Commercial Open Source Survey Results
July, 2008

Overview

Earlier this month, the Open Solutions Alliance conducted an online survey to ascertain business trends in the commercial open source space. Both member and non-member companies were invited to participate. ISVs and SIs were both represented. Respondents included predominantly senior managers or executives of their respective companies, including C-level executives, and heads of marketing, business development, product management and engineering organizations.

Responses came from a broad cross-section of the industry, spanning geographies, business models, and company size. Out of 45 total responses, we were able to identify some statistically significant results that we would like to share in this report.

Results

Continuing Growth and Adoption of Open Source

While much of the corporate world is in belt-tightening mode with a wary eye on the credit crunch, open source software companies are having a great year with more than 80 percent of survey respondents saying they are seeing a decided increase in sales and services related to open source. In all, 83% of respondents said they would see a year-over-year increase in revenue in 2008 of open source related software and services.

Asked whether the recessionary economy was driving open source sales, the survey responders were mixed in their answer with most, 44%, saying “somewhat” and another 29% saying “definitely.”

Partnering and Interoperability with Microsoft

Anybody questioning what Microsoft has to do with open source need look no further than this survey. An overwhelming 84.5% of responders said that their products or services run on Microsoft Windows or otherwise interoperate with Microsoft products. Only 9% reported Microsoft-free environments.

Half of the survey respondents (51%) reported an active partnership with Microsoft.

Partnering and Interoperability between Open Source solutions

Nearly all respondents (97%) reported partnerships with other open source software and services companies involving the reselling or joint selling of respective products. Most survey participants entered a number of such partnerships and the average number of open-source related partnerships was slightly greater than 10. Companies responding with higher numbers of partners primarily served enterprise accounts. This represents a significant number of partnerships, indicating a broad willingness to collaborate and a high degree of trust among companies to jointly serve customers. The spirit of open-ness and collaboration is alive and well in the commercial realm.

Just over half (56%) of survey participants said their customers were concerned about interoperability between open source applications. Another 36% said it was not a concern expressed to them by customers, with the remaining 8% unsure on the topic.

On a related topic, a much larger group (79%) reported that their customers were concerned about interoperability between open source and proprietary solutions. Of the remaining group 18% say interoperability with proprietary solutions is not a concern with 3% unsure.

Is Open Source Becoming Mainstream?

As for the mainstreaming of open source, the participants in the open source marketplace who participated in the survey are mixed in their opinions. Of the group, 47% say open source infrastructure and systems software is “definitely mainstream” while an only slightly smaller group, 41%, say open source infrastructure is “almost mainstream.” The remaining 12% say open source infrastructure is still far from mainstream.

Open source applications are, not surprisingly, further behind the curve according to survey participants. Of the group, 20% say these applications are definitely mainstream, while 53% say they are almost mainstream and the remaining 28% say they are still far from mainstream.

Motivations Driving Adoption

In terms of the motivations driving open source adoption, price is the No. 1 factor motivating the customers of 79% of survey responders. Reduced lock-in/access to the source code motivated 60% of the survey participants’ customers. Customizability was attractive to 52% of the group’s customers.

Adoption Trends across Geographies

Most of the companies surveyed (85%) have operations outside the United States and of that group more than half (58%) see a more widespread adoption of open source outside the U.S. Of those seeing more adoption outside the U.S., almost all (95%) said they saw it most in Western Europe. Other areas with rapid OS adoption include India/South Asia (45%) China (40%) and Eastern Europe/Russia (35%), according to the companies surveyed.

Open Source and Web 2.0

Just over half of respondents (52%) said that Web 2.0 was changing and/or providing new opportunities for their business. More interesting is that a significant number of respondents (32%) say they aren’t sure what Web 2.0 is doing to their business. The remaining 16% aren’t seeing any Web 2.0 impact.

Open Source and SaaS

A majority of the companies surveyed (72%) said software as a service (SaaS) is an important part of their business strategy. These companies seem to be ever so slightly ahead of the curve, however, as 63% of survey responders report that demand for SaaS is growing in their market.

Open Source and the Channel

Sales channels are evenly distributed among the survey participants. A direct channel within the enterprise cycle is used by 67% of the group. Direct sales with an inside sales cycle is used by 57%. A VAR/OEM channel is used by 50%. A systems-integrator channel is used by 47%

Target Customers – Adoption Trends and Perceived Risks

In terms of sales targets the small and medium business market continues to reign supreme for open source. While survey responders checked off multiple potential customers, more than half (66%) included small and medium businesses. Another popular customer type is a particular department within a large organization, targeted by 56% of survey participants.

Of the concerns still lurking in the minds of potential customers, the two main ones are questions about licensing and vendor viability — each of these concerns where identified by 48% of survey participants. Other top customer concerns include support (44%) security (41%) and interoperability with Microsoft (41%).

Developer Community Contributions

Invited to say how their developer community contributes to their business, 72% of survey participants said that their community made code contributions in the form of bug fixes. Code contribution in terms of interoperability code for complementary products and new features came in second with 66% each.

Moreover, respondents indicated that a sales model unique to open source — a “pull” model with members of the programmer community recommend the purchase — is used by half of the companies surveyed.