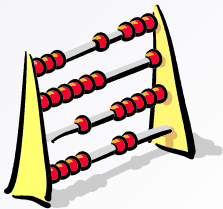


# ***A Framework Analysis of Business Models for Open Source Software***

*Jesper Holck (CBS)*

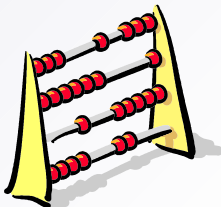
*Roberto Zicari (Frankfurt University)*

*Volker Mahnke (CBS)*



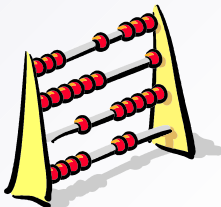
# *Dual Licensing*

- One product, two licenses:
  - Viral, open source license  
If embedded in other software, this must also be open source
  - Proprietary license  
May be embedded in proprietary software products
- Requires sole copyright of all source code



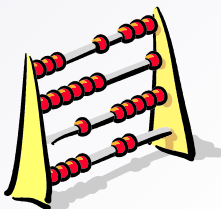
# *Three categories of customers*

- Embedders, buying licenses
- Subscribers, buying support
- Buyers of extra features



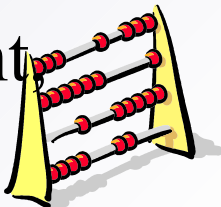
# *Numbers for MySQL*

- 10% of downloads add to the installed base
- 0.1% of installed base end as paying customers
- But also non-paying users are valuable:
  - They add to the installed base
  - They recommend the product to others (e.g. their companies)
  - They participate in communities
  - They report errors



# *Two Strategies for Open Source Products*

- *Commodity Products for Horizontal Markets*
- *Innovative Products for Niche Markets*
- Common properties:
  - Proprietary, open source products
  - Dual licensing
  - Price differentiation
  - Synergy with other Open Source products
  - Focus spending on R&D
  - Virtual organization, flat hierarchy
  - Use Internet and community for development, testing, support, marketing, sales, ...



# Two Strategies

<i>Open Source Software Commodity Products For Horizontal Markets</i>	<i>Open Source Software Innovative Products For Niche Markets</i>
Large community	Smaller community
Commodity product	Innovative product
Horizontal market	Entry niche market
May obtain VC financing	Privately financed
Strategy 1: Expand/ consolidate the horizontal market	Strategy 2: “Aggressively” expand from niche to horizontal market when market conditions make this possible



# Questions or comments?

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