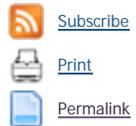


Blogs

Is there money in open source services?

Dirk Riehle 
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Company: SAP Labs LLC

Posted on Mar. 05, 2008 05:56 AM in [Emerging Technologies](#), [Interoperability](#), [Perl](#), [PHP](#), [Python](#), [Ranting](#), [Ruby](#), [Scripting Languages](#), [Standards](#)URL: <http://www.idc.com/getdoc.jsp?containerId=209052>

IDC's Matt Lawton recently released a new report about open source adoption:

"However, project vendors, project partners, and vendor partners need to step up and provide support and attendant services in order to move the adoption of OSS from early adopters to the mainstream. Only 12% of all projects are supported by a commercial software vendor, and, incredibly, less than 1% of the projects have attendant services sourced from service providers."

Taken from Matt Lawton. "2007 Industry Adoption of Open Source Software, Part 2: Project Adoption" Oct 2007 Doc #209052, IDC.

Wow! Open source is in the enterprise, and only 1% of those off-the-shelf software components have attendant services for them? Aren't we all supposed not to deploy software if we don't have "the throat to choke" in our hands?

Matt Lawton certainly is shocked and worries about the future of open source.

Always up for a good argument, [Matt Asay begs to differ](#). He writes:

"In other words, these projects weren't simply casual afterthoughts that didn't require outside help. They were perhaps some of the most important IT projects the enterprise was deploying. Those may be best kept in-house."

His argument is that the best support for mission-critical open source application is in-house support, and that open source liberates companies to provide this support themselves.

Which surprises me. I'm not sure I'm buying that IT departments love to get into the support business, in particular, if it isn't their own application. At SAP, together with our partners, we certainly are trying to make life as easy as possible for our customers, and not pile on new responsibilities.

But open source is just at the beginning, and the business models are still evolving.

Stay tuned for the next entry in this blog on open source (research) and the industry.

*Dirk Riehle leads open source research at SAP and is an enthusiast of all things wiki.*Add to: [del.icio.us](#) | [Digg](#) | [Reddit](#)Where do you stand with open source services? Are you buying? Are you contemplating offering services?
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Hi Dirk

good question, but... Should have money in open source ? can we think in a software delivered without any profit objective ? I think that is the spirit of open source.

Regards,

Ignacio.

○ [Should have ?](#)2008-03-05 16:21:00 Dirk Riehle  [Business Card](#) [[Reply](#)]

Hi Ignacio,

I think I know what you mean. Working in research, I meet many people who do open source because they love it, and surveys and other analysis show that they do it without a financial profit motive.

However, in the market, there is clearly a movement towards commercializing open source. Matt Asay, who I quote in my blog post, for example, earns his money through commercial open source.

We are working on better defining open source business models, so I believe there is money to be made. This is not to say that you need to make money if you don't want it :-)

Best regards,

Dirk

■ [Should have ?](#)2008-03-06 10:04:20 Ignacio Hernández [Business Card](#) [[Reply](#)]

yes, I keep that feeling when I develop in my open source projects. I see your question more pointed to the business side. So then, my first question is, what differences can we detect to make business with open source services ? (instead services for other kind of software). I feel that for a services company could not be a big difference

if software is open or not.

Regards,

Ignacio.

■ [Should have ?](#)

2008-03-06 12:41:46 Dirk Riehle  Business Card [\[Reply\]](#)

Open source business models are actually a current (and recurring) work topic for me. Whole books are being written about it, but in a nutshell, the two prominent models are:

1. Dual-license strategy. Companies give the software away as open source using the GPL but sell to corporate customers a version using a different license. Open source here is a strategic tool to reduce sales and marketing costs.
2. Proprietary extensions. Companies support a non-GPL open source project and make money by selling proprietary additions that corporate buyers may want.

Cheers,

Dirk

■ [Should have ?](#)

2008-03-06 14:05:51 Ignacio Hernández [Business Card](#) [\[Reply\]](#)

thanks Dirk, yes I know those models. I meant for services partners, they can (for example) implement SAP (proprietary software) or spring+hibernate (open source software) in customers using the some business model. Coming back to the beginning, YES I think there are a lot of business opportunities in open source services, and I think there will be more in the future. SAP is lucky that yet there is not an strong open source ERP in the market.

Regards,

Ignacio.

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