



CEO Predictions 2008

The Open Solutions Alliance consists of 23 industry-leading organizations dedicated to the adoption of open solutions. Collectively they are successfully driving the open source charge in their respective markets, and they represent a tremendous source of innovation and leadership in the industry. Their success is in no small part due to the leadership and vision of their respective CEO's.

This paper is an aggregation of OSA member company CEO's perspectives on where the open solutions industry is headed, particularly over this upcoming year. Their perspectives shed further light on an industry experiencing rapid growth, and not necessarily in ways one might expect.

All CEO's were posed the same four questions, and their responses are included below in their unedited form, in alphabetical order of company name. Other than the highlights in our press release, we have not attempted to summarize or distill their responses. We encourage you, the reader, to form your own conclusions, and your feedback is also welcome via our discussion boards and public email lists.

William A. Soward, CEO, Adaptive Planning

1. What will trigger increasing adoption of open source in the enterprise in 2008? Will adoption be at the same pace in Europe? The U.S.? Asia? Which region will lead?

"First, we will see increasing adoption of open source enterprise applications. Open source is becoming increasingly mainstream — Raven Zachary, the lead open source analyst at The 451 Group, even posits that specialized open source analysts are becoming anachronistic, since open source is becoming a fundamental element of all software. As open source techniques and models continue to mature and gain

widespread adoption at the platform and infrastructure level, the key benefits enabled by open source — affordability, higher quality code, greater flexibility, no vendor lock in, etc. — will become irresistible to buyers of enterprise applications. This trend has been building steadily for several years, as demonstrated by the ongoing success of SugarCRM, Open Bravo, and Adaptive Planning, and will accelerate even more quickly in 2008.

“Second, there will be an increasing confluence between the open source and software as a service models. These are the two most powerful trends in software today, and while they've traditionally been seen as separate, parallel developments, they are rapidly combining to create the new business model for enterprise software. The combination is not just at the development level — SaaS companies adopting open source technologies to lower the cost of operations and R&D — but more importantly, on the distribution side. For example, SaaS companies such as Adaptive Planning are releasing open source versions of their solution as a way to drive rapid, worldwide exposure to and adoption of the software. Similarly, open source companies such as SugarCRM and JasperSoft are increasingly seeing SaaS deployments as the natural way to deliver their commercial open source offerings -- SugarCRM recently commented that 50% of its paying customers are SaaS-based, and JasperSoft has seen strong results from their SaaS deployment on Salesforce.com's AppExchange. In 2008, it will be increasingly clear that "SaaS + OSS" truly is the business model of the future for enterprise software.

“Third, there will be increasing collaboration between open source vendors working together to compete successfully against the large enterprise suite vendors. The OSA is a great example of a consortium of open source vendors that share in this philosophy. In addition, in 2008 we'll see more "bi-lateral" partnership activity between vendors in addition to "multi-lateral" OSA activities. Jaspersoft is one of the companies leading the way here, and you'll hear more from Adaptive Planning and others on this front as well. This is an additional manifestation of the maturation of the space.”

Doug Levin, CEO, Black Duck

1. What will trigger increasing adoption of open source in the enterprise in 2008? Will adoption be at the same pace in Europe? The U.S.? Asia? Which region will lead?

“Demand for Linux and open source applications, infrastructure and services will increase substantially in 2008, driven partially by an economic slowdown in the United States. These open-source solutions will be active in more corporations and SMBs in 2008 than ever before.”

2. What is the biggest challenge for the open source software industry in 2008? What about for your company, is it the same challenge or something different?

“More lawsuits will be brought against large corporations and technology companies in 2008 as open source advocates step up enforcement of the GPL v2, v3 and other open source licenses.”

3. What will be the biggest surprise in open source in 2008?

“Component management in software development will become a big issue in corporations as more third-party and open source components and modules are actively used.”

David Richards, CEO, Concurative

1. What will trigger increasing adoption of open source in the enterprise in 2008? Will adoption be at the same pace in Europe? The U.S.? Asia? Which region will lead?

“Every year open source is deployed by more businesses and organizations, and during 2008 more companies will adopt open source technologies. Linux is leading this adoption, and the deployment of applications is slowly but surely, following its tracks. But this adoption will not be driven by ideology and whether a certain technology is open source, it is driven by the right application for a specific business purpose, how cost-effective it is and the innovation behind the application. At Concurative Corporation, we have found that companies that are looking for ways to connect across and between enterprises are not asking whether something is open source but whether it will enable them to maintain or gain an advantage over their competitors, deploy a system that will drive their business and allow them to adapt and react to an ever-changing business market.

“However, there are certain markets that have always been historically more embracing of the notion of open source, such as public sector bodies in Europe, compared to the US where open source is more prolific in private organizations. Asia, having a high-growth economy, sees many early-stage companies that are not using established proprietary software and do not have to make major internal adjustments to adopt open source. Therefore the implementation in Asia will be much more rapid than in the US, due to a greater need for less expensive software and more flexibility through not being tied to proprietary solutions. South America, particularly Brazil, is also witnessing dramatic growth in its consumption of open source software.”

2. What is the biggest challenge for the open source software industry in 2008? What about for your company, is it the same challenge or something different?

“The Open Solutions Alliance recently released results of surveys they have been collecting from consumers, regarding their views on open source software. The overall

feedback was quite positive, but the main concern expressed was in the area of interoperability with open source software.

“I think this is a big challenge for the industry in 2008, but also presents us with an opportunity to step up and out perform the big proprietary vendors. If we can enable a full suite of interoperable open source tools, it will help boost the open source industry throughout the upcoming year.

“Concursive, as an open source company and founding member of the OSA, has always had a strong focus on interoperability- currently we’re integrating full scale content management and social media tools into our CRM suite. Being interoperable is key to our strategy and success.”

3. How big of an effect will licensing have on open-source software in 2008? Is your company considering adopting GPLv3? Why or why not?

“Licensing was a topic of heated debate at various points in 2007 and will likely be a subject of discussion again in 2008. Notable developments in 2007 included the release of the GPLv3 and the OSI's approval of the CPAL. I am not aware of any other such major licensing initiatives in 2008. It will be interesting to see what the adoption rates are for the GPLv3 in 2008--our impression is that many vendors are taking a wait-and-see attitude at the moment. It will also be interesting to see if there is any type of mass movement of vendors who have been using so-called "badgeware" licenses (generally one-off derivatives of the MPL) in favor of the CPAL. From the customer perspective, however, we think licensing will remain essentially a non-issue. At the end of the day, open source is a development methodology that delivers particular benefits in the form of better products. As far as business customers are concerned, as long as a product is available under a business-friendly license, and the product is solid and delivers the value it promises, then they are happy. We have no plans to adopt the GPLv3 for our main product, ConcourseSuite 5.0, because we are completely satisfied with our current license, as are our customers.”

4. What will be the biggest surprise in open source in 2008?

“The biggest surprise in open source for 2008 will be the convergence of various types of software applications that are traditionally thought of as distinct, and the development of corresponding platforms. For example, Concursive's products blend together CRM, ECM, Collaboration and Web 2.0 (wikis, blogs, RSS).

“Through our adoption of portlet technology throughout our product, we are starting to provide an enterprise class platform for 3rd party development. We have seen similar examples from other vendors, and these blended approaches will further blur the lines separating many enterprise applications.

“Open source software is fluid and nimble in development, more so than proprietary

software, so for most types of applications open source versions will add specific functionality that proprietary vendors do not offer. The companies that will benefit the most from this will be in the mid-market with very specific needs that the myriad of affordable, customized open source solutions will offer.”

Javier Soltero, CEO, Hyperic

1. What will trigger increasing adoption of open source in the enterprise in 2008? Will adoption be at the same pace in Europe? The U.S.? Asia? Which region will lead?

“Compelling products delivered through a business model that empowers the customer. Essentially completing the transition beyond simply offering up open source products as cheaper alternatives to proprietary offerings. Economic factors such as a slowdown in IT spending might help open source companies, but it ultimately will come down to who offers the right combination of solution, pricing, and customer value.”

“Europe will likely continue to lead open source adoption in 2008 because of more government policies oriented towards OSS. The rest of the world will continue to gravitate to open source, but likely more slowly.”

2. What is the biggest challenge for the open source software industry in 2008? What about for your company, is it the same challenge or something different?

“Figuring out business models that will produce viable, long term software companies rather than ‘flash in the pan’ ubiquity plays. Merely racing to see who can give the most away to a buyer who will take as much as the can get before paying money will not produce viable software companies. Hyperic has long held the belief that open source is an efficient way to develop and distribute software, but that in order for our shareholders to realize a return on their investments, Hyperic has to continue to deliver value worth paying for. Our biggest challenge will be to continue to innovate in a fairly stagnant, fragmented marketplace (systems management) where everyone uses the same terms to describe fundamentally mediocre products.”

3. How big of an effect will licensing have on open-source software in 2008? Is your company considering adopting GPLv3? Why or why not?

“Licensing will not have a big effect on OSS in 2008. At this point, most companies have figured out which licenses fit which business models. Non-commercial projects have a number of licenses to chose from and seem to know which ones to pick well already. No, we are not considering GPLv3. It does not bring us any benefit to change to that license.”

4. What will be the biggest surprise in open source in 2008?

“Some of the companies that are around today will fizzle out because they cannot produce sustainable revenue models. 2006-7 has seen a lot of open source entrants into a number of categories of software. Most of these companies will be transitioning from ‘advocacy and awareness’ mode into ‘make money’ mode and it’s in that latter phase that we’ll see whose models work and whose don’t.”

Brian Gentile, CEO, JasperSoft

1. What will trigger increasing adoption of open source in the enterprise in 2008? Will adoption be at the same pace in Europe? The U.S.? Asia? Which region will lead?

“We foresee three interrelated triggers that will increase the demand for and adoption of open-source software in the enterprise during 2008: 1. The increased maturity and quality of leading commercial open source products will provide greater comfort and confidence for enterprise IT to more broadly use and deploy. 2. Improved interoperability among leading commercial open source products (with one another as well as with existing or legacy enterprise systems) will broaden the potential business problems that enterprise IT can solve with open source products. 3. Customer successes will become even more commonplace and higher profile, helping enterprise IT professionals recognize that the time for this new software business model is now.

“These triggers will combine with the CIOs agenda to help deliver more business innovation (helping drive top-line growth and maintain operating expenses) to usher in an even higher-growth era for open source software. The United States and Europe will continue to lead the pace of adoption (with similar usage patterns and relative deployment counts). But, by the end of 2008, we think Asia will begin to emerge as a much more powerful enterprise participant in open-source software, exiting the year with growth and momentum that will place it on par with the other two regions in 2009.”

2. What is the biggest challenge for the open source software industry in 2008? What about for your company, is it the same challenge or something different?

“The challenge is the same for JasperSoft as it is for other leading open-source software providers. That is, to improve the complete ‘out-of-box customer experience,’ including: more intelligent installation, enhanced interoperability (with all those systems and data sources important to the enterprise), even greater product functionality, and even greater community involvement that enables more robust customer interaction, value and support.

“We know that use and knowledge of open-source applications is moving from a

relatively narrow group of developers to a broader acceptance within organizations, and the issues of open-source licensing are increasingly understood by those organizations. This allows open-source products to compete on an equal basis with commercial software; whereas before, commercial vendors could confuse customers about open source with FUD around licensing. This greater market understanding of open-source licensing has been seen in the SCO/IBM case (regarding Linux/Unix), which was settled in IBM's favor, as well as Microsoft's ineffective anti-open source campaigning."

3. How big of an effect will licensing have on open-source software in 2008? Is your company considering adopting GPLv3? Why or why not?

"Given that JasperSoft's open source projects use either the non-viral LGPL or viral GPL v2 licenses today, there is no urgent need to move to GPLv3. However, to provide license compatibility with other open-source projects, we may well move to GPLv3 in the future. Also, we may adopt the GNU Affero License v3 based on GPL v3, which explicitly covers use of software over a network, like websites and web services. GPLv2 does not cover distributing functionality via a network, so it is currently sufficient to use GPLv2 code in websites without distributing the website code."

4. What will be the biggest surprise in open source in 2008?

"Legitimacy in the enterprise will be the biggest surprise in open source. During '08, the pressures CIOs will face to drive greater business innovation with a fixed (or low growth) IT budget will conspire to challenge every possible traditional software license. The 80% of the IT budget used to maintain existing or legacy systems must become more productive in order to satisfy the business goal of improved innovation. Open-source software can be a significant catalyst in liberating more of this maintenance budget, freeing it for use in driving new business and improved profitability."

Manel Sarasa, CEO, Openbravo

1. What will trigger increasing adoption of open source in the enterprise in 2008? Will adoption be at the same pace in Europe? The U.S.? Asia? Which region will lead?

"Open source will continue to spread its viral domination around success stories delivered by active community members around key open source projects."

“We continue to see a lot of traction both in key mature markets and in emerging markets such as Latin America, India, China and Eastern Europe.”

“The most important key driver for Open Source adoption in the enterprise is entrepreneurialism. Hundreds of new companies or new divisions are being launched both to offer new enterprise open source level products and deliver professional services around open source products“.

2. What is the biggest challenge for the open source software industry in 2008? What about for your company, is it the same challenge or something different?

“The most important challenge for the industry is totally correlated to the success of the multiple entrepreneurial ventures that bet their strategies around open source software.”

3. How big of an effect will licensing have on open-source software in 2008? Is your company considering adopting GPLv3? Why or why not?

“Although licensing has always been a very important topic within our space, we don’t foresee a big effect at an industry level in 2008 because of licensing issues.”

4. What will be the biggest surprise in open source in 2008?

“In the enterprise software world we expect to see Open Source replacing the 100 pound gorillas such as SAP and Oracle in reference organizations.”

“To proprietary vendors: increased success from established open source vendors”

“To open source vendors: increased success from communities and end clients”

Michael Grove, CEO, OpenIT Works

1. What will trigger increasing adoption of open source in the enterprise in 2008? Will adoption be at the same pace in Europe? The U.S.? Asia? Which region will lead?

“Enterprise and commercial companies will leverage open source. They will collaborate among their respective communities and to implement best practices, share successful solutions and work on collective issues such as interoperability. I believe the U.S. will lead.”

2. What is the biggest challenge for the open source software industry in 2008? What about for your company, is it the same challenge or something different?

“I don't see an open source software industry. To me open source is an approach to

developing and licensing software. The challenge for the commercial companies leveraging open source is to build a clear brand that leads the average IT buyer of software to believe that software that leverages open source is better than pure proprietary solutions. Our challenge is to demonstrate that collabsourcing (collaborative outsourcing) will generate two to three times the savings that typical outsourcing approaches provide.”

3. How big of an effect will licensing have on open-source software in 2008? Is your company considering adopting GPLv3? Why or why not?

“Open source licensing will continue to bother enterprise users but the dissemination of best implementation practices including license management will reduce this issue somewhat.”

4. What will be the biggest surprise in open source in 2008?

“The focus will shift from interoperability and licensing issues to momentum around a community of commercial companies that demonstrate that open source is the ‘prime source’ for IT innovation.”

Mark Tolliver, CEO, Palamida

1. What will trigger increasing adoption of open source in the enterprise in 2008? Will adoption be at the same pace in Europe? The U.S.? Asia? Which region will lead?

“The availability of a larger set of complete OSS applications will be the main driver of increased open source adoption in ‘08. Examples include Pentaho (business intelligence), xenoss (network and system management), Intalio (business process management), etc. Open source is a worldwide trend, so I would not expect any particular region to be substantially ahead of any other. Efforts in the areas of open source security and interoperability will also be significant to improving enterprise adoption.”

2. What is the biggest challenge for the open source software industry in 2008? What about for your company, is it the same challenge or something different?

“The biggest challenge will be within enterprises with internal development organizations. In these organizations, the pressure to increase the use of open source components within internally developed applications will be balanced against the need to move away from the current ad hoc procurement processes that have sprung up in response to the availability, cost-effectiveness and collaborative nature of open source. Instead, enterprises will need to move toward more formal procedures to select, approve, and maintain the use of OSS in order to mitigate risk to their business.”

3. How big of an effect will licensing have on open-source software in 2008? Is your company considering adopting GPLv3? Why or why not?

“Licensing will continue to be an important element of use of OSS in 08 as it has been in prior years. The GPLv3 has refreshed the importance of this point. Organizations such as telecom and electronics manufacturers will need to have processes in place to deal with the DRM and GPLv3 provisions that greatly impact their ability to do business.”

4. What will be the biggest surprise in open source in 2008?

“The biggest surprise...one place to look: Watch for consolidation among open source organizations as a way to strengthen their offerings and development efforts as well as acquisitions of open source market leaders by large commercial vendors who have a desire to expand their market reach and revenue stream.”

Kim Polese, CEO, SpikeSource

1. What will trigger increasing adoption of open source in the enterprise in 2008? Will adoption be at the same pace in Europe? The U.S.? Asia? Which region will lead?

“We see tremendous adoption worldwide. Companies everywhere are looking for alternatives to proprietary software. To date, the U.S. and Europe have seen the most visible commercial implementations and the lion’s share of open source VC investment, but it’s a still early days. There’s great uptake everywhere, and in 2008, Asia will increasingly be a force in open source development and adoption. In general, increasing adoption of open source in the enterprise will be triggered by yet more companies entering the market, including proprietary vendors going open; by government-endorsed rollouts of open-source implementations in developing economies and by successful enterprise adoptions of open source getting more press.”

2. What is the biggest challenge for the open source software industry in 2008? What about for your company, is it the same challenge or something different?

“The key to even more rapid adoption is making open source solutions more turnkey and interoperable for customers who can’t afford to do this themselves. In other words, reduce TCO. We also see many OSS companies struggling with building a channel. We expect this to become a bigger issue in 2008 and will drive more attention towards consortia like the OSA and vendors like SpikeSource who specialize in adding this kind of value.”

3. How big of an effect will licensing have on open-source software in 2008? Is your company considering adopting GPLv3? Why or why not?

“We don’t see much impact here. Customers continue to get educated about the code they use and about open source licensing in general, so FUD will have less of a factor than in the past.”

4. What will be the biggest surprise in open source in 2008?

“We see interoperability, lower TCO and channel development as key issues moving forward. I would expect some major platform vendors to launch initiatives that help with these issues (in so doing, leveraging OSS to drive more platform sales), and this will help accelerate uptake of OSS applications through the traditional channel.”

Bertrand Diard, CEO, Talend

1. What will trigger increasing adoption of open source in the enterprise in 2008? Will adoption be at the same pace in Europe? The U.S.? Asia? Which region will lead?

“After several years of being ‘confined’ in the lower layers of the information system, the adoption of open source has now reached the upper layers – the business applications. In 2007, several players have proven that open source had a role to play in user facing applications (CRM, BI, etc.) and in business middleware: the connectivity and integration between these applications. Encouraged by these initial successes, which are quickly becoming referenceable, enterprise open source solutions will be deployed widely in enterprises in 2008.

“Europe is ahead of the game. This is being helped by several government policies, aimed at reducing dependency upon US software vendors, and at reducing costs. But large enterprises follow suit, and so does the US and Asia.”

2. What is the biggest challenge for the open source software industry in 2008? What about for your company, is it the same challenge or something different?

“As enterprise open source solutions become more prevalent (and more mission critical) in the information system, they will need to interoperate with other open source applications and non-open source systems. This is the main challenge faced by most open source vendors.

“Our challenge at Talend is slightly different. Because we are the interoperability layer, our challenge is to develop and maintain compatibility with all systems out there – open source and closed source alike, because information systems are heterogeneous and rely on multiple technologies, that all need to interoperate.”

3. How big of an effect will licensing have on open-source software in 2008? Is

your company considering adopting GPLv3? Why or why not?

“At this point, we don’t see any benefit for our users to change our licensing mode. We will continue to monitor the adoption of GPL v3 and act according the best interest of our community.”

4. What will be the biggest surprise in open source in 2008?

“The biggest surprise in 2008 will be to see Open Source players register three-digit growth rates! More seriously, to see traditional players move toward Open Source, and the adoption of Open Source bricks on mission critical applications.”