

Free Software / Open Source Business Models

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This Presentation is Open Source

- You can download it and use it when you need, and modify it, and re-upload it and so on.

Disclaimer

- Do I hate companies working with closed-source software?

No, Love & Peace dudes.

In the next 30 minutes we figure out the answer to

- How to make money with Free Software?

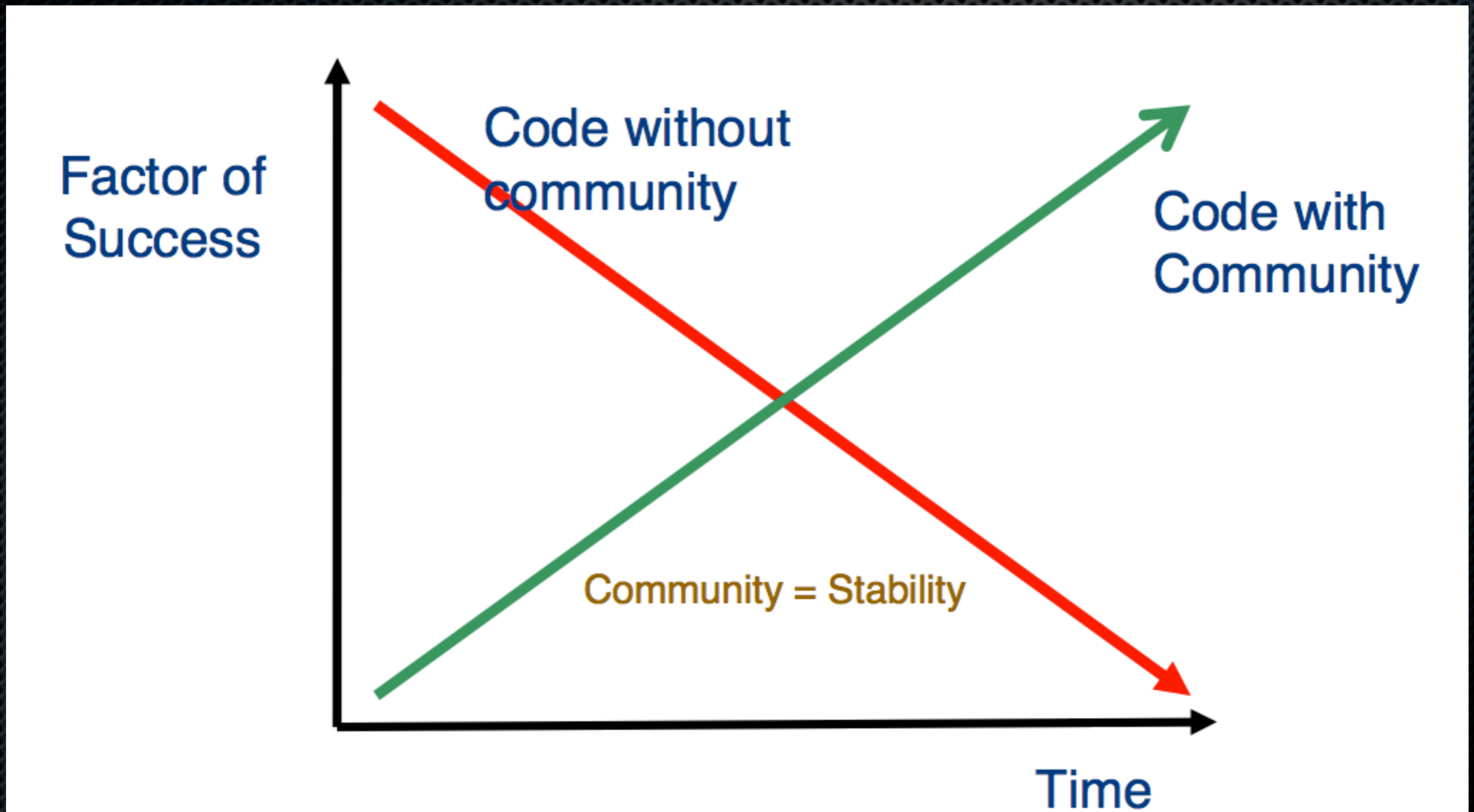
What are differences?

	Open Source	Close Source
Cost	Low cost or free	Expensive
Powered by	FOSS community	Traditional Companies
Modification	Free to modification and hack	Not allowed
End user support	FOSS community, wikis, forums	One-stop shop
Personalize	Extremely Customizable	Few preferences

What is Open Source?

- ✦ NOT a business model
- ✦ A smarter way to produce software
 - ✦ Lower development costs
 - ✦ Higher quality software
 - ✦ Superior innovation
- ✦ A smarter way to distribute software
 - ✦ Brand awareness & market penetration
 - ✦ Lower cost of sales & marketing
 - ✦ Shorter sales cycles

Why is Community Important?





Revenue Models

Dual Licensing

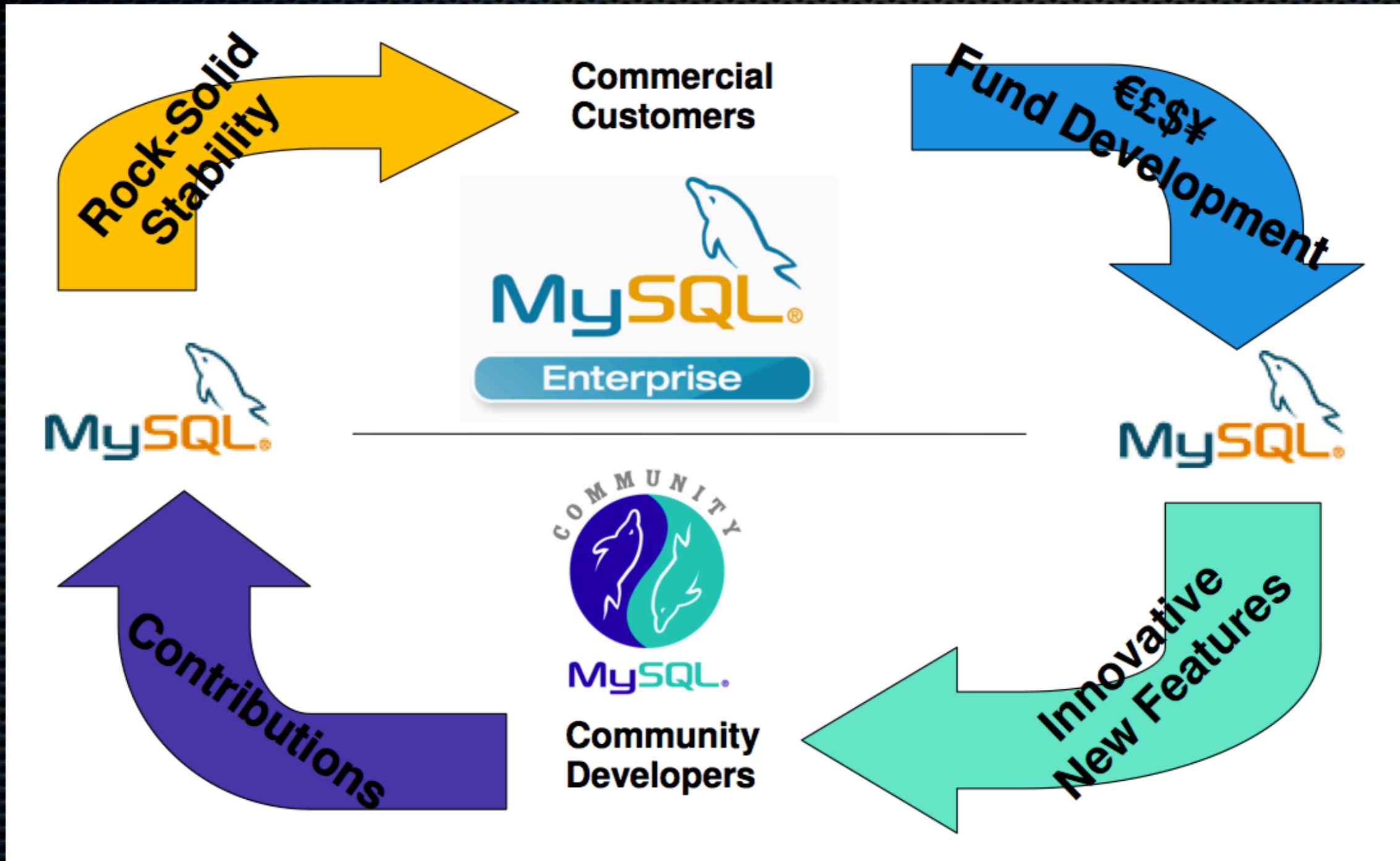
- ✦ One Product two License
 - ✦ one for free distribution and free use
 - ✦ another for proprietary use
- ✦ Copyright and control of the core product development is held in one hand, the original developer.
- ✦ When to use: You are a market leader
- ✦ Why client adopt: The client really likes the open source product and needs it for commercial use.

Case: MySQL

Product	SQL Database
Free License	GPL
Users	Approx. 5 Million Users
Customers	Around 0.1 % of Users
Main Income	License (>50%), Brand, Services
Development	In house
Marketing	Direct
Technology	Standardized (SQL)

Case: MySQL

The Virtuous Circle of Open Source



Case: MySQL

MySQL Community Server

- for the Open Source fluent audience, do it your-self (DIY)
- for those who don't need support
- free-of-charge

MySQL Enterprise Server

- for the non-DIY commercial user
- Subscription offering for those who want extra help developing, deploying and managing MySQL Dbs coupled with access to MySQL technical support
- part of the MySQL Enterprise

Case: MySQL

	MySQL Standard Edition	MySQL Enterprise Edition	MySQL Cluster Carrier Grade Edition
Annual Subscription ^{2,3,4,5} /1-4 Socket Server /Year	USD 2,000 Buy Now	USD 5,000 Buy Now	USD 10,000 Buy Now
Oracle Premier Support ³			
24x7 Support	✓	✓	✓
Unlimited Support Incidents	✓	✓	✓
Knowledge Base	✓	✓	✓
Maintenance Releases, Bug Fixes, Patches, Updates	✓	✓	✓
MySQL Consultative Support	✓	✓	✓
MySQL Features			
MySQL Database	✓	✓	✓
MySQL Connectors	✓	✓	✓
MySQL Replication	✓	✓	✓
MySQL Partitioning		✓	✓
MySQL Workbench SE ¹	✓	✓	✓
Storage Engine: MyISAM	✓	✓	✓
Storage Engine: InnoDB	✓	✓	✓
Storage Engine: NDB			✓
MySQL Enterprise Monitor ¹		✓	✓
MySQL Enterprise Backup ¹		✓	✓
MySQL Cluster Manager ¹			✓
MySQL Cluster Geo-Replication			✓

Distribution & Service Model

- ✦ Sell support/customization and the other Professional services.
 - ✦ Training
 - ✦ Consulting
 - ✦ Custom Development
 - ✦ Post Sales Support
- ✦ Strategy requires a large base of clients that want to use the product.
- ✦ Controlled by Value Driven Pricing & Competition

Case: Red Hat Linux

- ✦ Providing the product on CD rather as an online download.
- ✦ Providing support services to enterprise customers.
- ✦ Support for installation, answering technical questions and training employees to use the product.
- ✦ Upgrade Services
- ✦ Provide onsite assistance

The Ecosystem Strategy

- ✦ Company creates a network of partners or preferred Independent Software Vendors (ISVs).
- ✦ Software Franchising
 - ✦ Brand Licensing
 - ✦ Support Sellers
- ✦ **Red Hat & Oracle** is one of their major partners.

The Web-based Advertising Model

- ✦ Software generate revenue through advertisement.
- ✦ Firefox has a Google search bar built into the web browser.
- ✦ Mozilla Foundation raked in whopping \$70 million in revenues in 2007 & 85% of from Google.

Acquisitions of Open Source firms

- ✦ MySQL for \$1 billion
- ✦ Sun for \$7.4 billion
- ✦ Xen Source for \$500 million
- ✦ Zimbra for \$350 million
- ✦ JBoss for \$350 million

Donation

What about **Iran**?

Problems

- ✦ Law (Legal problems) & Copyright
- ✦ Sanctions against Iran
- ✦ Internet censorship
- ✦ Documents
- ✦ Internet bandwidth
- ✦ Data centers
- ✦ Teamwork
- ✦ Investment

Questions, Comments?