In the second of a series of articles on the changing market for open source software, Rob Buckley looks at the benefits that customers are looking for when they choose an open source solution

The Three Advantages
Understanding the open source business model

Last issue, we looked at companies that offer services and products based around open source software. But just as fire needs air to survive, so these companies need people willing to pay them money for their products and services.

Trying to characterise customers of open source software as a single homogeneous group is impossible. Yet unlike developers and home users, private and public sector companies are principally looking at open source software for "The Three Advantages": reduced costs, better support and technological superiority. Contrary to the expectations of many open source advocates, however, they are not generally looking to avoid vendor lock-in or for the ability to edit source code.

Joe Little, principle systems architect at Stanford University in the US, sees these three advantages in his deployment of open source.

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It's the technological superiority and ease of managing Astaro's security appliances that made him select them for network security. "Astaro updates the entire stack, including the OS. The problem with CheckPoint, say, is that it leaves it up to you to maintain the OS."

OPEN STANDARDS
Licensing issues aren't just about cost though. Norisbank in Nuremberg, Germany, will use open source software wherever possible in its production systems, as long as there's a company to support it. It uses SuSE, Apache and JBoss and is currently evaluating MySQL for databases.

Francis Pouatcha of the bank's development team says the "technology leadership" and commitment to open standards in open source software makes it easier to understand. But the lack of licensing costs is another advantage, albeit not the one most people expect.

"It's much faster to use an open source application server. You won't even have had the time to negotiate prices over the cost of WebLogic before you're able to download, evaluate and start writing for JBoss."

COMMUNITY SUPPORT
Daniel King, IT manager of engineering firm 1 Limited, is more than happy with his open source software. The firm has been using Red Hat Linux since he joined. While he's looked at proprietary software for various infrastructure options, open source has always come out on top. "We're very cost conscious." With the company staffed mainly by engineers with other responsibilities, King needed software that was reliable and in need of little maintenance, so Linux was the way

forward. If things get difficult, "there's support on the web if things get really tricky".

Indeed, most open source customers regard the open source community as one of the biggest sources of support and therefore advantages of open source. Many, in fact, regard community support as better than most companies'.

Marcel Jansen, CTO of Dutch ASP firm, ASP4ALL, started providing Red Hat Linux servers in 2000, because "there's a lot of easy solutions which are very well supported on the Internet." Technologically, it also gave the company greater performance and more control over the processors in each server. Now, more and more clients are developing Red Hat-specific software themselves, making Red Hat the company's default system for clients.

THE BOTTOM LINE
Beyond "The Three Advantages", most open source customers are looking to get from open source companies the same things they'd expect from other companies.

Gregory Kris, commercial director of web consultancy fresh enterprise, says the main reason his company uses open source software is the bottom line. "I have a religious love of keeping costs down." While fresh enterprise uses Microsoft products internally, it has outsourced its development and hosting work to open source developer NeoWorks. While NeoWorks didn't produce

the lowest tender for the company's business, it's the level of service it can provide that landed it the deal over both proprietary and open source companies. "There are lots of people able to work with open source, but you don't get the same expertise as with a company working with open source for a number of years, with a number of people with different competencies." It was this that won NeoWorks the contract, and so far, service has been "absolutely excellent".

A WEATHER EYE

By contrast, some customers of open source software, particularly those from the continent, do embrace the open source mentality. Svein Skarstein, IT director of Storm Weather Centre in Norway, tries to use open source wherever possible. "I'm very pro open source, but I can't let my personal feelings get in the way. I do a fair evaluation of all the products before I choose, but open source usually wins because of costs, flexibility and our own knowledge of open source." Storm uses Linux, MySQL and the Scali high performance Linux clustering software. For the most part, Skarstein is able to leave the software doing its job.

The pro open source stance is often prevalent in local and central government. Christian Ronchi of Arpa Piemonte in Italy says that the authority picked Red Hat for its servers because of the high availability, flexibility and performance needed for weather forecasting at the forthcoming 2006 Winter Olympic Games in Turin. But "as a public authority, we need to be more politically correct and provide benefit for the community from open source".

Red Hat's transformation into a regular company promoting its products, rather than a standard bearer for open source, has put off some potential customers, however, suggesting certain open source customers expect a 'better' standard of behaviour from their suppliers. Lievan Hermans, head of ICT for Watford Borough Council, has spent the last three years helping to rescue the "worst performing authority in England" from disaster. He's been recentralising and outsourcing after a move from mainframes to decentralised Windows servers made management almost impossible. Where possible, he tries to use open source software, and not just because of the lack of licence costs: "There's some community thinking in it. Sharing takes you to a higher level of energy, if you have it."

When deciding on which web content

management system to use, Hermans had two choices, both from open source companies: Red Hat with its own system, or the Runtime Collective with APLAWS. Red Hat's bid was twice Runtime's, but that wasn't the only reason Hermans went with Runtime. "Runtime, although they work commercially, have more idealism. It's not so that if you ask them for something, they pull out their order book, which is what we had from all the other companies: Red Hat were very much the guys in the striped suits."

IT'S THE APPS, STUPID

When companies can't get "The Three Advantages" they're looking for from open source, they'll usually turn to proprietary vendors, no matter how keen they are on open source in theory. And they seem, in general, quite happy about it. George Nursey, IT manager for logistics company Task Force, would dearly love to deploy Linux and open source software in his company. He's bought security appliances from Astaro, since "for the money, you can't beat Astaro. It's secure and I know I don't have to touch it very often. But that's not the reliability I get from Microsoft technology: it's like looking after a herd of children, sometimes."

Yet despite Nursey wanting to "praise

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Lievan Hermans, head of ICT for Watford Borough Council

Joe Little, principle systems architect at Stanford University

Francis Pouatcha, NorisBank

Allan Paterson, Information Services Division, IoM Government

Gregory Kris, commercial director of web consultancy fresh enterprise

Linux up", Task Force is an entirely Microsoft-based organisation. "It isn't a base operating system that runs a business. It's the apps on top." He's been unable to find open source products that match the Windows-based logistics apps he uses. While he could use bespoke software, that would make it as expensive as the Microsoft

want long-term service agreements. If you're looking for a managed services relationship with third parties, you need to minimise integration issues, and I think very sensibly you end up with a Wintel environment."

For larger companies and requirements, open source software needs to be able to integrate with the other applications for it to

and software skills for the contract," says Defoe. "What I didn't want was a mix of hardware, software and consultancy from people for obvious management reasons."

IBM has been "superb" says Defoe, but their commitment to Linux has been less than their "commitment to my project", which has obviously impressed him.

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option, he says. Ultimately, for a medium-sized company such as Task Force, it's easier to go the Microsoft route, he says. "I've got to be pragmatic".

A BIG DEAL

Three years ago, Allan Paterson joined the Isle of Man's government as director of its Information Services Division. He found the systems fragmented, with individual business units and contractors having installed technology with no consideration of an overall strategy for the government. Novell, which Paterson says had placed the Isle of Man low on its priorities list, was not performing and hardware vendors were offering to help by bundling software that "gave them high margins" but didn't solve the integration problems of the Isle of Man.

Paterson looked at a number of factors before making his decisions: what skills were available on the island; which platform would allow the government to make business changes; channel support; prices, given his limited budget; and - most important of all - what combination of integrated packages with a common look and feel were available. Weighing his options, Paterson decided Microsoft was the best choice.

"I don't think there's a single right answer, but I'm extremely comfortable with the choice. I don't want to tender everything, I

stand a chance of adoption. It also needs companies able to provide these integrated packages, because larger organisations want to avoid management headaches at all costs.

Newham Borough Council famously backed away from a switch to open source software a year ago. A study by the council of the total cost of ownership of both open and closed source infrastructures showed that there were technological problems as well as issues around training that would have made the open source option more expensive. But, in part, it was because Microsoft "made us a deal we couldn't refuse", says John Defoe, strategic ICT consultant at Newham.

Yet while many would argue the study was flawed and it was Microsoft's last offer that made open source look bad, the fact remains that there was no open source company that was willing or even able to undercut Microsoft's bid.

PENGUIN BLUES

The turn wasn't based on simple Microsoft advocacy, either. When developing a "PC through the TV" system for residents, Newham chose to base the system on Linux to avoid Microsoft licensing costs. But without IBM to provide the necessary development skills, blade servers and software platform, Newham might well have opted for Microsoft again.

"IBM had the necessary mix of hardware

PROPELLING THE SOURCE

To be attractive to larger organisations, open source needs a thorough ecosystem of supporting companies, channel partners, consultants and integrators who can create an integrated system of components that are easy to manage and cheap to deploy. At the moment, that isn't really available - certainly not throughout the UK or all of our Europe - and IBM, which is practically an ecosystem in itself, is probably the only viable alternative to a heterogeneous open source ecosystem. But one company, even one of IBM's size, isn't enough to propel open source into every organisation in the world. Proprietary software vendors, in particular Microsoft, that can offer a range of products that fulfil organisations' total management and technology needs will continue to plug the gaps these holes in the open source ecosystem leave.

In the next issue, we'll look at whether there's enough nourishment for open source companies to grow to meet these needs. That nourishment, if it's going to come from anywhere, is in the hands of venture capitalists. But do the money men really understand open source, and are they willing to invest in something that's "communist" and "un-American"?