

# **Business Models of Open Source Software**

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## <Books>

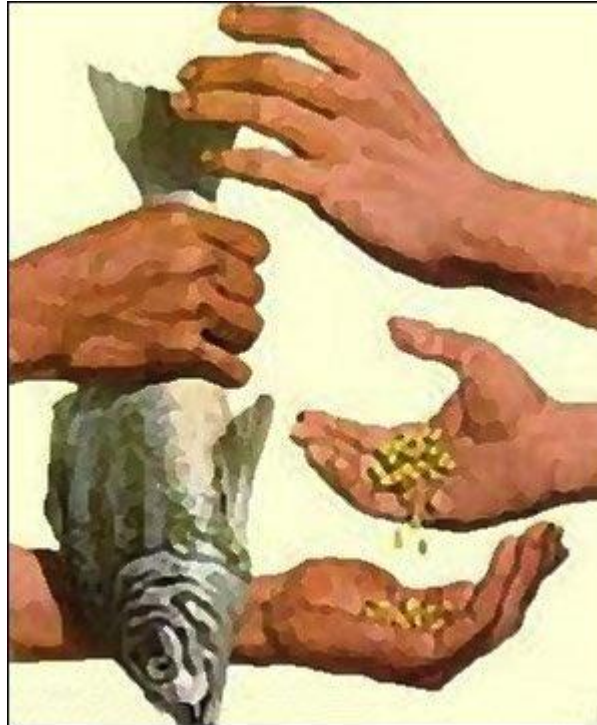
- Open Source 2.0(2010)
- Open Source Software: A Survey from 10,000 Feet(2013, Translation Book)
- The Definitive ANTLR4 Reference(2014, Translation Book)
- Agile Technologies in Open Source Development(2015, Translation Book)
- Software Development: An Open Source Approach(2016, Translation Book)
- An Introduction to R for Spatial Analysis & Mapping(2016, Translation Book)
- The Business Model for Open Source Software(2017)

# Value? Use Vs. Mystical



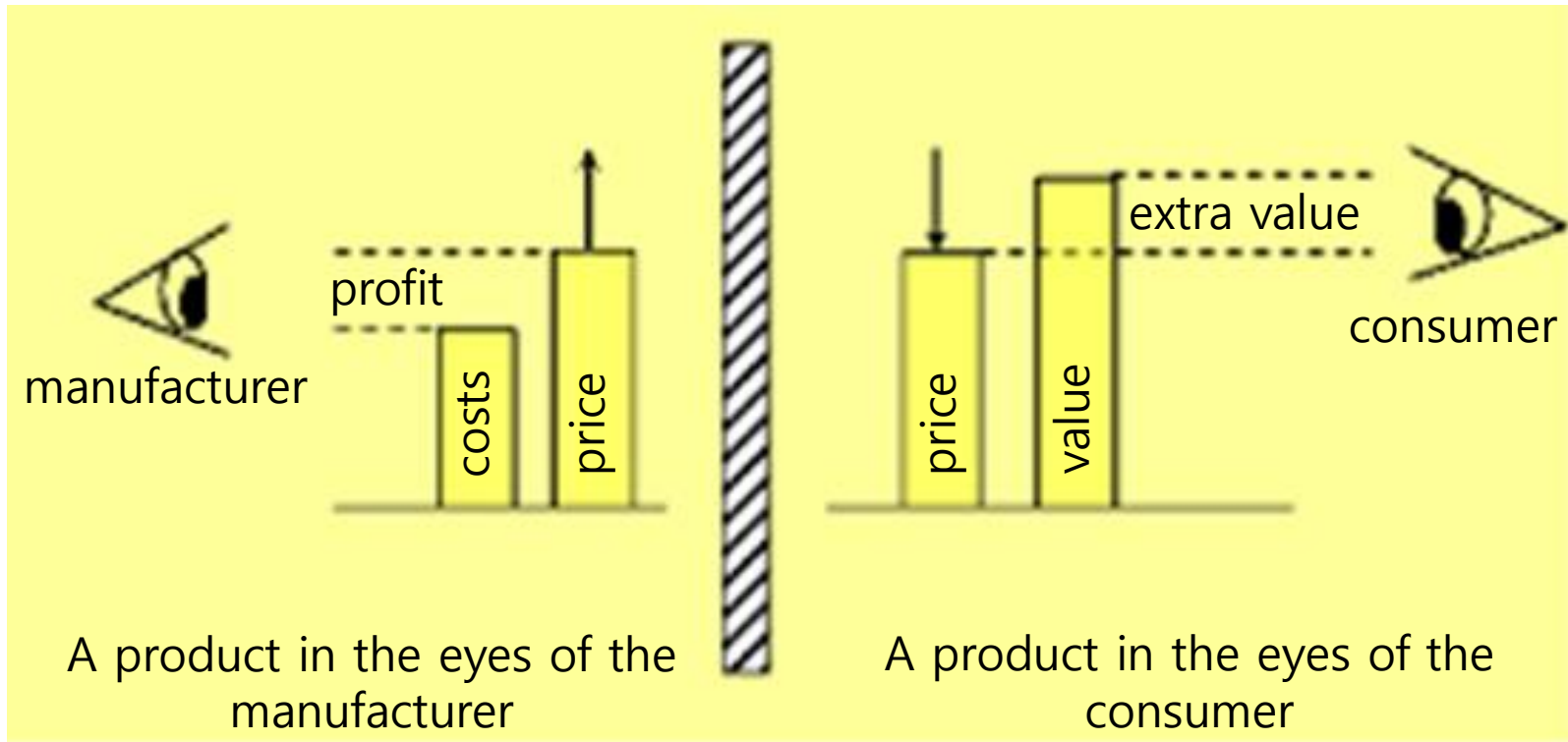
Use Value: "The utility of a thing makes it a use value....  
Use-values become a reality only by use or consumption."

# Use Value Vs. Exchange(Sale) Value



Exchange Value: a relation, "as the proportion in which values in use of one sort are exchanged for those of another sort," an equation of commensurability... and then some.

# Value $\neq$ Price

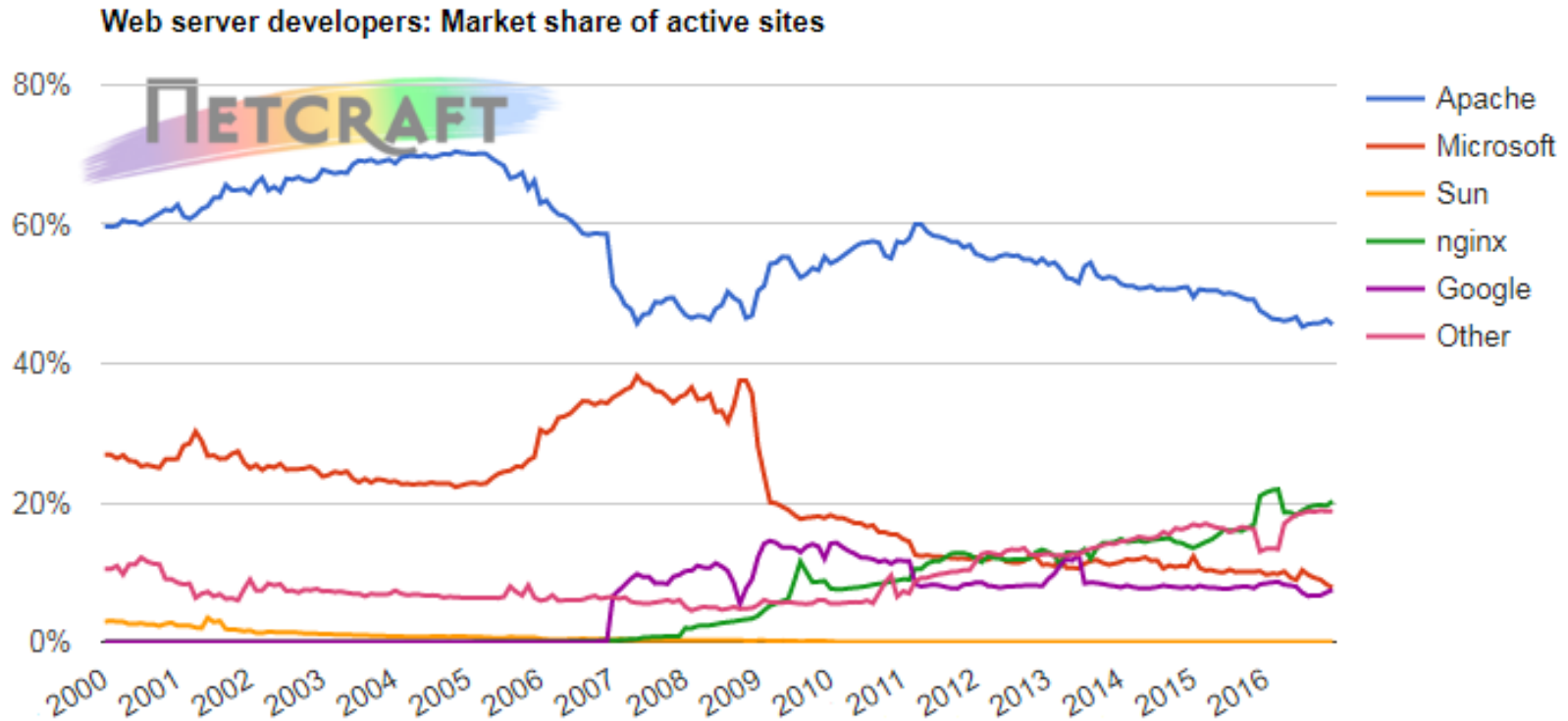


# Value & Price

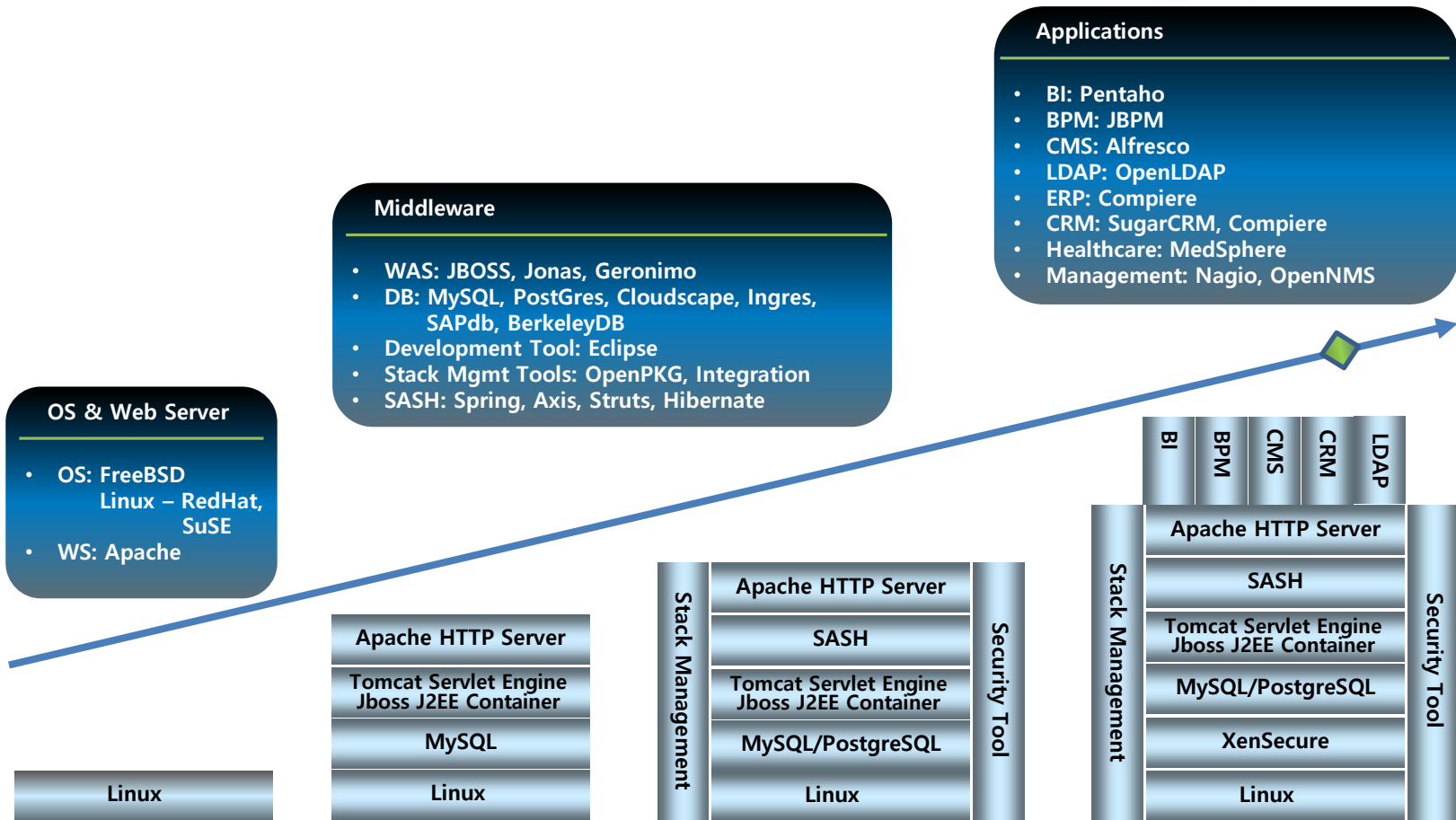


"Price is what you pay. Value is what you get." -Warren Buffett

# Market share for top Web servers across all domains according to Netcraft (<http://www.netcraft.com>)



# Evolution of Open Source Software

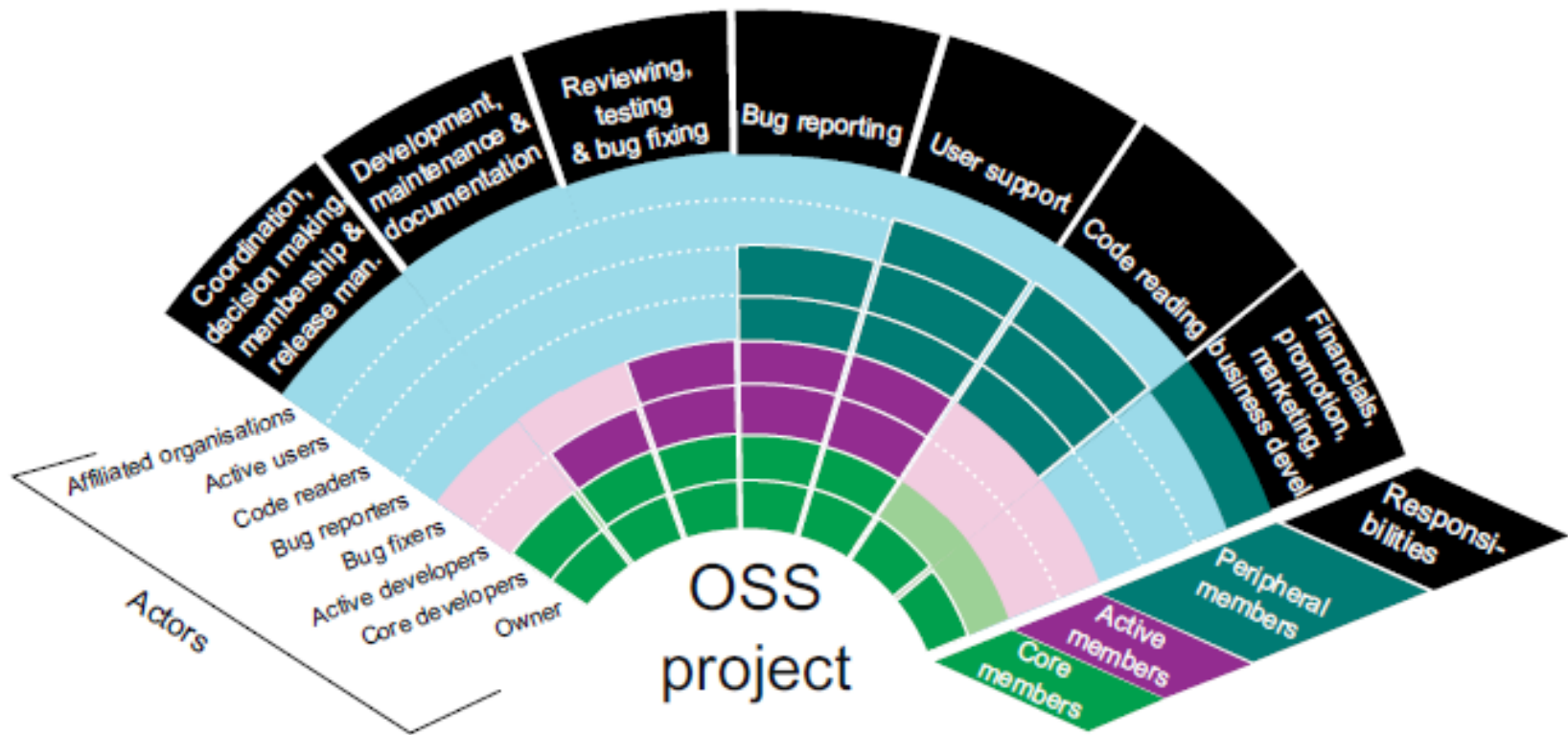




# Business and Strategic Advantages of Moving into OSS

User base and community	Market placement and competition	Revenue stream and financials
<ul style="list-style-type: none"><li>• User base development</li><li>• Information about market</li><li>• Innovation dissemination</li><li>• Productivity increase</li><li>• Access to customer needs</li><li>• External developers use</li><li>• Access to new skills and Practices</li></ul>	<ul style="list-style-type: none"><li>• Approach restricted markets</li><li>• Increase reputation</li><li>• Attack competitors</li><li>• Preempt development of closed standards</li><li>• Embrace underdog mentality</li><li>• Escape from vendor lock-in</li></ul>	<ul style="list-style-type: none"><li>• Enable new services</li><li>• Increase demand for complementary services</li><li>• Reduce development costs</li><li>• Lower break-even points</li><li>• Introduce new revenue Streams</li></ul>

# Actors of OSS Project Communities



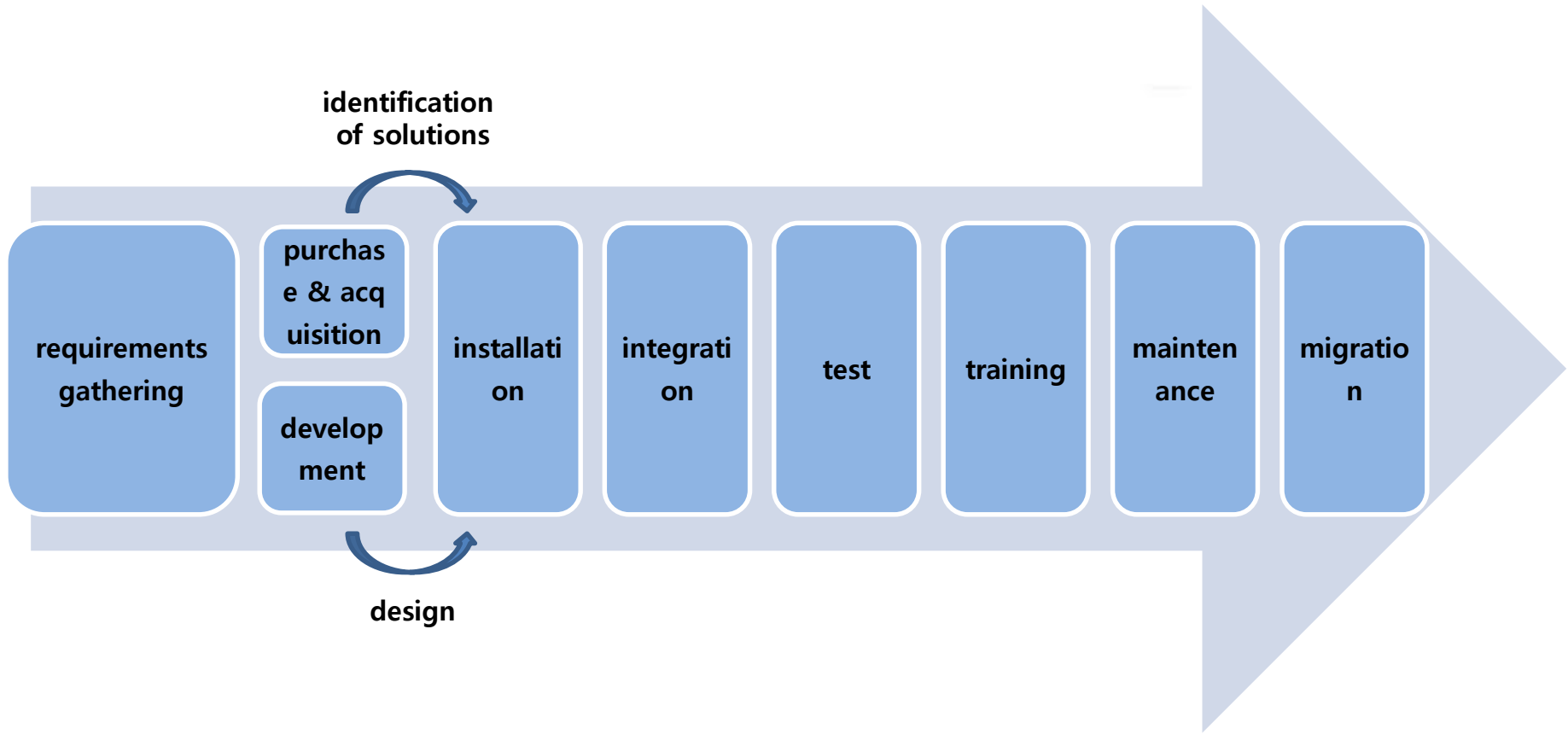
# Typical OSS Business Models & OSS Ecosystem Players

by Stephanos Androutsellis-Theotokis

**OSS ecosystem players**

	OSS developers and projects	Software producers/vendors	Software distributors	Hardware producers/vendors	3rd-party service providers	Consumers	Others
<b>Business models</b>							
Value-added packaging	■	■	■		■	■	
Services and support	■	■	■		■	■	
Loss-leader model	■		■			■	
Widget frosting	■			■		■	
Accessorizing	■				■	■	■
Dual licensing	■	■	■			■	
Brand licensing	■	■	■		■	■	
Software franchising	■	■	■			■	
Financial support	■		■	■	■	■	■

# Business Opportunities with Software(1/2)



"Process of technology adoption"

# Business Opportunities with Software(2/2)

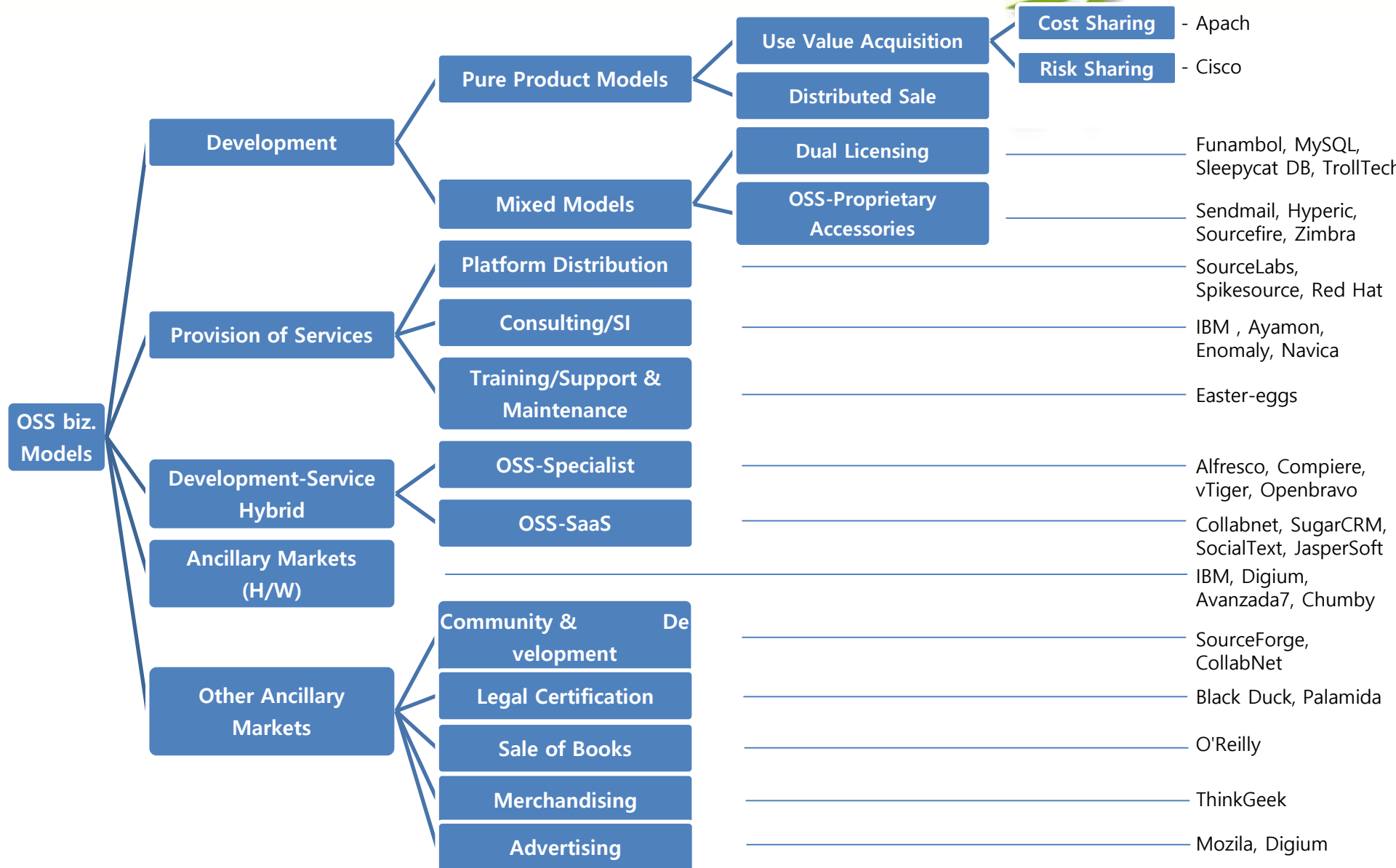


	SW1	SW2	SW3	...	SWn
Development	X	X			
(Sales &) Installation	X	X			
Integration	X	X			
Certification	X	X			
Training	X	X			
Maintenance & support	X	X			
Migration	X	X			

**"Vertical specialisation  
or  
Horizontal specialisation"**

	SW1	SW2	SW3	...	SWn
Development					
(Sales &) Installation					
Integration					
Certification					
Training	X	X	X	...	X
Maintenance & support	X	X	X	...	X
Migration					

# Business Models of Open Source Software



# Prerequisites, Deciding Factors and Concerns



- Evaluate the Market for the Target Product
- Determine Development Community Interest
- Decide what Parts of the Product to Open-Source
- Balance Short Term Switching Costs
- Consider New Processes, Infrastructure and Environment
- Ensure the Correct Mentality is Present
- Sanitize Code
- Select Appropriate Business Model
- Select Appropriate License
- Decide on Marketing Approach



**Q & A**





**THANK YOU!**