

# Surviving the five year itch

A tale from the trenches of Open Source business models

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In the IT industry since 1988  
5 years of Open Source business  
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It all started with...

Evaluating a Java project (Apache  
Cocoon) as a base for an XML platform  
offering

Hmmm....What's this „Open Source“ bit?

Interesting....

„Boss, let's start an Open Source group“

“Ok”

The year was 2000

Him: „But it must make economic sense“

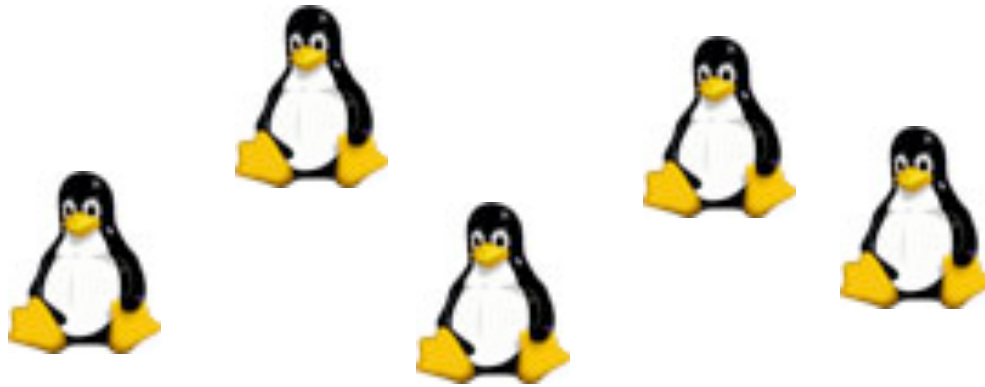
Me: „Sure – no problem“.

\*gulp\*

So, off I went. How stupid was that?

No visible business models to go by  
No books telling us what to do  
No OSBC conference  
No blogs  
Nothing

Suck it and see. And we did.



Linux was king. But what about the other stuff?

The Open Source projects we were interested in were „other stuff“

# **Evaluated the project**

Licensing

How healthy was it

How many developers

Founder still around

When was last check-in

When was last release

How many installations

Is there a roadmap

How frequented is the mailing-list

“Hello we’re a commercial entity  
interested in your Open Source project”

“Go away”

But - we made friends with the  
community.

That took about a year.

We learned to play by the rules. Rules?

Apache projects have a rules  
„framework“. Mostly informal. The  
community can adapt rules as needed.

„Meritocracy“ is an important  
cornerstone. As is „He who does  
decides“.

Decisions reached through votes.

Give and take.

We learned about „giving back“

Open Source is about giving back.  
Code, Documentation, testing-results,  
performance-results, conference  
organisation and much much more

Listen to the grass grow.  
Every project has informal structure,  
leaders, followers.

Laughter and tears too.

# How not to be loved

Post to the mailing list „I have a problem with the software“.

Wait 10 minutes

„Why the \*\*\* hasn't anyone answered my question?“

We started to feel „itchy“. And we started  
scratching.

If *you* want something done – then *you*  
will have to do it. Probably

After being users, we became  
committers on the project.

Apache Board  
Apache Members  
PMC Chair  
Project Management committee  
Committer  
Developer  
User  
(Release Manager)

People started to notice

„Can you provide us with support for Apache Cocoon“ – „yes, sure. Our daily rate is xyz Euros“

„Oh, why will that cost money? Cocoon is free isn't it?“. Click.

We called major customers

„We want to talk to you about Open Source, we really think you can profit“ –

„Go away, we have loads of money and can pay for our solution“. Click.

We used our spare time to build additional components for the Open Source project.

We were going to bundle them together and sell the commercial version.

A business model?

We needed a released version of the  
Open Source project – but no-one was  
doing that

So we took on another role in the project.  
Release Manager

It was 2001

The Open Source project caught up with us. They decided it would be a good idea to have the components we had already built.

You can't outrun the community.

So we donated some of the stuff back to  
the project.

At least make sure the community uses  
*our* stuff.

Maybe we can then provide something  
around our old stuff.

Another business model.



Databases and Application Servers were king. But what about the other stuff?

Then something happened

As the Open Source project improved,  
people started to use it. And started to  
appear in the mailing lists.

And needed support.

And needed training.

And were prepared to pay for it.

We won new customers via the mailing lists.

Directly per Email.

They even rang us up.

Interesting customers.

And not just financial institutions.

Sometimes using Open Source „secretly“.

„We'll tell our managers when the application has been in production a few months“.

It was 2003

Our company brand went away – it didn't  
matter any more.

It's about who *you* are.

Burn the brochures. Read „The Cluetrain  
Manifesto“. Start a blog.

We wrote articles, books and bugged people to let us speak. That made sure people knew who we were.

We made sure we were visible and active in the communities.

Because our customers were already there.

What is your customer's favorite Open Source business fact-checking tool?

Google.

Will he find you?

In close proximity to the Open Source  
project you are building your business  
on?

It's also about educating your customers.

„We won't use that Open Source project, because we don't see any other corporations using it!"

„We are a large corporation using that Open Source project but we aren't allowed to say so.“

Both sides can profit.

2004

Growing number of customers wanted  
support, training, integration,...

**We had a profitable business model!**

**At last.**

Some customers even fund development of new components for the project.

And some choose to remain anonymous.

And we realized we weren't alone.

Network of like-minded companies in Europe that were also active in the same projects.

A business community.

Friends.

Our approach was bottom up. That's difficult to reproduce.

And takes a lot of time and effort.

Right Open Source project(s)  
Right timing (a bit too early perhaps)

Lucky.  
Or Visionary 😊

Source**Labs**



spike  
SOURCE

There is no „right“ business model for  
Open Source.  
Whatever works for you, your customers  
and the community you participate in, is  
*right.*

But I do think it's about integrity.

Whatever model you chose.



# Thanks

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