

# Q&A

Ruth Suehle

## Q. *What is the secret of Red Hat's Success?*

**A.** In 1993, Red Hat Linux was one of the first Linux distributions, along with Debian and Slackware. That was still five years before the term "open source" was coined. Linux and open source software were not widely known for many more years, much less trusted by large companies or recognized by future competitors. As late as 1999, while promoting his book, Bill Gates remarked about Linux, "Certainly we think of it as a competitor in the student and hobbyist market. But I really don't think in the commercial market, we'll see it in any significant way." (<http://tinyurl.com/7ka28ab>) He criticized open source for its lack of central control. Fast-forward to 2011, when the Microsoft Openness blog quoted CEO Steve Ballmer: "Our goal is to promote greater interoperability, opportunity and choice for customers and developers throughout the industry by making our products more open and by sharing even more information about our technologies" (<http://tinyurl.com/2lf9ok>). The world is changing.

Today open source software is not a hobby or a threat, it is simply reality for the technology industry. It is also no longer just about developing code. The Red Hat company used open source to create a business model that brings the company nearly a billion dollars in annual revenue. CEO Jim Whitehurst has called that model "the most powerful thing about what we've accomplished." The company is listed on the New York Stock Exchange and the S&P 500 and has grown a long list of offerings beyond Linux, from middleware to virtualization, training, and consulting.

All of this has been built on the belief that open source is more than a way to develop software. It is a way to run a business and the best way to participate as a part of the global community. Red Hat has grown through the power of collaboration, not just on source code, but on everything it does.

Red Hat sees the opportunity for the principles that have made open source successful as a business model to change the world, and the company intends to help make it happen through promoting principles like

transparency, collaboration, diversity, and rapid prototyping, collectively something it calls "the open source way." These characteristics can – and will – change everything about our world in the same way the open source model has changed how software is created, based on a few key openness concepts:

**1. An open exchange.** A free exchange of ideas is critical to creating an environment where people are allowed to learn and use existing information toward creating new ideas.

**2. The power of participation.** When we are free to collaborate, we create more. We can solve problems that no one person may be able to solve on their own, and we can create solutions that will be applied in ways we did not imagine.

**3. Rapid prototyping.** Rapid prototypes can lead to rapid failures, but that leads to better solutions found faster. When you are free to experiment, you can look at problems in new ways and look for answers in new places. You can learn by doing.

**4. Meritocracy.** In a meritocracy, the best ideas win, and the best features make it into the end product. In a meritocracy, everyone has access to the same information. Successful work determines which projects rise and gather effort from the community.

**5. Community.** Communities are formed around a common purpose. Together, a global, open community can create beyond the capabilities of any one individual. It multiplies effort and shares the work.

But how does all that apply to Red Hat's success? It starts with the subscription.

### The Red Hat Subscription Model

Although "open source" is now clearly about more than the code, to understand how it created Red Hat's success, we have to start where it began: with the code.

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All software has source code. As we know, not all software creators choose to share that code. But when they do, it means freedom and choice for the user. Industries can no longer operate in silos – neither the companies within a single industry, nor industries apart from one another. The world is becoming only more connected. What one company needs today, another company needs tomorrow. And what that company needs tomorrow might change the world in an entirely unrelated field. We have seen it over and over again when one person or organization creates a piece of code for its own needs, shares it, and another organization is able to reuse it in unforeseeable ways. That is the value of open source, and it happens every day.

Red Hat believes that because of that value, open source is inevitable, because it puts the choice and control in the hands of the customer, and Red Hat accomplishes the combination of open source value with business profit through its subscription model – the enterprise complement to the rapid innovation of open source development.

Open source empowers impressive innovation and rapid change. But if you are running a production environment, innovation and rapid change are frightening words. So Red Hat takes thousands of packages, freezes the code, and creates an enterprise-ready edition of that software, working with chip designers, hardware vendors, and independent software vendors to certify and tune the hardware and software that Red Hat products will work with. Then we back it with a promise of support for seven years, bringing the strength of open source to a level of security that is right for the stability production environments need – enough stability for many of the world's stock exchanges to run on Red Hat Enterprise Linux. So while traditionally licensed software loses its value as it ages, subscription software continues to support an infrastructure with updated features, security enhancements, and increased hardware and software support, not to mention predictable costs.

### The Importance of Community

But of course, all of that value that Red Hat is able to offer its customers is built on the contributions of the much larger open source community, both as a whole, and the specific communities that feed directly into Red Hat products. In fact, community is so important that it is the heart of the Red Hat mission statement: “to be the catalyst in communities of customers, contribut-

ors and partners creating better technology the open source way” (<http://tinyurl.com/6rrve4n>).

To nurture and fuel those communities, the company created a Community Architecture and Leadership team. Our most notable involvement is with The Fedora Project (<http://fedoraproject.org>), the results of which feed directly into Red Hat Enterprise Linux. The Fedora Project's mission is wholly focused on the advancement of free and open source software around four foundations:

- 1. Freedom.** The advancement of software and content freedom, not just in Linux, but overall
- 2. Friends.** Including more than 24,000 Fedora Account System members
- 3. Features.** Many features that benefit all Linux distributions start in Fedora.
- 4. First.** The future of Linux is built into Fedora.

Fedora releases come out every six months, showing the edge of innovation and new features. Red Hat engineers participate in that process from the beginning. (However, 65–70% of Fedora's code is maintained by volunteers.) Then, Red Hat dedicates its quality assurance resources to testing, hardening, and certifying those features to ensure that they meet the requirements for enterprise-level interoperability and performance. Code that started in the upstream community becomes the code that Red Hat customers, from DreamWorks to the NYSE Euronext, rely on to solve their daily business problems. A similar process happens in other communities that Red Hat participates in, including the JBoss Community (<http://jboss.org>), the OpenShift Community (<https://openshift.redhat.com/app/>), and the Gluster.org Community (<http://gluster.org>).

However, Red Hat's mission statement (which was developed collaboratively by all Red Hat employees) does not just say “contributors”. Red Hat also has customer and partner communities that are just as vital to its success. Red Hat customers have an unusually direct relationship with the company and influence what goes into releases and the direction of products, and they benefit from one another's input, sometimes in surprising ways. What they are able to build together is greater than what any one company could build alone, and Red Hat can do a lot more when it works closely with them.

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### Community Beyond Code

Just as open source is no longer limited to code, Red Hat's community contributions are not limited to code. As the leader in open source software and communities, Red Hat created [opensource.com](http://opensource.com) (<http://opensource.com>) in January 2010 to capture, highlight, and spread the open source culture. It tells stories of openness in six areas – Business, Education, Health, Government, Law, and Life – demonstrating the ways that openness is changing each of those things.

If you visit the website, you will notice that it is not immediately obvious that this is a Red Hat sponsored project. If you follow the posts at [opensource.com](http://opensource.com), you will seldom see stories that mention Red Hat at all. The one place you will see Red Hat is on the right side of the header, where there is a small Red Hat logo and the words, “A Red Hat community service.”

Those five words were themselves a product of open debate and collaboration, going through several iterations of attempts to encapsulate the website's mission and relationship to Red Hat. [Opensource.com](http://opensource.com) is not about promoting Red Hat. We do hope that it will help to show Red Hat as a leader and visionary in openness, but not by telling the stories of our own greatness. We want to be a leader by demonstrating how others are doing it right and helping those who have not yet embraced openness see the benefits.

### The Key Principles: Transparency and Trust

Two key characteristics of the open source way are transparency and accountability. If you try to think of companies that truly embody those principles, you are likely to think of highly innovative, trustworthy companies you want to do business with. The tried-and-true business practices that fought against transparency are cracking. New methods of doing business are taking root. The basic tools that allowed big business to emerge – even the very management model beneath – are in desperate need of an update to support us in an increasingly complex world.

Simply put, the future of business is *open*. Many of the principles that have made open source an innovative software development model for Red Hat and others will stimulate innovation while creating an environment better suited to a 21st century world. In any part of any business anywhere.

Trust is one of the most important features of the open source way. It is the central catalyst of open source development. Many projects have failed merely for its absence. Collaboration works better when you trust the people with whom you are collaborating. Transparency is more believable when you trust those who are opening up to you. And a meritocracy can function only with a base level of trust in the community that everyone is competent and has the best interests of the project at heart.

### Legal Issues

Legal questions are inevitable in a field that changes more quickly than laws can. Software often faces patent challenges, and fear of litigation was a barrier to adoption for many companies that otherwise would have had an earlier interest in open source software. To help with that fear, Red Hat created the Open Source Assurance Program (<http://tinyurl.com/2jcthj>) to protect customers by promising replacements of infringing software, as well as promising defense for an intellectual property lawsuit against a customer. The company also goes to bat itself on patent issues. In May 2010, a jury found in favor of Red Hat and Novell in a case on bad software patents owned by “non-practicing entities.” It was an important victory for those in open source. Rob Tiller, Red Hat vice president and assistant general counsel wrote of the case on [opensource.com](http://opensource.com):

*“We now know for certain that those in the business of bringing software patent lawsuits are not invincible, even in the supposedly patent-friendly jurisdiction of the Eastern District of Texas. We know that Texas juries are willing to reject bogus infringement claims and invalidate bad software patents. And we know that attacks on open source based on FUD [fear, uncertainty, and doubt] will not stand up when subjected to the light of truth.”* (<http://tinyurl.com/2g9jumu>)

Red Hat takes the position that software patents impede innovation and are inconsistent with free and open source software. Red Hat representatives have put their support to that position before the National Academies of Science, the U.S. Federal Trade Commission, and the U.S. Department of Justice, and the company is a signatory to a petition to the European Union encouraging it not to adopt a policy of permitting software patents. Nevertheless, software patents still exist, and Red Hat does maintain a portfolio of software patents for defensive purposes. That portfolio comes with

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a the Red Hat Patent Promise, created in 2001 through collaboration between developer Alan Cox and (then) chief counsel Mark Webbink to balance the need to protect open source with the need for defense. It ensures that Red Hat can help protect innovation by making sure that our patents are still available to the open source community in accordance with a set of approved licenses.

### Conclusion

Open source is about more than the code, for Red Hat, and for the future of business, innovation, and culture. Innovation thrives on openness – and that applies to everything and everyone, anywhere. Red Hat just proves how it can also be profitable. The open source development model has transformed into a business and a cultural movement that Red Hat demonstrates, protects, and promotes through its business model and community participation.

### About the Author

**Ruth Suehle** is a writer and editor in Brand Communications + Design at Red Hat. Previously an editor for Red Hat Magazine, Ruth helps to lead discussions about the open source way in the Life channel of opensource.com. She holds a BA in Journalism and Public Relations from the University of South Carolina-Columbia and has over 10 years' experience in content development roles, primarily in the technology sector.

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