

# OSS Business Tactics in One Slide

## OSS Development Projects (Technology “Buckets”)

1. Distributed communities with good SW process develop technology packages that satisfy well defined need – the technology grows into new usage scenarios
2. Loosely coupled component architecture with well defined interfaces makes it easy to assemble larger solutions from components (e.g. LAMP)
3. Quality is a measure of community (i.e. developer customer) activity – *good software is developed by good developers regardless of license schemes*
4. Contributions reflect the individual economic considerations of the contributor and are based on selfish asymmetric value propositions (“Get more than you give”)

*We don't compete with Open Source – it's not a product*



## Applied OSS: Customers, Integrators, Competitors

1. Fast and easy for new developer customers and IT Pros to experiment with these technology buckets because of low cost of acquisition as they assemble component solutions
2. Easy for Integrators to develop mixed OSS/non-OSS products from component base.
3. **Fast and easy for OEM/ISV/SI to bootstrap products that complement their core product/service value proposition to customers from these technology buckets – they polish the rough technology to product readiness – This is a normal well understood tactic: commoditize your complements to drive demand for your Core businesses**
4. Enables aggressive (salt the fields) intellectual asset strategy of publishing to prevent patents, and a patent licensing filter

## OSS Becomes Big Business (*Big Business is contributing for similar economic gain as individuals*)

1. There are many “small” company examples using OSS (Sendmail Inc., ActiveState, SleepyCat, Red Hat and SuSE, etc.) but this is not necessarily the interesting action for scalable business
2. IBM on it's third Big Play: Joined the Apache community 6 years ago, borrowing a web server while selling Websphere; joined the Linux community 3 years ago while managing the commodity curve on UNIX servers w 250 kernel engineers; began their own project (share out) around Eclipse IDE last year (and bought Rational)
3. SAP released a complete modern relational database for free to drive their core business into mid-tier (Aug 02). Released under the GPL to salt the IP fields around their 100 person x 2 year investment. Now partnering with MySQL AB to integrate MySQL and SAPDB and evolve the community development model. June 03 MySQL AB announces \$19.5M venture capital round from Benchmark Capital.
4. Sun working in the Gnome desktop community (GPL) to develop and contribute the accessibility features they need for US government procurement to complement their Linux workstation offerings. Sun also working OpenOffice community under the SISSL
5. Viral licensing is an EXCELLENT competitive tactic to ensure your competition does not perturb your community or monetize your assets: BSD-style licensing doesn't protect your customer relationships in community nor your asset investment

## The Effect on Our Businesses

1. Microsoft is gaining no experience with community development for complement technologies which have value with our IT Pro customers and OEM/SI/ISV partners: **Commercial Software vs. Non-Commercial Software positioning is IRRELEVANT**
2. Microsoft is gaining no traction with our MLOGR IT Pro and OEM/ISV/SI development customers as they explore and validate OSS technology components in their IT environments and begin replacing, constraining, or shutting out our technology stack
  - IBM Eclipse already has 175 committed partners to our 161 in the VSIP program
  - MySQL moved from 20% to 30% of the share of the dev market from Q102 to Q103 to our increase in 10% to 15% for MSDE
  - Apache remains the dominant web server at 63% vs. Msft technologies at 27% (May 2003)
3. Product groups are not considering the use of community development as a customer engagement mechanism, part of a GTM strategy (provide complements at reduced Msft investment), nor as part of their IP strategy (publish versus patent)