

Open Source as a Business

Strategy, Struggle & Success

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@emanuil_tolev

Based on the work of Philipp Krenn, *@xeraa*

[...] allow software to be
freely used, modified, and
shared.

<https://opensource.org/licenses>

Four Freedoms: Use, Study, Share, Improve

[https://fsfe.org/freesoftware/basics/
4freedoms.en.html](https://fsfe.org/freesoftware/basics/4freedoms.en.html)

What is Business?



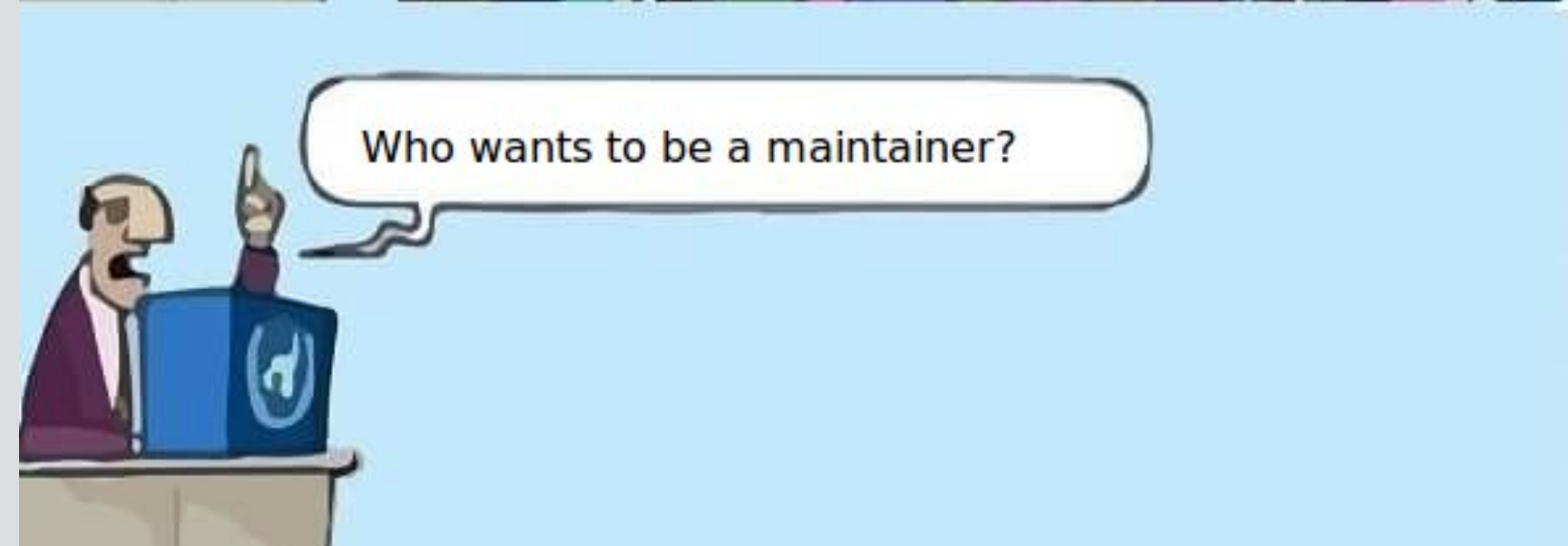
Who is
using OSS?

Who is
opening issues?

Who is
contributing back?

Who is
making money from
the project?

<https://twitter.com/geowolf/status/971811346823221248>



Ninety-eight-point-five percent of the code
ever put into the core of Puppet was put in
there by somebody I paid.

Luke Kaines (founder of Puppet), <https://www.geekwire.com/2018/might-time-big-cloud-share-wealth-open-source-startups/>

Open Source \neq Business Model

Open source is a distribution
model that allows us to build
community. It's a force
multiplier.

Shay Banon, Elastic



Get Datomic On-Prem

All Datomic On-Prem licenses are **perpetual** and include **all features**:

- Unlimited Peers and/or Clients
- [High Availability](#) for Failover
- Integrated [memcached](#) Support
- Supports [all Storages](#)

The available editions vary by availability of maintenance and support. Choose the one that best fits your needs.

Starter	Pro	Enterprise
No Cost	\$5000 per Year per System Includes Maintenance and Updates	Enterprise Integration Support
Maintenance/Updates Limited to 1 Year	Standard EULA	Negotiated License Terms
Standard EULA	2 Day Business-Hours- Only Support	24x7 Support
Community Supported		
Download Starter	Purchase Pro	Contact Us



elastic

Community Advocate



ELASTIC FOR



App Search

Add search to your app



APM

Monitor your apps



SIEM

Analyze security events



Site Search

Add search to your website



Logs

Centralize, analyze logs



Endpoint Security

Protect your endpoints



Enterprise Search

Search all of your content



Metrics

Centralize, analyze metrics



Maps

Explore geo data

[View all products](#)

ELASTIC (ELK) STACK



Elasticsearch

Store, search, analyze

+



Kibana

Visualize, navigate, share

SAAS



Elastic Cloud

SaaS offerings

ON-PREM

Download

Self-managed offerings

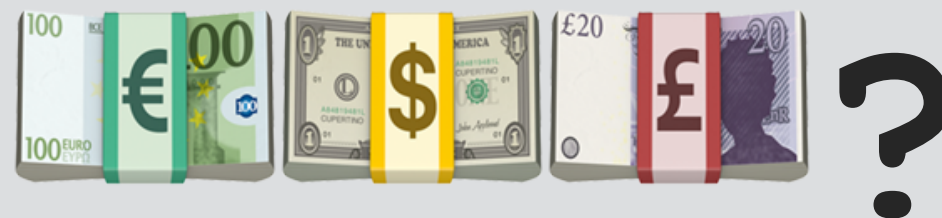


ECE

Centralized orchestration



Where is the



Community vs Company

Agenda

Strategy

Struggle

Success

Strategy

Services



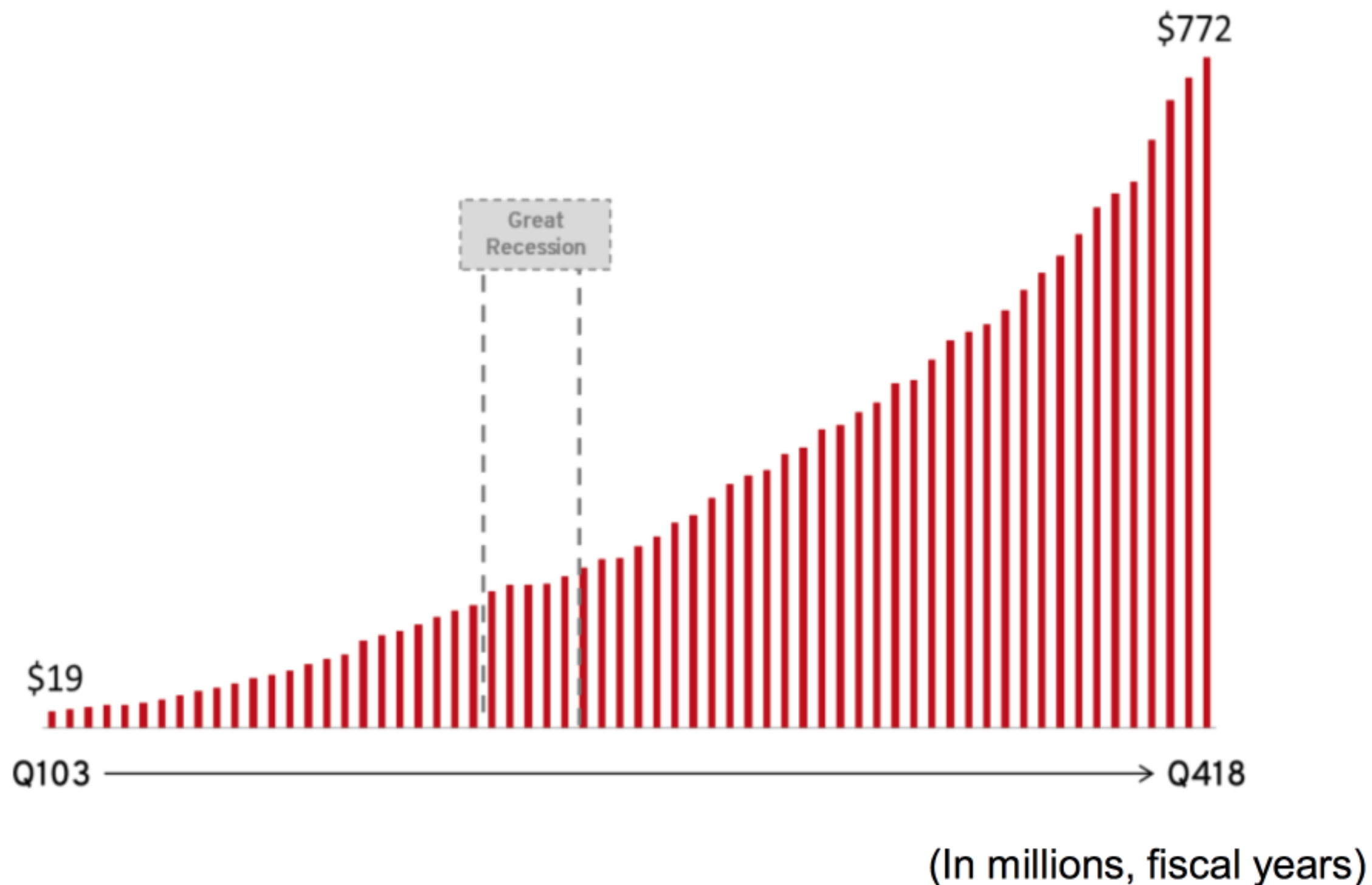
Support, Consulting, Training, Certification

CANONICAL



redhat.®

64 Quarters of Revenue Growth





Support Problem

Ease of Use

Support Problem

Renewal Rates

Consulting & Training Problem

Service-Only Competition

Red Hat has a unique business model crafted in the late 90's/early 00's when open source lived in a much stronger ideological environment.

Sacha Labourey (Hudson / Jenkins / CloudBees), <https://medium.com/@sachalabourey/ibm-acquires-red-hat-where-is-google-b2fe186ccfe4>



<https://techcrunch.com/2019/03/15/suse-is-once-again-an-independent-company/>

Open Core









Problem

Competing Tools

Problem

Less Open, More Commercial

Problem

Cloud Providers

Cloud Service







SENTRY



Problem

Cloud Providers

With the advent of the public cloud, pure open source models are very hard to defend.

Sacha Labourey (Hudson / Jenkins / CloudBees), <https://medium.com/@sachalabourey/ibm-acquires-red-hat-where-is-google-b2fe186ccfe4>

Cost in the Cloud

OSS Company

Margin
Operational costs
OSS development
Cloud provider's margin
Server, network, electricity, cooling,...

Cloud Provider

Margin
Operational costs
Server, network, electricity, cooling,...

The intent of open source software was not so
that someone else can take the exact same
software and offer it as a service.

Salil Deshpande (Bain Capital), <https://www.geekwire.com/2018/might-time-big-cloud-share-wealth-open-source-startups/>

Partnerships 🤝



Problem

Domain Specific

Donations



OpenCollective



WIKIMEDIA
FOUNDATION

Problem

Scaling & Planning

For Patreon/donations to be a viable business model, have to put in just as much work as you'd have to do selling services/product, likely ending up w less from donations

You can point to donation models that had it easy & I can point to traditional businesses that got lucky too

Stephanie Hurlburt (Entrepreneur, Founder), <https://twitter.com/sehurlburt/status/1036091578060656640>

Certified Partners

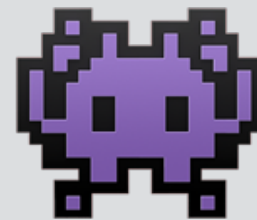


moodle

Problem

Requires Commercial Ecosystem

Ads





AdBlock

npm install funding

LogRocket

Stop guessing why bugs happen. LogRocket lets you replay what users do on your web app or website, helping you reproduce bugs and fix issues faster.

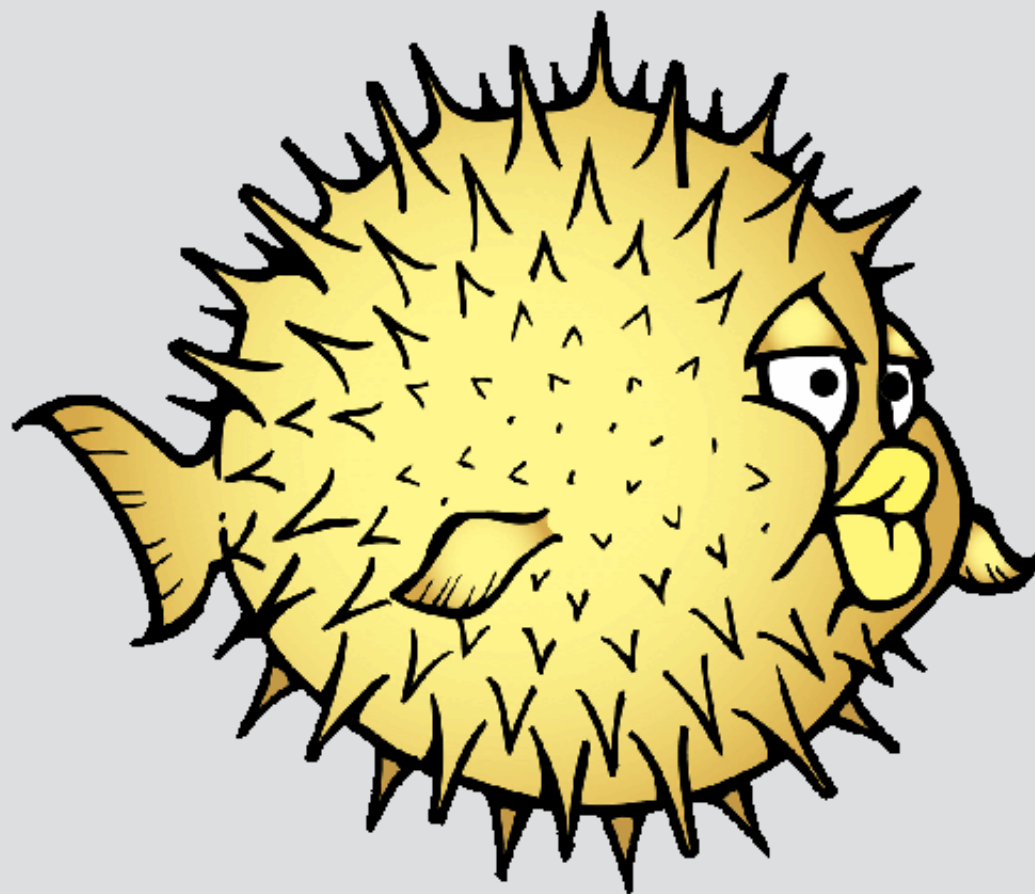
<https://logrocket.com/terms>

Problem

What Is (the Price to Be)
Acceptable

Merchandise





***Open*BSD**

Problem

Revenue

Bounty / Crowdfunding 💰

Wataclass

DATKIDASS

Abba



Problem

Vision & Maintainability

Corporate Sponsoring 🏢



Google Summer of Code

Problem

Incentives

Struggle

Philosophy 🧠

If you are claiming your startup/company is
open source and you aren't contributing to some
form of upstream... then you aren't really.
Sorry not sorry.

Jessie Frazelle (Keyser Söze of containers), <https://twitter.com/jessfraz/status/954802380125736961>

Makers



Users



Takers



The difference between Makers and Takers is not always 100% clear, but as a rule of thumb, Makers directly invest in growing both their business and the Open Source project. Takers are solely focused on growing their business and let others take care of the Open Source project they rely on.

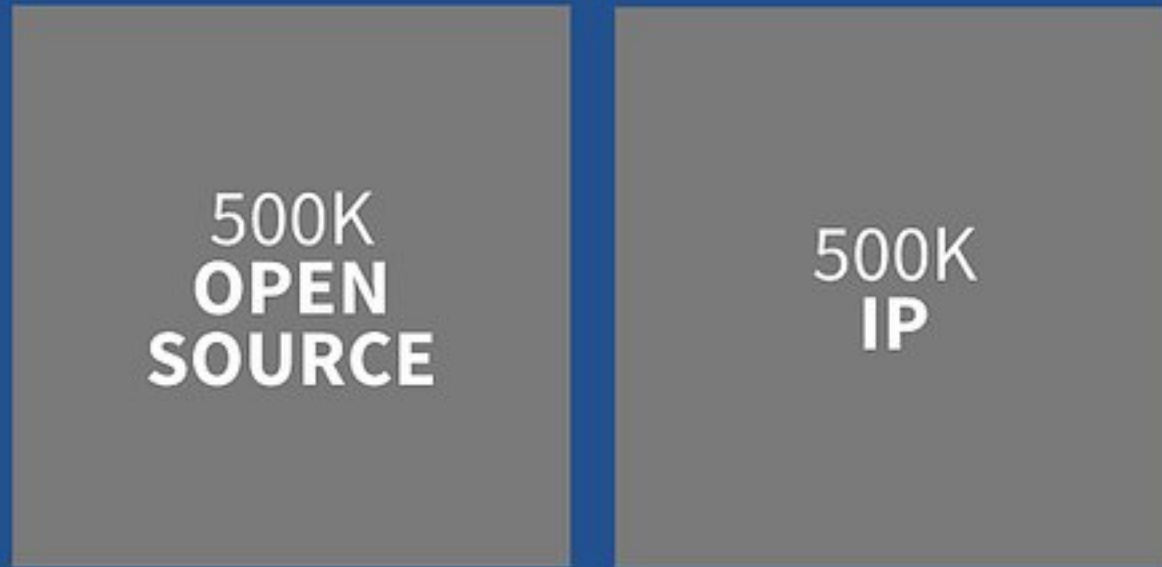
<https://dri.es/balancing-makers-and-takers-to-scale-and-sustain-open-source>

Maker

\$1M to invest in R&D

\$500K towards Open Source

\$500K in the proprietary IP



Taker

\$1M to invest in R&D

\$50K towards Open Source

\$950K in proprietary IP



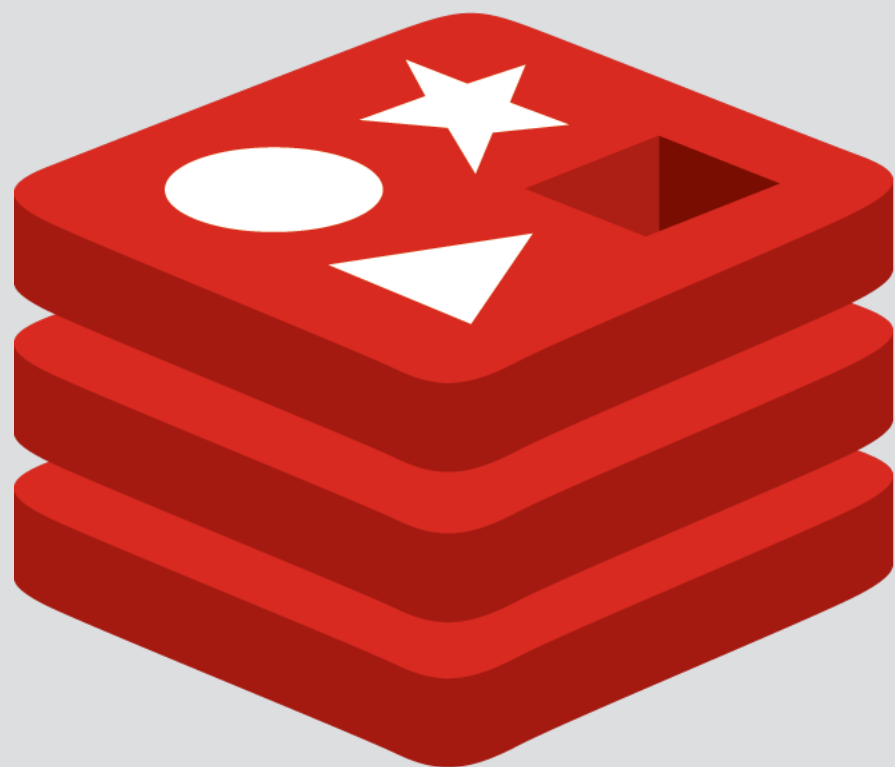
↑ *mostly used towards self-promotion*

[...] Amazon, on one hand, bashes the open source ecosystem and highlights the advantage of its own tools, while at the same time taking projects like Presto, which was developed in the open by Facebook, and turning it into a packaged, revenue-generating product (the newly announced Athena service).

<https://dzone.com/articles/did-amazon-just-kill-open-source>

[...] If you are MSFT and I ask you if you've used Redis and you say "you mean Azure Redis Cache?", that's not a good sign.

<https://twitter.com/jensenharris/status/984268950136537088>



redis

Redis Labs Modules: AGPL

Redisearch, Redis Graph, ReJSON, ReBloom,
Redis-ML

Apache 2 modified with Commons Clause (2018/08)

Without limiting other conditions in the License, the grant of rights under the License will not include, and the License does not grant to you, the right to Sell the Software.

<https://commonsclause.com>

Confusion

CC

Apache 2 modified with Commons Clause

<https://commons.apache.org>

Some rabid open-source wonks accused Redis Labs of trying to trick the community into thinking that modules were open source, because they used the word "Apache."

<https://techcrunch.com/2018/09/07/commons-clause-stops-open-source-abuse/>

Be aware that the debate starting up about the
Common Clause license due to Redis Labs
adopting it will likely be heavily tainted by
large corporations who have a lot of free labor
to lose suddenly pretending to be huge
champions of free software ideals.

<https://twitter.com/taotetek/status/1032248562116186112>

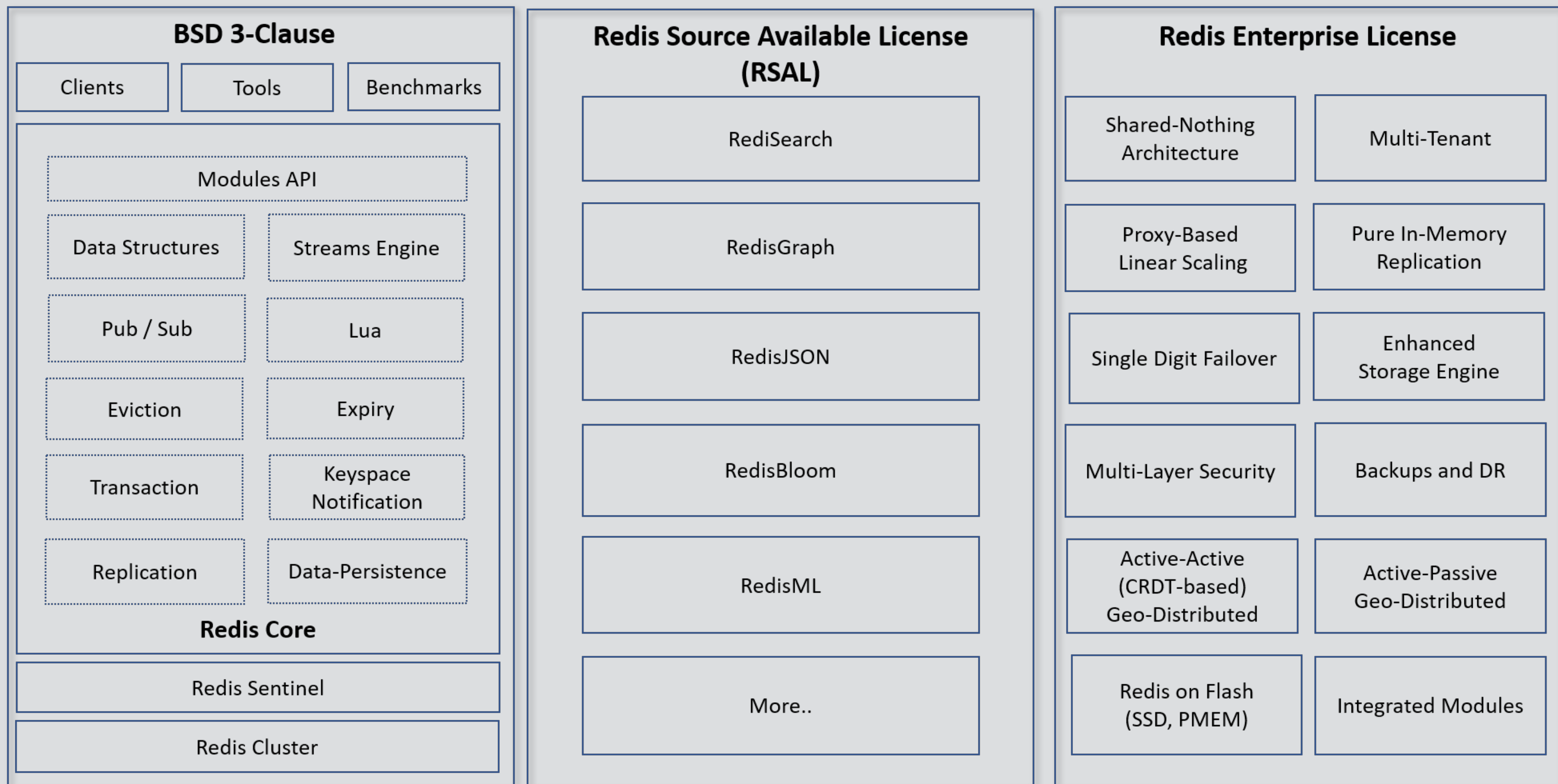
[Maintainers] have a responsibility to ensure that the primary open source distribution remains open and free of proprietary code so that the community can build on the project freely, and the distribution does not advantage any one company over another.

<https://aws.amazon.com/blogs/opensource/keeping-open-source-open-open-distro-for-elasticsearch/>

Redis: BSD

"Redis will remain BSD licensed" <http://antirez.com/news/120>
"Redis is not "open core" <http://antirez.com/news/121>

RedisLabs Modules: Redis Source Available License (2019/03)



<https://redislabs.com/community/licenses/>



mongoDB

AGPL Server / Apache Clients

Server Side Public License

(2018/10)

~~"13. Remote Network
Interaction; Use with the GNU
General Public License."~~
"13. Offering the Program as
a Service."

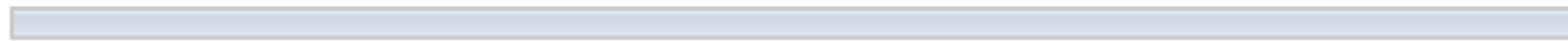
<https://www.mongodb.com/licensing/server-side-public-license>

More than Reciprocal

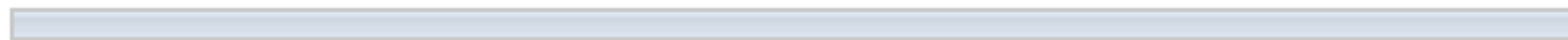
Permissive vs Copyleft vs SSPL

In the light of the MongoDB license changes...

I will continue using MongoDB Community, the change does not impact me (49%, 139 Votes)



I will look to replace MongoDB with a different data store (49%, 139 Votes)



I will have to purchase MongoDB Enterprise Subscription (1%, 4 Votes)



Total Voters: **282**

<https://www.percona.com/blog/2018/10/24/poll-mongodb-license-change/>

Timing

Effective Today

Clones



Amazon DocumentDB

[...] we are hereby withdrawing the SSPL from
OSI consideration.

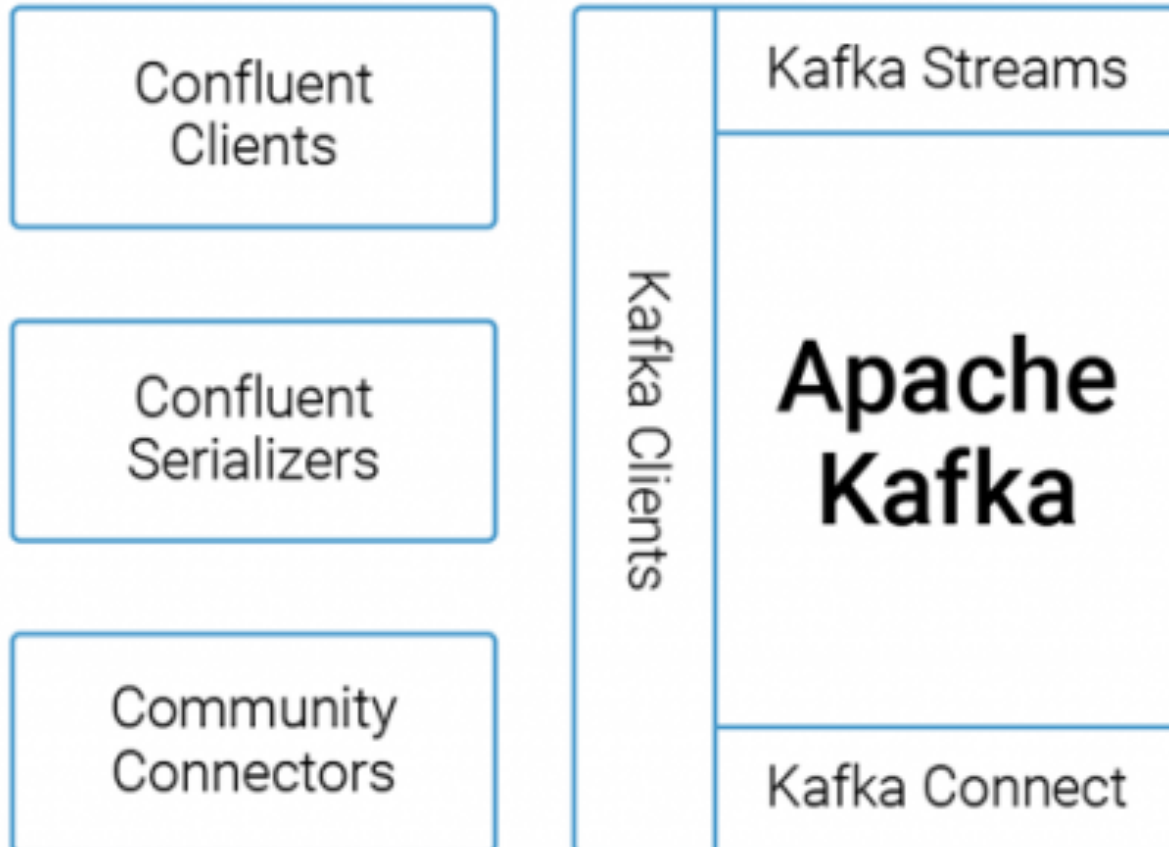
http://lists.opensource.org/pipermail/license-review_lists.opensource.org/2019-March/003989.html



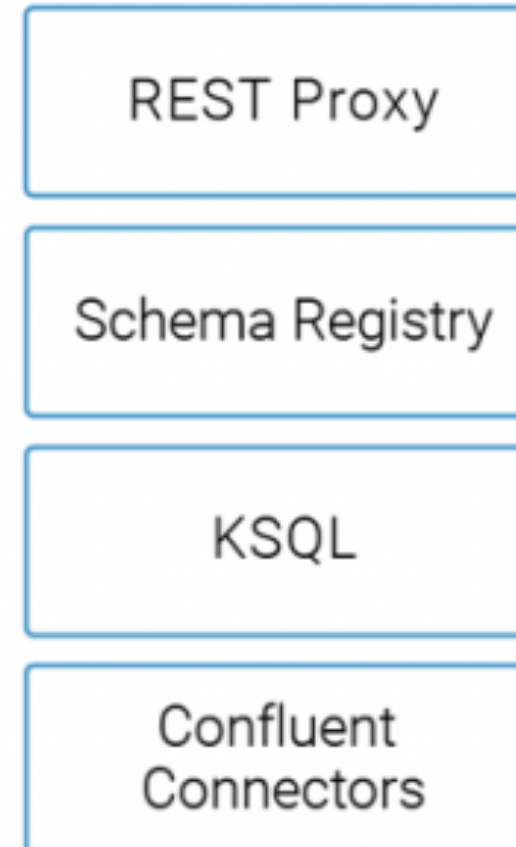
For purposes of this Agreement, “Excluded Purpose” means making available any software-as-a-service, platform-as-a-service, infrastructure-as-a-service or other similar online service that competes with Confluent products or services that provide the Software.

<https://www.confluent.io/confluent-community-license>

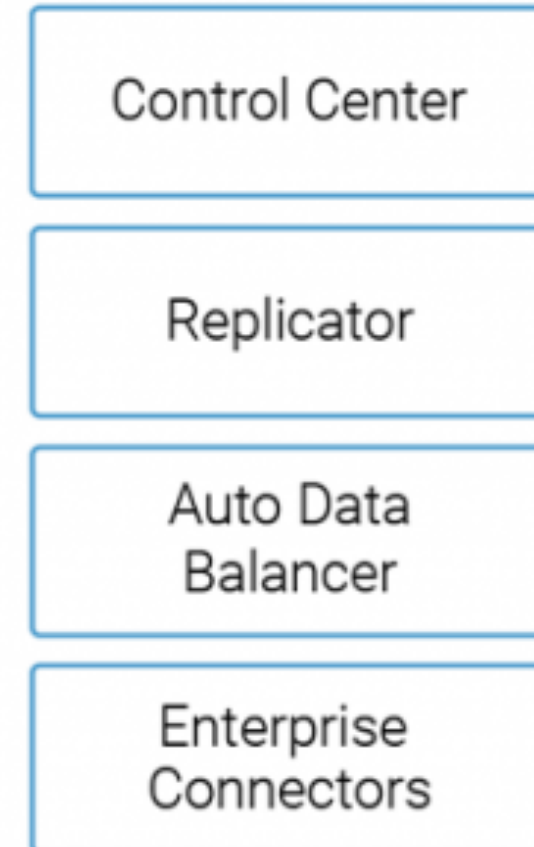
Apache 2.0 License



Confluent Community License



Confluent Enterprise License



<https://www.confluent.io/blog/license-changes-confluent-platform>

Money



Conflict of Interest

Open Source vs Commercial View



DATASTAX 

In case you needed proof, @zdatainc just released a #benchmark report where #DataStax6 outperforms #OpenSource #cassandra <http://bit.ly/2txOvW1> #databases #data

<https://twitter.com/DataStax/status/1012380187886055424>

SCYLLA.

Venture Capital

Accelerated Development vs Calling the Shots

http://oss.cash

COSSI: \$100M+ Revenue Commercial Open-Source Software Company Index ☆ 🏠									
File Edit View Insert Format Data Tools Add-ons Help									
🖨️ 🔍 100% 👁 View only									
fx Elastic									
	A	B	C	D	E	F	G	H	I
1	Company	Company Creation	Project Creation	VC Raised (M)	Employees	Est. Revenue (M)	Est. Valuation (B)	Public/Private	Outcome
2	Acquia	2007	2000	\$200	900	\$200	\$2.0	Private	
3	Alfresco	2005	2005	\$70	460	\$100	\$0.3	Private	PE
4	Automattic	2005	2003	\$317	940	\$300	\$3.0	Private	
5	Canonical	2004	2004	-	630	\$150	\$1.5	Private	
6	Chef	2008	2009	\$105	350	\$100	\$1.0	Private	
7	Cloudera	2008	2006 (Hadoop)	\$1,100	3,200	\$500	\$1.7	Public	IPO
8	Coinbase	2012	2009 (Bitcoin)	\$546	1,100	\$1,500	\$8.0	Private	
9	Confluent	2014	2011	\$205	800	\$150	\$2.5	Private	
10	Databricks	2013	2010	\$900	1,000	\$250	\$6.5	Private	
11	Datastax	2010	2008	\$190	580	\$150	\$2.5	Private	
12	Docker	2010	2013	\$300	500	\$120	\$2.5	Private	
13	Elastic	2012	2010	\$162	1,600	\$400	\$5.0	Public	IPO
14	Fastly	2011	2006 (Varnish)	\$220	550	\$200	\$2.0	Public	IPO
15	ForgeRock	2010	2005 (OpenSSO)	\$140	550	\$120	\$1.5	Private	



Couchbase

Development

Hobbled Product vs Starving Company



influxdb



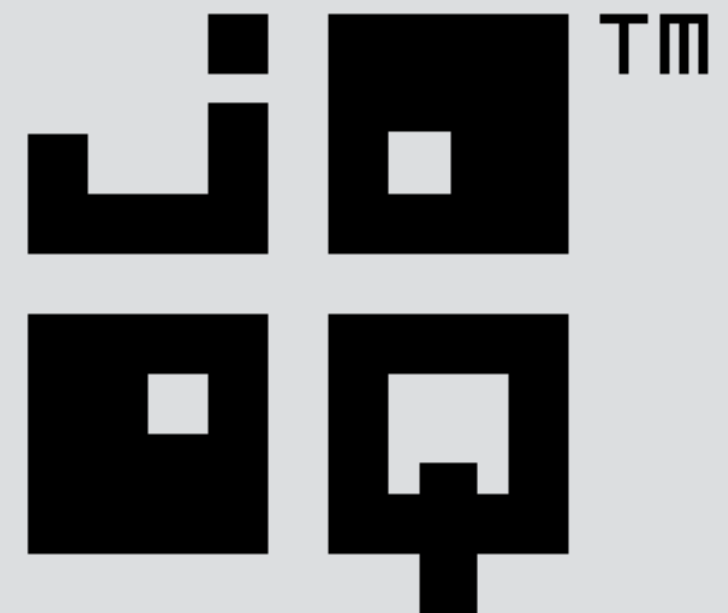
RethinkDB



docker

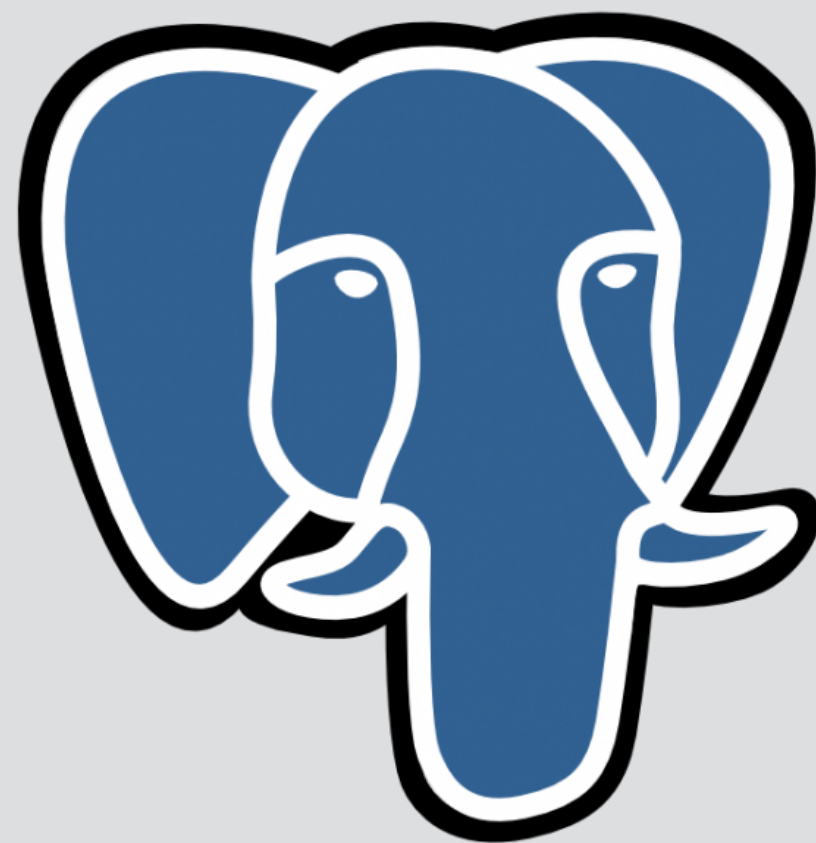
Tricks

Open Source but...



Success

Business Is Optional



PostgreSQL



mattklein123

[Follow](#)

Engineer @lyft

Jun 17, 2017 · 6 min read

Optimizing impact: why I will not start an Envoy platform company

The following are my own views, and not that of my employer, Lyft.

Although almost unbelievable to me, Envoy has gained exceptional traction since it was open sourced about 9 months ago. (If unfamiliar with Envoy see [here](#) and [here](#) for more information). Very early on I received inbound requests from investors and entrepreneurs who were attracted to a new solution in the burgeoning area of microservice networking and management and who wanted to discuss the potential for commercial opportunities around the software. Over the last few months, especially as excitement for the software has increased (a substantial partnership with Google, the launch of [Istio](#), uptake and excitement of other large companies, etc.), the amount of inbound requests and push by the investment community to figure out a

Business Is Complicated

It saddens me that closed source companies are
acclaimed for merely putting a piece of code on
GitHub, while commercial open source companies
get the worse shit for any action that involves
protecting their work.

Arnaud Porterie (former Docker engine lead),
<https://twitter.com/icecrime/status/1032155227368185856>

Time for an Updated Model?

MongoDB seeks to do what the FSF failed to do in 2007: close the “ASP loophole.” That is, to make the GPL (and open source) more relevant to the cloud era by ensuring those that modify and distribute open source as a cloud service contribute back.

Matt Asay (former MongoDB VP of Community),
<https://twitter.com/mjasay/status/1052191818937327616>

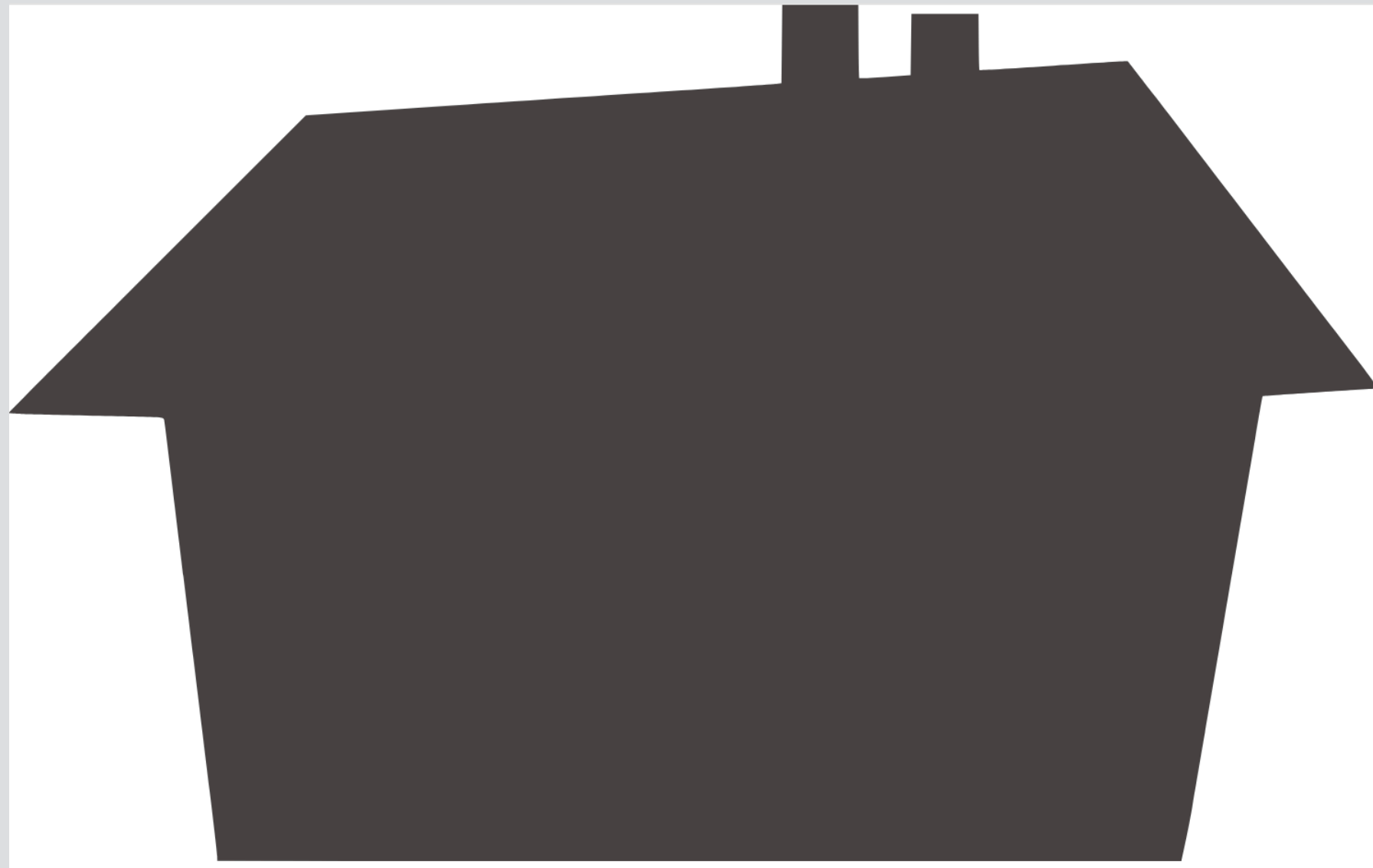


Today, we're adopting an extremely permissive version of the Business Source License (BSL). CockroachDB users can scale CockroachDB to any number of nodes. They can use CockroachDB or embed it in their applications (whether they ship those applications to customers or run them as a service). They can even run it as a service internally. *The one and only thing that you cannot do is offer a commercial version of CockroachDB as a service without buying a license.*

<https://www.cockroachlabs.com/blog/oss-relicensing-cockroachdb/>

Are the only 2 alternatives
'hobby' and 'VC'?

Cottage Labs LLP





UNIVERSITY OF
CAMBRIDGE

DOAJ

DIRECTORY OF
OPEN ACCESS
JOURNALS


UNIVERSITY OF **Hull**



 **PLOS**


 **WORLD NUCLEAR**
ASSOCIATION


Jisc

W
wellcome



There 's open source and open source though.

 [CottageLabs](#) / [oacwellcome](#)

 Unwatch ▾

7

★ Star

1

 Fork

1

 [DOAJ](#) / [doaj](#)

 Watch ▾

14


★ Star

25

 Fork

9

 [CottageLabs](#) / [OpenArticleGauge](#)

 Unwatch ▾

7

★ Unstar

7

 Fork

5

 [CottageLabs](#) / [edges](#)

 Unwatch ▾

10

★ Star

5

 Fork

5

 [CottageLabs](#) / [willow](#)

 Unwatch ▾

6

★ Star

5

 Fork

2

Consulting

Can be lots of fun and
camaraderie
Quite the grind

Unless, *maybe* .. sales
pipeline, value-based pricing

Productised
Consulting?

SaaS

If your project lends itself
to being SaaS-ed



MicroConf



STARTUPS
FOR THE REST OF US

Whatever path you pick, there's bootstrapping



Elastic's Strategy

Elastic Stack subscriptions

The Elastic Stack — Elasticsearch, Kibana, Beats, and Logstash — powers a variety of use cases.
And we have flexible plans to help you get the most out of your on-prem subscriptions.

Open Source

Apache 2.0: Now and always.

[Free download](#)

Feature highlights include:

- Clustering & high availability
- Powerful search and analysis
- Data visualization and dashboarding
- And more (see full list)

Basic

The forever-free plan.

[Free download](#)

Everything in Open Source plus:

- Core security features
- Solutions such as APM, SIEM, Maps, and more
- Canvas
- And more (see full list)

Gold

More features. Dedicated support.

[Contact us](#)

Everything in Basic plus:

- Alerting
- Reporting
- Ingest management
- Business hours support
- And more (see full list)

Platinum

The fully loaded experience.

[Contact us](#)

Everything in Gold plus:

- Advanced security features
- Machine learning
- Cross-cluster replication
- 24/7/365 support
- And more (see full list)

All Code Open /
Source Available

Not Open Source –
Apache 2 & Elastic License



 Public Repo

elasticsearch

< code >

License: **Apache 2.0**

 Private Repo

x-pack-elasticsearch

< code >

License: **Elastic License**

 Public Repo

elasticsearch

< oss code >
Apache 2.0

< x-pack code >
Elastic License

Community License: **Apache 2.0 + Elastic License**

What (incentive | perception | behavior)
is (OSS | Basic | Gold | Platinum)
going to drive with (users | customers | OSS-
only users | competitors | sales | development)

Training Consulting



elastic cloud



elastic cloud

enterprise

Questions? Disagreement?

Emanuil Tolev
@emanuil_tolev