

The Business of Open Models

Prof. Dr. Dirk Riehle, M.B.A.

Friedrich Alexander-University Erlangen-Nürnberg

Open Models – Dagstuhl – 2012-03-27

- **What can open model projects learn from successful open source projects?**
- **Specifically, how can they become equally successful and long-term sustainable?**

Open Source Definition

Legal

- Open source license [1]
 - Free use allowed
 - Source code available
 - Modification of code allowed
 - Distribution of modifications OK
- Open source initiative
 - Approves open source licenses
 - Permissive vs reciprocal licenses
- Permissive code growing [3]

Process

“Open source is a **development method** for software that harnesses the power of **distributed peer review** and **transparency of process**. The promise of open source is **better quality, higher reliability, more flexibility, lower cost**, and an **end to predatory vendor lock-in.**” [2]

[1] See <http://www.opensource.org/osd.html>

[2] See <http://www.opensource.org/>

[3] See <http://bit.ly/xbYEYP>

Proposition 1: Open Models Definition

Legal definition

- Like open source with license appropriate for modeling artifacts:
A model is an open model if it can be used free of charge, is available in source form, can be modified to one's needs, and can be redistributed in a modified form.

Process definition

- Like *community open source* [4] based on *open collaboration* [5]:
A modeling project is an open model project if it is being developed in an open collaborative process, which is egalitarian, meritocratic, and self-organizing.

[4] RIEHLE, D. 2007. The Economic Motivation of Open Source: Stakeholder Perspectives. IEEE Computer vol. 40, no. 4 (April 2007), 25-32.

[5] RIEHLE, D. et al. ODENWALD, T. 2009. Open Collaboration within Corporations Using Software Forges. IEEE Software vol. 26, no. 2 (March/April 2009), 52-58.

Who Wrote Linux 2.6.20?

“At least 65% of the code which went into 2.6.20 was created by people working for companies.” [6]

[6] See <http://lwn.net/Articles/222773/>

Proposition 2: Business Model

Every sustainable open source project has a business model.

So should every open models project.

For Profit (“Commercial”)

1. Single-Vendor Open Source Firms
2. Open Source Distributors

Not-for-Profit (Subsidized)

3. **Developer Foundations**
4. User Foundations

Open Source Developer Foundations

Definition

1. A developer foundation is
a non-profit organization
(foundation, consortium)
2. with the purpose of
managing and performing
3. the development of
(non-differentiating)
open source software
made available to
foundation members
(and the general public).

Purpose

- Lower development costs
- Increase share of wallet
- Reach more customers
- Grow addressable market
- Reduce strategic lock-in

Downsides

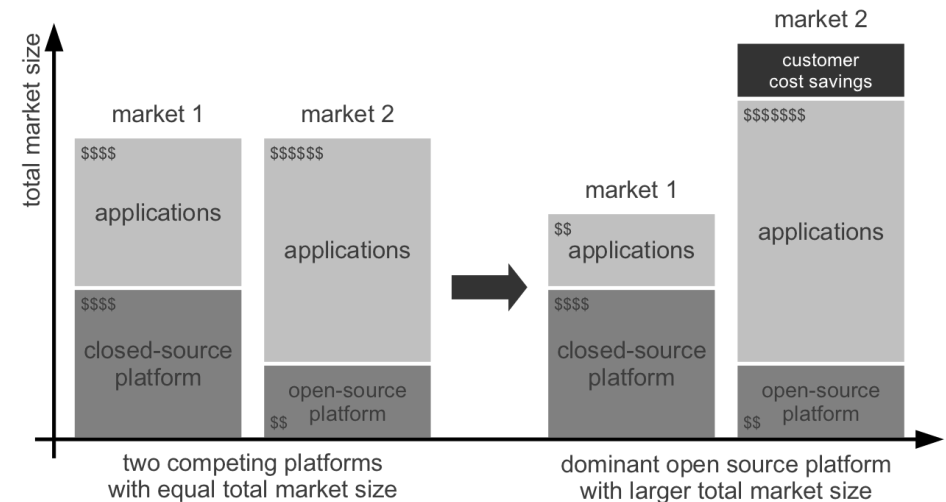
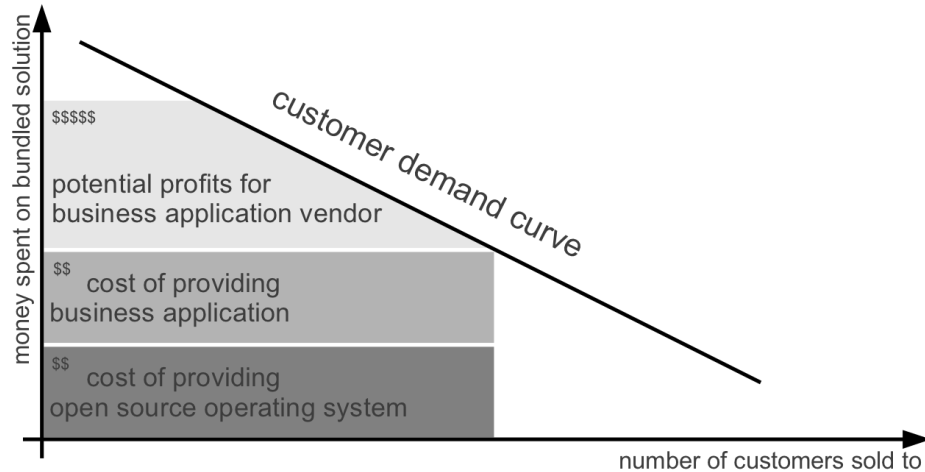
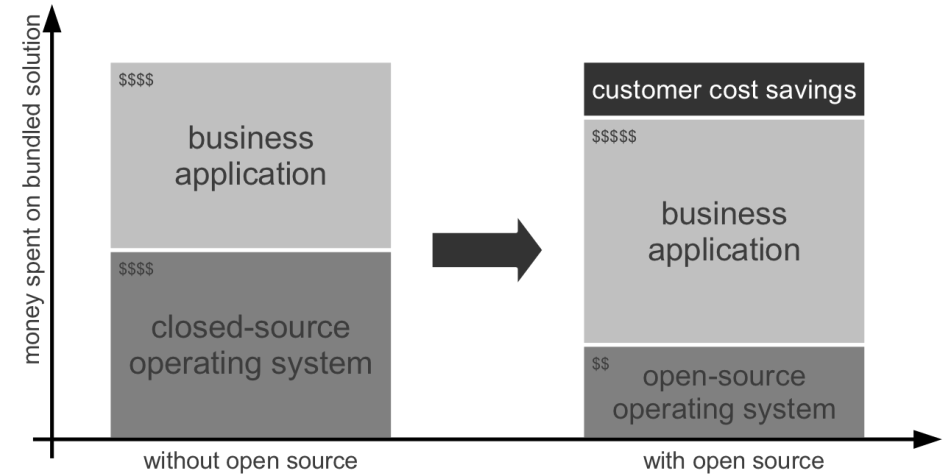
- Higher engagement

Examples of Developer Foundations



Economic Motivation of Dev. Foundations [7]

1. Increase share of wallet
2. Reach more customers
3. Grow addressable market
4. Use legal framework
5. Use process framework



[7] Dirk Riehle. "The Economic Case for Open Source Foundations."
IEEE Computer vol. 43, no. 1 (January 2010). Page 86-90.

Proposition 3: Modeler Foundations

Definition

1. A modeler foundation is
a non-profit organization
(foundation, consortium)
2. with the purpose of
managing and performing
3. the modeling of
(non-differentiating)
open models
made available to
foundation members
(and the general public).

Purpose

- Lower development costs
- Increase share of wallet
- Reach more customers
- Grow addressable market
- Reduce strategic lock-in

Downsides

- Higher engagement

Blueprint for Developer Foundations [8]

- General
 - Purpose
 - Incorporation
 - Membership
- Philosophy
 - Commercial stance
 - Development model
- Intellectual property
 - Project license
 - Patent grant
 - IP ownership
- Governance
 - Board membership
 - Project membership
 - Member careers
 - Member level
- Financing
 - Foundation
 - Projects
- Operations
 - Infrastructure
 - Backoffice

[8] Dirk Riehle, Sebastian Berschneider. "A Model of Open Source Developer Foundations." In preparation, 2012.

Proposition 4: Wrong Stakeholders?

Currently:

1. Researchers

Should be:

2. Companies

3. Modelers

Proposition 5: How to Get the Ball Rolling?

Talk to **SAP** (or Oracle)

or ...

Talk to **everyone**

but **SAP** (or Oracle)

Thank you! Questions?

dirk.riehle@cs.fau.de – <http://osr.cs.fau.de>

dirk@riehle.org – <http://dirkriehle.com> – [@dirkriehle](#)