Editorial: Open Source Business

Chris McPhee, Editor-in-Chief

Leslie Hawthorn, Guest Editor

From the Editor-in-Chief

It is my pleasure to introduce Leslie Hawthorn, Community Manager for AppFog, as our guest editor for the January 2012 issue of the *Technology Innovation Management Review* (TIM Review). The editorial theme of this issue is Open Source Business and this issue features authors from Australia, Finland, Italy, and the United States.

The theme for the February and March issues will be Entrepreneurship, presented by guest editor Tony Bailetti. We encourage you to suggest themes you would like to see covered in future issues.

We hope you enjoy this issue of the TIM Review and will share your comments on articles online. Please also feel free to contact us (timreview.ca/contact) directly with feedback or article submissions.

Chris McPhee
Editor-in-Chief

From the Guest Editor

While technologists have long been used to the terms "free software" and "open source software," a testament to the success of these development methodologies lies in the emerging application of the term "open source" to a wide variety of sectors. Groups of doctors in disparate locations who are collaborating to discover cures for malaria describe their approach as "open source" (http://tinyurl.com/7d7oza9). Marcin Jakubkowski's TED Talk on "Open Source Ecology" – the publication of plans and schematics to enable anyone to construct the industrial machines required to power a "sustainable civilization with modern comforts" (http://open sourceecology.org/about.php) – has enjoyed more than 636,000 views (http://tinyurl.com/6dc4bpb). Danielle Gould eloquently argues that eliminating inefficiencies in our systems of food production and distribution "requires creating incentives to move from closed, proprietary approaches to open ones" (http://tinyurl.com/76haums). With the application of its high-level concepts to such a disparate set of challenges, it is tempting to argue that free/libre open source software (F/LOSS) methodologies have been validated as the superior choice overall, at least in the court of public opinion.

However, the ultimate testament to the power of the F/LOSS model remains its application in the business world. F/LOSS continues its surge to prominence as a means for businesses to cut costs, promote innovation, and further engage their customers. In 2011 alone, F/LOSS based businesses saw venture capital investment of more than $466M USD, a 24% increase over such investments in 2009 (http://tinyurl.com/6rqnphs). In one recent industry survey, 25% of respondents reported that 75% of all software used by their organization is F/LOSS (http://tinyurl.com/3sn647f). The F/LOSS software stack acts as the key component in the emerging, though increasingly prominent, world of cloud computing, allowing Infrastructure as a Service (IaaS), Platform as a Service (PaaS), and Software as a Service (SaaS) vendors to provide services that increase their customers' revenue by decreasing time to deployment, hardware costs, hosting costs, etc.

With all the activity – and, in some cases, pure hype – surrounding F/LOSS and the application of its principles, it can be easy to assume that open source and

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open innovation models "just work" and carry on from there. As with all things, the narrative is much more nuanced. Open business models have proved incredibly effectively, but the overall landscape is much more complex than simply reducing the problem space to "open = good."

In this issue of the TIM Review, we present a variety of examinations of the open business model, from legal and governance issues to the long-term implications of the F/LOSS model for businesses, both those that are a pure F/LOSS play to those businesses who choose to use F/LOSS where they had been traditionally averse to it.

Juho Lindman, Assistant Professor in the Hanken School of Economics, and **Risto Rajala**, Director of Research at Aalto University, examine the impact that F/LOSS models have had on entrepreneurship and the software industry as a whole. Their research dives into the critical issues facing F/LOSS businesses and the corresponding benefits achieved by those players who effectively approach these challenges.

Deborah Nicholson, Community Outreach Director for the Open Innovation Network, presents the barriers to open innovation raised by software patents and their use by non-practicing entities – less charitably known as "patent trolls" – to produce profits purely through litigation. She provides an overview of the important legal cases informing the current debate and details how the Open Innovation Network's model provides a useful and feasible option for those open source projects and companies looking to license their intellectual property in a way that protects their business interests while helping technological innovation to more effectively progress. Deborah's article bridges the current issue with that of last month's issue on Intellectual Property Rights (http://timreview.ca/issue/2011/december).

Liz Laffan, Research Partner at Vision Mobile, discusses the Open Governance Index, a new framework of 13 proposed metrics to measure the openness of open source projects. Laffan's work focuses on eight open source projects in the mobile space, examining the successes and failures of each project in light of their openness in key areas, from acceptance of outside contributions to lowering the barrier to entry for community participants who wish to influence the outcome of product decisions. Of particular interest, Laffan examines the corresponding market success of each project when compared to its openness score, with some perhaps surprising results.

Ruth Suehle, writer and editor for opensource.com and former editor of Red Hat Magazine, examines Red Hat's formula for success as a pure-play open source business on track to earn $1B in annual revenue. She gives us a glimpse into the profound impact F/LOSS methodologies have on each aspect of Red Hat's offerings, from its software to its community outreach initiatives and its promulgation of "the open source way" as a means to promote more widespread innovation across all sectors.

Carlo Daffara, Head of Research at Conecta, discusses the long-term effects of F/LOSS on the software industry, arguing that the interconnectedness of software projects produced by the massive increased use of F/LOSS code propels innovation, collaboration, and profit in profound ways that we are only now beginning to fully understand.

Leslie Hawthorn
Guest Editor

About the Authors

Chris McPhee is Editor-in-Chief of the *Technology Innovation Management Review* and is in the Technology Innovation Management program at Carleton University in Ottawa. Chris received his BScH and MSc degrees in Biology from Queen's University in Kingston, following which he worked in a variety of management, design, and content development roles on science education software projects in Canada and Scotland.

Leslie Hawthorn is an internationally known community manager, speaker, and author with over 10 years' experience in high-tech project management, marketing, and public relations. In January 2012, she joined AppFog as their Community Manager, where she is responsible for developer engagement. Prior to AppFog, she served as Outreach Manager at Oregon State University's Open Source Lab and as a Program Manager for Google's Open Source Team, where she managed the Google Summer of Code Program, created the contest now known as Google Code In, and launched the company's Open Source Developer Blog. She is also a member of the Advisory Board of the *Technology Innovation Management Review.*