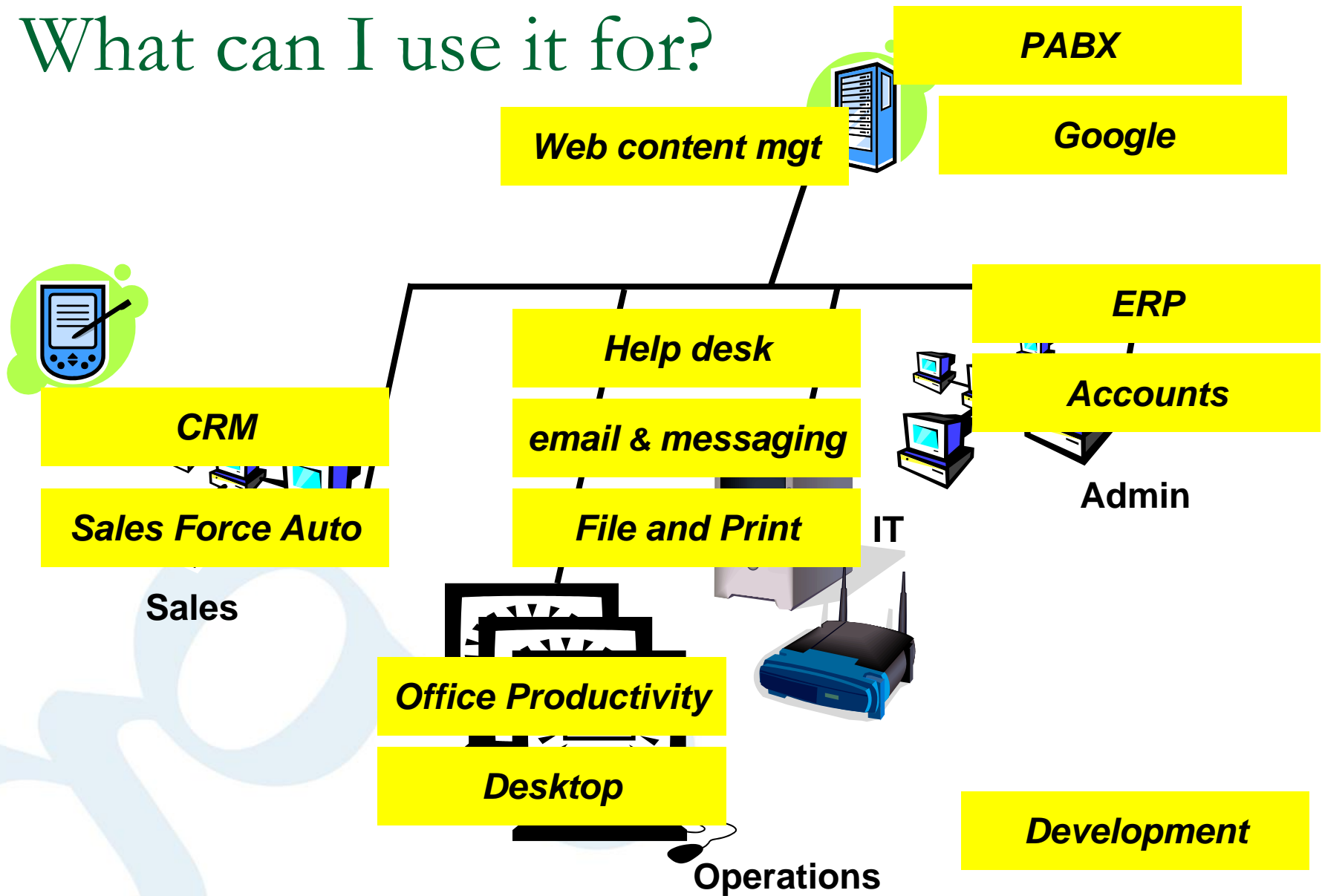
- *“President da Silva has instructed government ministries and state-run companies to switch from costly operating systems made by Microsoft and others to free operating systems, like Linux. [...] ‘We’re not going to spend taxpayer’s money on a program so that Microsoft can further consolidate its monopoly.’”*

**The New York Times, April 2005**

- *“use of OSS within the UK public sector can provide a viable and credible alternative to propriety software and lead to significant cost savings [...] open source software can provide a cost-effective and efficient solution in schools if effectively deployed.”*

**British Educational Communications and Technology Agency, May 2005**

# What can I use it for?



# Products include

- Linux (operating system)
- mySQL, PostgreSQL (databases )
- Tomcat, Zope, Jboss (application servers)
- Apache (web server)
- Plone, Mambo, Alfresco, OpenCMS (content management)
- email
- SugarCRM (CRM)
- Open Office (word processor, spreadsheet)
  
- Many technical tools – things that developers use to create systems
  - Developers have always created tools for themselves and shared them with their friends. Most open source software has been developed from this tradition.
  - It's likely that more business-oriented systems (e.g. for CRM and ERP) will become available over time, now that the basic tools are there.



# How do people pay their mortgages?

## ■ Non-commercial model

- Day job pays the mortgage
- Develop for fun, bragging rights or ideology
- (Some people play football for fun, not profit)

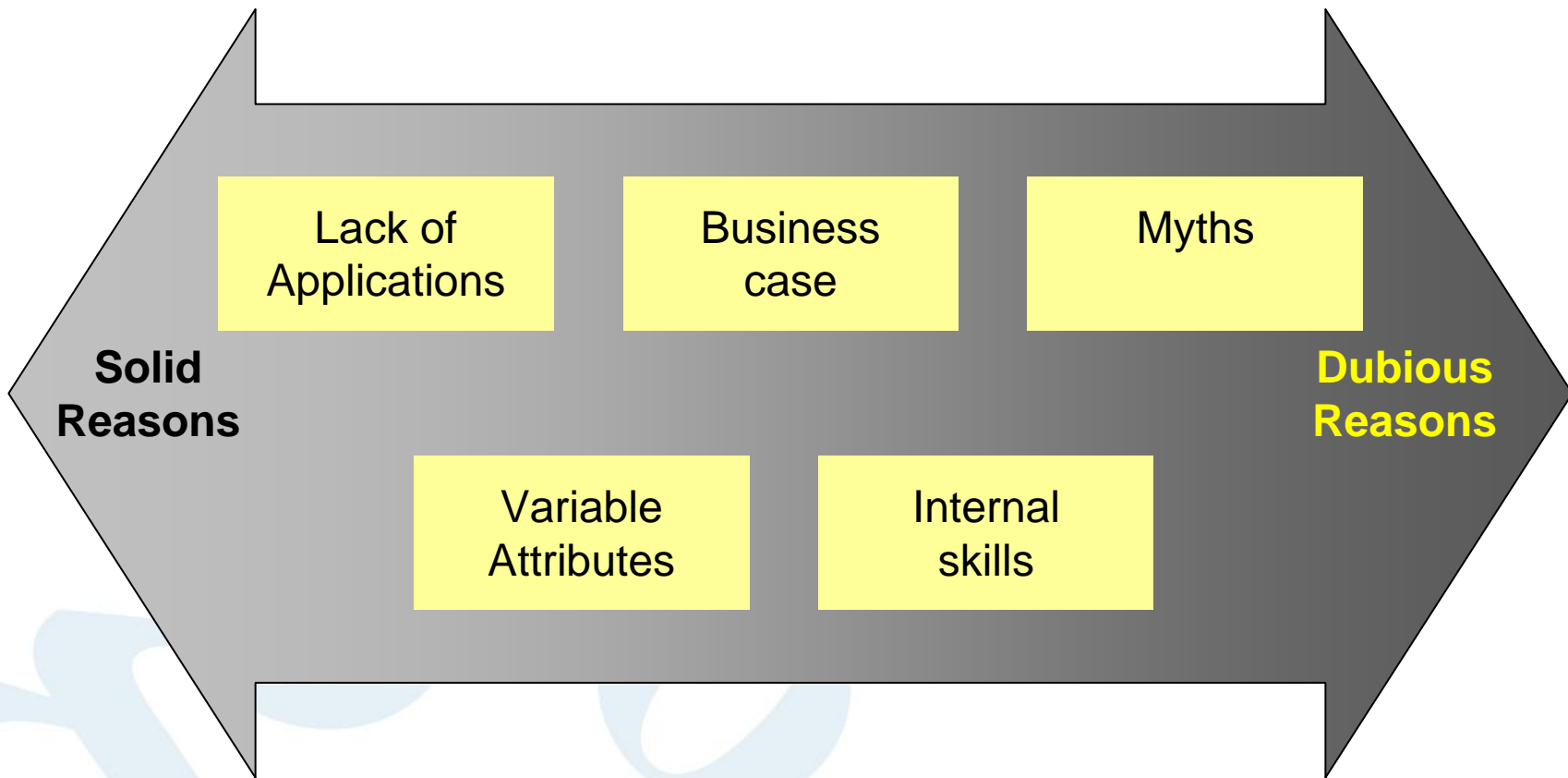
## ■ Reduced cost to support commodity products

- Operating systems and databases, for example
- If people won't pay for bells and whistles, how do you provide sales and service?
- If a community will support and speak for the product, then this can keep it alive and open opportunities to sell value add services.

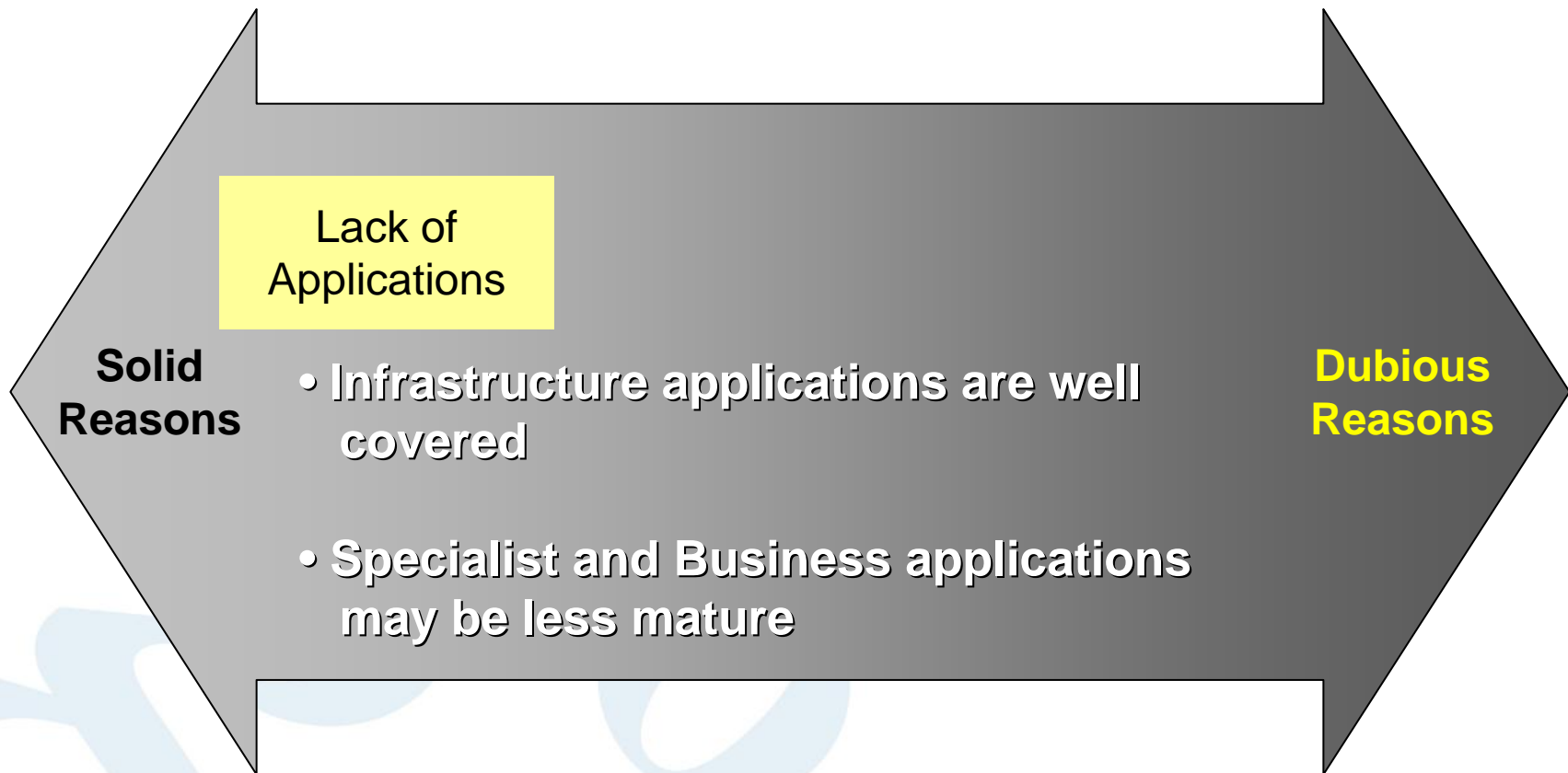
## ■ Grow the market for commercial services

- Software is the free giveaway that pulls people in to buy services
- This is how IBM used to sell hardware - it's a tried and true model

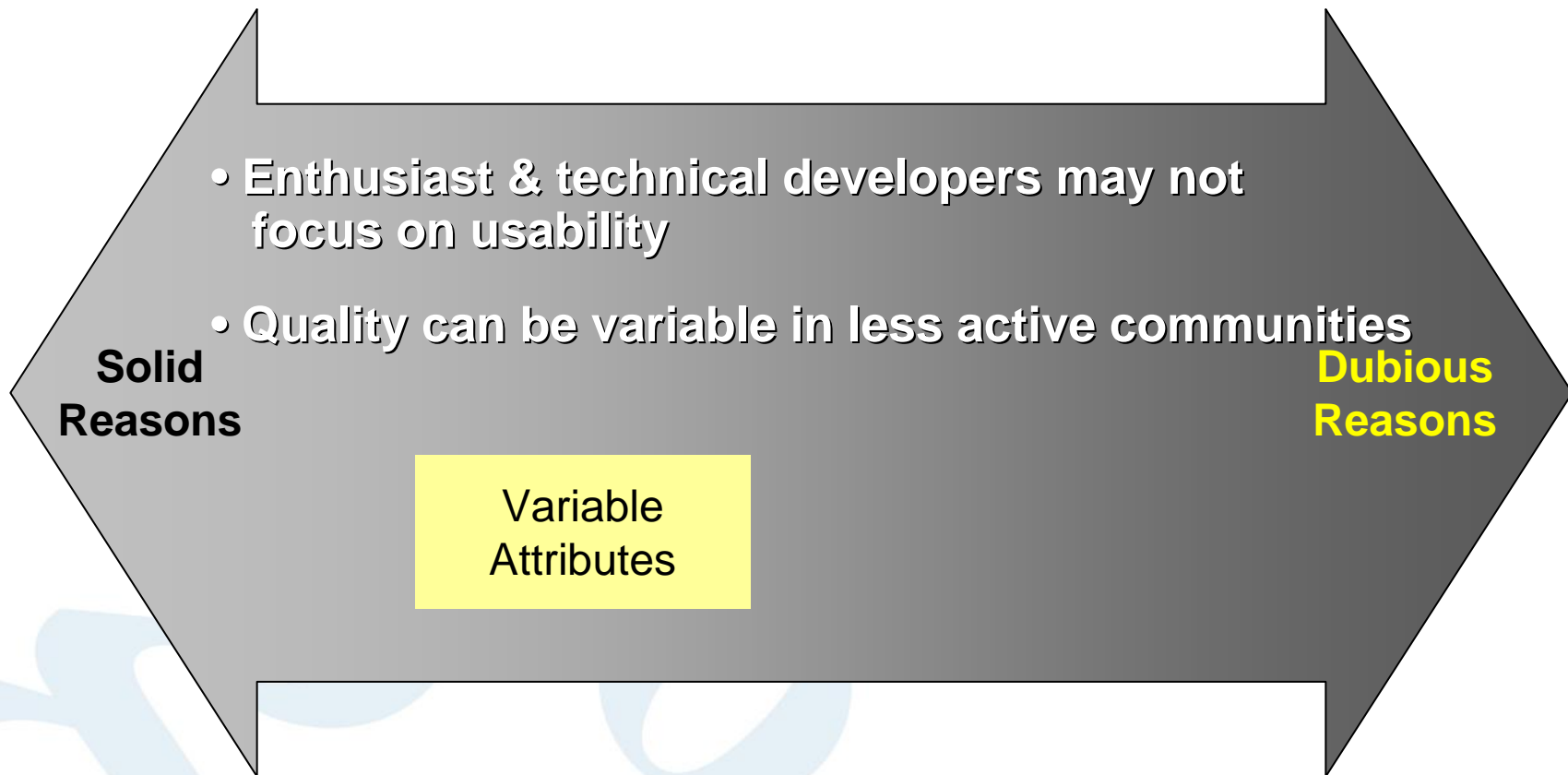
# Why isn't everyone using it?



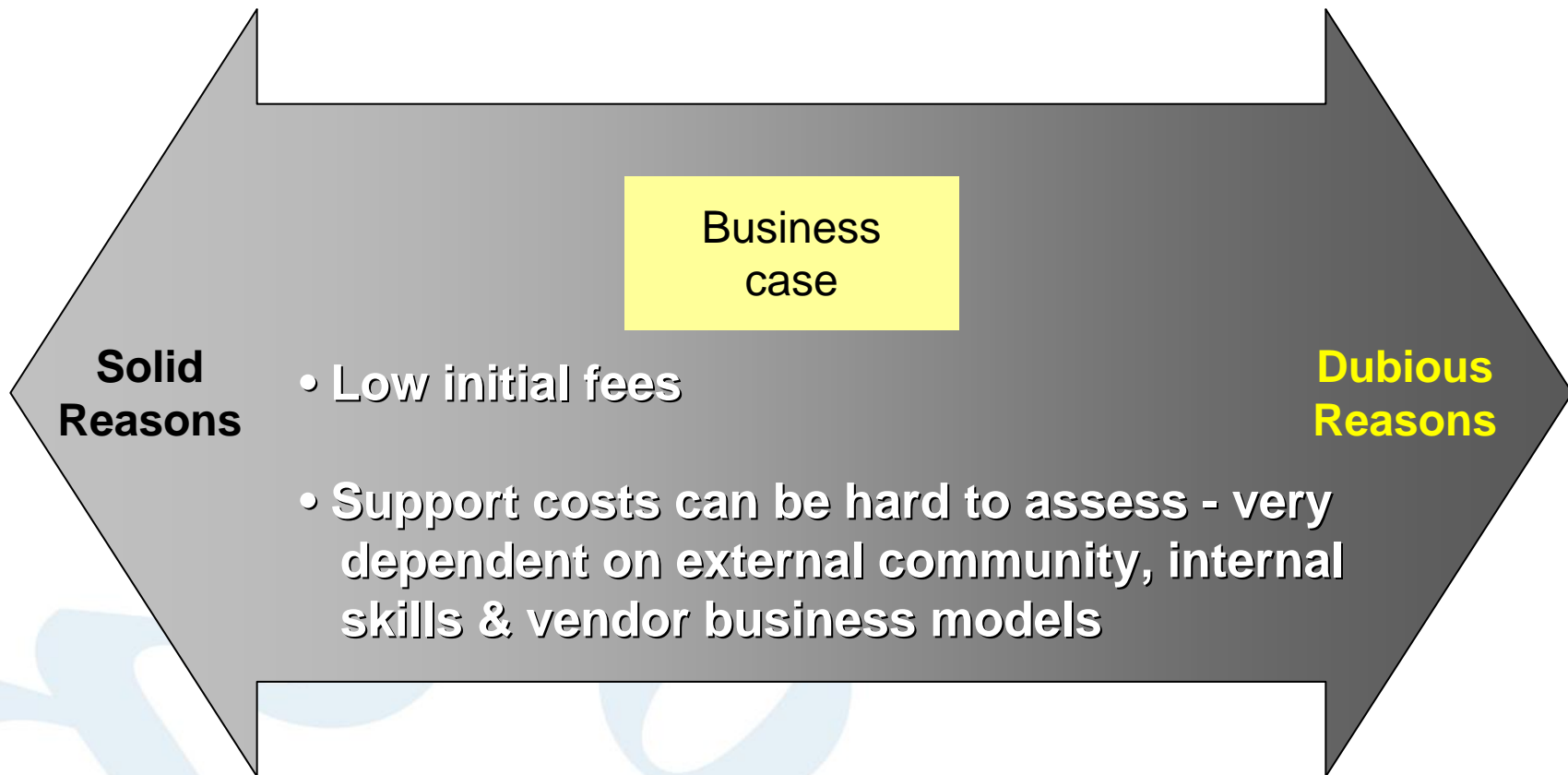
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- Training requirements can be significant. People may be enthusiastic, or highly resistant
- External support can be hard to find. In some areas, good people are rare. (But this is true of proprietary software too.)

**Solid  
Reasons**

**Dubious  
Reasons**

Internal  
skills

# Why isn't everyone using it?



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# Open Source Myths (Gartner)

- **Open source means anti-commercial**
  - A different business model, but many commercial players
  - Can be very viable for commodity products or for service-based businesses
  
- **Open source is inappropriate for the mainstream**
  - Widespread adoption of infrastructure applications
  - Business applications are maturing
  
- **Open source is a passing fad**
  - Open source has been around for decades
  
- **There is no control over open-source development**
  - Many disciplined, commercial players
  - Users have direct scope to influence product development
  
- **You can't get support for open-source products.**



# What do I need to think about?

- Is there an application that does what I need?
- Is there good support for the application:
  - Strong community?
  - Commercial vendors?
  - External accreditation?
- What implications would a switch have for
  - Internal skills?
  - Existing hardware?
  - Existing support arrangements?
- Will there be a return on investment?

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# A couple more to think about

- How do I procure it?
  - Look for references (same as any software)
  - Look for community and accreditation
  - Look for services vendors to respond to formal procurements
  
- How do I implement and support it?
  - Do you have internal skills?
  - Look for services vendors
  - Consider independent assurance of small vendors
  
- Can I make money by open sourcing my own code?

# Summary

- Freely available source code can create fresh impetus for innovation
- Business solutions (e.g. CMS, CRM) are becoming established.
- It's not free, but it can be good value.
- Commercial models are based on support rather than initial licence. This can be a good model, e.g. for commodity products.
- Consider
  - Does it do what I want it to do?
  - Is there an active community & support?
  - How does it match the skills we have already?
- OSS may disrupt existing vendors in some domains.

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# Thank you

# Graham Oakes Ltd



## ■ Making sense of technology

- We help people work out how to use technology to achieve business goals.
- We deploy highly experienced consultants with a diverse set of technical, management and people-centred skills. Our principal, Dr Graham Oakes, is a highly skilled systems engineer with over 20 years' experience in the industry and a track record of delivering highly innovative solutions.

## ■ Clients

- **National Savings & Investments** – Leading team developing IS Strategy for NS&I and BPO partner (Siemens Business Services)
- **Amnesty International** – Defined enterprise content management strategy to support information sharing between researchers, activists and external partners (e.g. journalists, other NGOs).
- **Cisco Worldwide Education** – Defined financial models, competitive marketplace and potential infrastructure partners to commercialise Cisco's e-learning assets in Europe.
- **The Open University** – Defined enterprise architecture, customer relationship management strategy, and business case for renewing course production systems.
- **Oxfam** – Defined strategy and business case for content management and customer relationship management systems.
- **Intermediate Technology Development Group** – Defined enterprise architecture for knowledge sharing amongst communities of researchers and project teams in first and third world.
- **MessageLabs** – Helped define & implement technology strategy for customer and partner self-service portal.
- **Sapient Ltd** – Helped define & implement risk management strategy for customer billing solution.

## ■ Services

- Business and technology alignment
- Integrated business, technical and human architecture
- Technology innovation
- Project execution and review

