What I’ve learned from 15+ years in open source
Matt Asay
What open source does so well...

**The Marketing Guy**

I don’t see why engineers get paid more than marketing professionals.

**Maybe because engineers designed and built every important part of modern civilization and all you did was misrepresent it.**

**My point is that you need both.**

You really don’t.
What open source promised to end...

FOR ONLY A MILLION DOLLARS, YOU CAN UPGRADE TO OUR NEWEST SOFTWARE VERSION.

OR YOU CAN SLOWLY DECOMPOSE IN THE MIASMA OF OUR PLANNED OBSOLESCENCE.

WE CAN'T AFFORD TO UPGRADE NOW.

SAY GOOD-BYE TO THE DIGITS THREE AND NINE.

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What a difference 10 years makes

Why does it matter to get this right?

- “Open source software solutions will directly compete with closed-source products in all software...markets.” (Gartner, 2005)
  - By 2008, 95% of Global 2000 organizations will have formal open source acquisition and management strategies
  - Today, 81% of companies have deployed or are considering deploying open source applications (CIO Insight, 2006)
  - 72% plan to expand its use (CIO Insight, 2006)

- Why? (CIO Insight, 2006)
  - 65% say open source has sparked innovation inside their companies
  - 67% turn to open source primarily for lowered costs

“There's been a stunning and irreversible trend in enterprise infrastructure....No dominant platform-level software infrastructure has emerged in the last ten years in closed-source, proprietary form.”

- Mike Olson, Chief Strategy Officer, Cloudera
OPEN SOURCE HAS WON!

(Open source businesses have not.)

WAR IS OVER
COMPLETE VICTORY FOR THE ALLIED ARMIES
It's all your fault
The open source dilemma

- Customer profitability
- Customer need for support subscription

Startup raises $50M or bought for $100M+

Customer opts not to renew

Startup is shuttered or sold for scrap

Year 1

Year 2-3

Year 4+
That dilemma is now much, much worse

Lesson #2:
Friends are nice. Cash is critical. Make both
- Downloads = “friends”; customers = cash
- You need friends. You die without cash.
  - The more friends, the more cash? Not necessarily
  - However, friends are important (You need qualified prospects)
  - The number of “friends” defines the sales process you’ll need

Amazon open sources its deep learning software
Google open sources its ‘most powerful’ AI SyntaxNet
Facebook’s Open Compute Project helps competitors build hyperscale data centers together
LinkedIn open-sources Ambry, an object store for media files
Netflix Unleashes Chaos Monkey as its Latest Open Source Tool

HOW YAHOO SPAWNED HADOOP, THE FUTURE OF BIG DATA
Monetizing free gets harder and harder
So what have companies done?
Option 1: Support disguised as “subscription”

Why There Will Never Be Another RedHat: The Economics Of Open Source

Posted Feb 13, 2014 by Peter Levine (@Peter_Levine)
Option 2: Proprietary software disguised as “open source/core”
Open Core: Broken by design

“The open core development model... **simply does not work.** It is a narrowly-cast version of open source that only stands as a matter of corporate convenience for technology providers who continue to hold on to antiquated proprietary offerings, delivering minimal innovation.”

- Ashesh Badani, VP & GM, Red Hat
Option 3: Completely open, completely closed

“You can no longer win with a closed-source platform, and you can’t build a successful stand-alone company purely on open source....

Platform software has to be open source....

But pure-play open source companies never survive. That’s a law of nature....

[So we offer] complementary tools and layered offerings that let customers run that pure open source platform better, more affordably, getting more value out of it.”

- Mike Olson, Chief Strategy Officer, Cloudera
Option 3.1: Communities of vendors

Lesson #4:
Think "user community," not "developer community"

- You will do 85-100% of core development work
  - 1000/10/1 (Users/ Bug Reporters/ Patch Submitters)
  - ≤15 core developers will always do 85% of dev
- Community developers probably aren't interested in your project
  - 72% of "open source developers" write code for others like themselves
  - Commercial projects don't offer same incentives
- Most projects (55%) get no outside involvement at all, and 72% have fewer than 2

"[Foundations] pay for all of the infrastructure to create these projects, to help govern these projects so that the intellectual property doesn't fall into one particular for-profit entity or another but remains a neutral entity for decades to come."

- Jim Zemlin, Exec. Director, The Linux Foundation
Option 4: Don't sell open source

@mikeolson makes a great point: #hadoop value will be delivered through cloud apps vendors. ISV opportunity huge for #hadoop and @cloudera

The world's largest open-source company doesn't sell software

Facebook may not look like the prototypical open-source company, but it's by far the biggest.

World's biggest open-source company? Google