

# Open Solutions Alliance

## ANNUAL PREDICTIONS SURVEY

**1. Given what we expect to be an economically challenging year ahead, what is the single greatest opportunity and single greatest challenge for the growth of OSS in 2009?**

- “The economic downturn will be both the single greatest challenge and the single greatest opportunity for OSS growth. The economy will present challenges both because it will dampen overall demand for all types of software, and because it’s making capital harder to attract for all types of companies. That said, open source should fare better than traditional software segments due to its advantages in pricing, for end-users, and capital efficiency, for management teams and investors.”

**William A. Soward, CEO, Adaptive Planning**

- “The single greatest opportunity for the growth of OSS is to utilize the economics of OSS and make it a viable option either as part of a product offering or within corporate IT. Customers will still insist on packaged solutions with industrial strength support, but at the same time will be looking for more value for every dollar they spend. OSS vendors that can provide this level of product and support in 2009 will have a tremendous opportunity. The single biggest challenge for OSS would be the extent to which closed source and commercial players will trim the prices and offerings to stay competitive and adopt the subscription model that most OSS players rely on. Also, not all decision makers will bet their chances on OSS when times are bad. Historically, large and established technology companies have done better than they were expected to do during tough times and should not be underestimated.”

**Suresh Kuppusamy, CEO, Bluenog**

- “The single greatest opportunity is for OSS to clearly drive home the basic cost, agility, and quality advantages over traditional software. This can best be done by enabling customers to collaboratively share with their peers OSS solutions "that work" - is solved their problem well. The single largest challenge is building a critical mass of awareness that rises above the noise level. Today OSS is NOT on most CIOs top 10 list. Current bubble up strategies of free support software upgradeable to paid professional features and support can work against OSS suppliers in bad times as customers can "get buy" on free versions. OSS needs to rise among the spending options at the CIO level.”

**Michael Grove, CEO, CollabWorks**

- “Historically, there is increased level of activity around open source during challenging times, and we expect this trend to continue. The challenge is

to convert this higher level of interest to increased adoption and commercial value for the open source ecosystem.”

**Gopi Ganapathy, CEO, Essentia**

- Our crystal ball for 2009 has the underlying theme of economic conditions bringing open source and subscription license models to the fore as customers need to reduce IT budgets without sacrificing performance. We believe these economic conditions will provide the impetus needed to drive adoption of open source in a variety of areas. These include up the software technology stack building upon the growth of Linux and x86 hardware as well as with increases usage of open source application and Business Intelligence solutions.

**Roger Burkhardt, CEO, Ingres**

- The greatest opportunity is the same for all software companies: to meet the needs of an evolving enterprise environment. Today’s young workers have much higher expectations of their software, and as they enter the workforce and expect the same Web 2.0-like experience in the workplace, we better give it to them. The greatest challenge will be to prove that the inherent value in the much lower cost subscription model of commercial open source software - along with its integral support and services model - works in good economic times as well as hard times. I expect to see some OSS companies experimenting with business models as executives must add value for their customers beyond standard service and support.

**Brian Gentile, CEO, Jaspersoft**

- “In my opinion, the single greatest opportunity may as well be the single greatest challenge in 2009: Creating and delivering easy to use and moreover easy to learn enterprise software. We have had this discussion with our clients already this year again and again: The costs for training employees on a new software solution is often more expensive than the actual license and/or support costs. Given that open source software has already the advantage of costing less on the license/support side, the training aspect remains the major point for optimizing.”

**Gerald Mesaric, CEO, Onepoint**

- “In a cold economic climate, open source software has the potential to significantly gain greater market share. As IT budgets are strained and money becomes tight, businesses of all sizes will look for ways to cut costs. Open source has grown in most areas to become as functional as proprietary products, and more organizations will decide that the licensing fees that proprietary vendors charge are not worth it. Businesses will be enticed to move to the easier-to-swallow subscription model that many open source vendors charge as this allows the organization to reduce capital expenditures but ensure a high level of software support. At the same time, the pure innovation behind open source software provides new

ways to compete. Professional open source ecosystems will be fueled by this to grow, thrive and consolidate. The challenge will be to convince clients to avoid postponing investments in IT projects. When a downturn hits, businesses start thinking that they should wait for better times. However, legacy systems are becoming outdated and there is always a need for technology to drive and maintain business. Organizations which do not keep up with technology to outsmart and outperform their competitors will suffer. Open source vendors will need to demonstrate the strengths of their software to convince businesses to invest rather than wait.”

**Manel Sarasa, CEO, Openbravo**

- “Today’s great opportunity and today’s great challenge are closely allied. Open source is clearly in a good position if you compare it directly with the proprietary space—it’s both more flexible and more predictable in terms of cost. And yet, because open source companies are usually smaller and are still building a strong customer base, some customers are less prone to take chances in difficult financial times. Today’s climate requires new ideas and a strategic look at how to optimize basic parts of businesses across the board. The key word here is optimize. Companies that optimize costs, efficiency, and productivity will thrive.”

**Bertrand Diard, CEO, Talend.**

- Biggest challenge will be managing the appropriate cost-cutting actions to stay healthy in 2009. But, along with that is the greatest opportunity to excel. Open Source software has the power to help companies dramatically reduce costs, while at the same time providing opportunities for competitive differentiation.

**Anthony Gold, VP & GM of Open Source Business, Unisys**

## **2. What type of impact will President-elect Obama have on the IT industry?**

- “President-elect Obama has shown an appreciation for the value of IT -- his campaign tapped into the power of social networking technology, he’s planning on creating a new CTO role, and he has also talked about “open sourcing” government by putting vastly more government materials online. As such, his presidency should reflect extremely positively on the IT industry -- he has the potential for leading the government to adopt 21<sup>st</sup> century technologies and perspectives on technology. Hopefully he’ll be able to keep his BlackBerry!”

**William A. Soward, CEO, Adaptive Planning**

- “President Obama used information technology and harnessed the power of the Internet to build his legendary campaign. This gives us great insight into how his administration will focus on social networking and process

automation to bring the information age to all aspects of Government. This will be a positive impact for the IT industry in general especially for the IT professional services industry.”

**Suresh Kuppusamy, CEO, Bluenog**

- “If he proceeds with his stated tax policy, than we will see fewer jobs, less growth, and less IT spending.”

**Michael Grove, CEO, CollabWorks**

- “President Barack Obama’s biggest challenge is to create more jobs, pull the country out of recession and support global economic recovery. A tech-savvy Obama has propelled himself into leadership using ‘long-tail’ principles for his highly successful political campaign. Obama and his advisors clearly understand the benefits of IT and the internet. I believe, he will seriously consider ‘out of the box’ ideas and disruptive options centered on technology to drive the recovery. It is very likely that he is aware of the foundational open source principles like freedom, community, collaboration & meritocracy. It is up to us to connect the dots for Obama and his team on how the powerful forces in the ecosystem can be aligned to solve his biggest problems with ‘open source’ principles. His big initiatives like Healthcare, Green Initiatives, Lean and Open Government are IT-enabled programs that can benefit substantially from open source.”

**Gopi Ganapathy, CEO, Essentia**

- Barack Obama supports net neutrality (keeping the internet open) and he wants to put broadband into every consumer’s home in America. He also wants to double funding for basic research over the next ten years, which will help both the technology and science industries. He wants to make the R&D tax credit permanent while reforming the US patent system. And, he wants to increase the protection on American Intellectual property in the US and abroad, particularly in China. These are all good things for the technology industry.

**Roger Burkhardt, CEO, Ingres**

- I suspect it will be positive. He has brought awareness to how government and technology can intersect to reach the masses. And, with his plans for a White House CIO, I only hope he and his advisors are looking to open source – both to save tax dollars and to ensure security. I am hopeful that the President-elect, or perhaps his CIO, will consider at least two major future aspects of technology in government:

Technology has penetrated so many facets of our lives and has had a profound impact on the "flattening" of economies around the world. Yet, the U.S. government and its leaders have not integrated into their work what we in the technology call “Web 2.0”. Can you imagine a world where citizens and leaders at all levels could communicate openly in online forums made possible with open source software? I would call this

“OneWorldForge” and the implications for governance are profound. As President, you can lead this online change and build the world’s largest and strongest community, starting with the United States as the example. The U.S. Federal Government, by and large, is known for spending more and getting less from technology than practically any other organization. This is despite a byzantine set of spending and procurement policies and rules, which were ironically designed to do the opposite. Here, I can offer one incredibly useful tip: require that all U.S. government organizations consider open source software alternatives wherever they exist. Some European governments have been doing so for several years and are already reaping tremendous cost and technology advantages as a result. All by itself, an U.S. Government-led open source initiative could save the taxpayers hundreds of millions of dollars annually. That’s what, almost one more bank bailout, right? Surely worth considering.

**Brian Gentile, CEO, Jaspersoft**

- “I believe that Obama will have a major impact on the international relations of the US with other nations. During the Bush administration, a number of relationships to some important nations (regarding the global economy) have been damaged. The new president has a good chance to repair those relationships and thus, helping to intensify trade with these nations.”

**Gerald Mesaric, CEO, Onepoint**

- “Obama’s campaign reflects the highest focus on technology to date by a president. The embracing of new technologies, networks and audiences is a good thing whether it’s for the democratic process or to drive the spirit of business in a tough economy. We also hope that the new government pushes for vendor-neutral open standards, and a more fair competitive environment where open source has traditionally thrived.”

**Manel Sarasa, CEO, Openbravo**

- “President-elect Obama was the first candidate to talk about change, and open source is all about change. He was also the most successful candidate to leverage IT in the history of campaigning. Add to that, he’s the first president to nominate a CTO, acknowledging the need for unified technology leadership in government. A president who can not only use technology, but understand its relevance is an amazing step in the right direction.”

**Bertrand Diard, CEO, Talend**

- Obama’s team understands the power of IT and has already setup committees to examine how, for instance, IT can be leveraged to help with the healthcare crisis.

**Anthony Gold, VP & GM of Open Source Business, Unisys**

### 3. In what sector do you think OSS will have the most tremendous impact in 2009?

- “The cost advantages, ability to customize, and freedom from vendor lock in should be particularly attractive to the public sector in 2009.”  
**William A. Soward, CEO, Adaptive Planning**
- “IT infrastructure will be the key area OSS will have the most impact in 2009. The focus will be on Operating Systems, web development platforms and databases. Cloud computing will be a big winner in 2009 as companies focus in reducing hardware costs and pay for exactly what they use.”  
**Suresh Kuppusamy, CEO, Bluenog**
- “SAAS/Cloud Computing where enterprise BU's can create their own applications.”  
**Michael Grove, CEO, CollabWorks**
- “Global economic revival will be driven by large government programs, like the program in India for massive infrastructure development to create jobs. Construction, Engineering, Healthcare, Lean and Efficient Government, National Security/Defense and Education are likely to be major initiatives all over the world. These are also the sectors that are ripe for the disruptive capabilities of open source. There is significant opportunity for a ‘virtual’ conglomeration of open source companies to present open vertical solutions around open standards to leverage the goodwill and pro-open source position several countries are adopting during this crisis.”  
**Gopi Ganapathy, CEO, Essentia**
- As Open source adoption increases in economic downturn, it will move further up the stack into other areas (Database, Middleware, Applications, BI, Cloud). This will further weaken the proprietary license model and force license vendors to react. This will further loosen larger vendors death grip on the market.  
**Roger Burkhardt, CEO, Ingres**
- We see increasing demand in every sector, and have posted our best quarters on record this year. I believe open source software will have a much bigger impact in those industries that have been most negatively impacted by the financial crisis and resulting downturn. This means that those remaining financial services firms MUST find ways to build sophisticated systems at a much lower cost. It also means that those firms reliant on either capital-intensive or leveraged operations will need to find similarly cost-effective answers in IT – which means all heavy good

manufacturers and even large process-oriented manufacturing and logistics firms. In short, any firm that must now more carefully manage cash than ever before will be interested in lower cost (but advanced) open source solutions. And, if I had to choose only one sector, I would point to the public sector – because the newfound need for more efficient government has never been more potent than now. And, governments should lead the way, setting the technology standards that help the private sector more assuredly.

**Brian Gentile, CEO, Jaspersoft**

- “In a financial crisis such as the one we are facing today, it is very important to know “where you are” with your company’s finances. In addition, I think that a lot of the trouble we are in could have been prevented with more overall transparency. Therefore, I strongly believe that open source software solutions that improve the transparency within organizations and provide up-to-date plan/actual comparisons and traffic light functions will play a very important role in 2009.”

**Gerald Mesaric, CEO, Onepoint**

- “The public sector will drive demand and will become the largest buyer of open source software in 2009, as public spending is used to fuel the economy. Voters will put pressure on government officials to look for ways to save their tax dollars across the board. Open source will be put to use in government and education.”

**Manel Sarasa, CEO, Openbravo**

- “Open-source software is poised to have a big impact in all sectors. The entire economy is suffering from the downturn and everyone can use the accelerated ROI that open source offers. Some verticals—such as the automotive industry—would be well-advised to try and innovate, because that may be the only way to survive the current economic crisis.”

**Bertrand Diard, CEO, Talend**

- Education, financial services, government, and telecommunications are obvious ones. The lesser-understood but just as significant impact of the open source model of mass collaboration will touch all segments.

**Anthony Gold, VP & GM of Open Source Business, Unisys**

#### **4. What technologies or business models will we see emerge in 2009 to address the needs of software consumers? Will the service/support model of many open source software companies hold up in this market?**

- “The biggest trend we see is really a continuation and acceleration of a trend that’s been occurring over the last several years -- the merging of the open source and software as a service (SaaS) models. This is not only

SaaS companies leveraging OSS technologies for development, but also OSS companies delivering their commercial offerings via the SaaS model. In a down economy where software consumers face additional resource constraints, SaaS should gain even greater momentum due to additional advantages beyond attractive prices -- no new hardware or infrastructure software is required, no IT personnel are required for implementation, and deployment times are much more rapid.”

**William A. Soward, CEO, Adaptive Planning**

- “Technologies that empower user generated content as opposed to subject matter expertise as seen by the Web 2.0 revolution will gain broad acceptance. Self service platforms, rich interaction and social networks that follow the consumer will extend beyond the social network and into the enterprise. OSS vendors that offer customer support and offer more of a packaged solution will benefit the most in 2009. In a trailing economy companies will look for ways to do more with fewer resources, but don’t want to give up capabilities they’ve used in the past. Open source software companies will need to provide the same (if not better) support than what customers are traditionally used to.”

**Suresh Kuppusamy, CEO, Bluenog**

- “Two models will dominate - free with advertising, and pay for use. Those who survive will need models that cover costs - downloads won’t matter as much. New selling models will emerge where customers sell each other in a collaborative process.”

**Michael Grove, CEO, CollabWorks**

- “The industry has introduced a variety of discrete trends like on-demand/software-as-a-service models with virtualization/cloud computing, mobile/location based services, web2.0/collaboration to various degrees of success. The Global forces at play will drive a new economy that will value efficiency, productivity and cost-effectiveness across the board providing the impetus to accelerate the maturation and general acceptance of these trends. The mega trends in my opinion still revolve around the consumer, ‘consumerization of open source’ is an emerging trend we see in developing countries that we expect to spread world-wide.”

**Gopi Ganapathy, CEO, Essentia**

- The continued growth of Software as a Service (SaaS) will pull open source with it. Open source becomes more entrenched as underlying infrastructure of SaaS and the cloud becomes more open. We’ll see more push back from customers on software license models. This will allow entrepreneurs to start new software companies in light of the economic downturn.

**Roger Burkhardt, CEO, Ingres**

- Technologies will be introduced that help blur the lines between our computing experiences at home and our experiences at work. Basic functions like mapping, search and Instant Messaging, among others, will be integrated into enterprise applications in new ways. I think the services/support model will hold up in this market, but companies will have to complement those revenue streams with other ways of delivering value to their customers. Hosted collaboration and interoperability initiatives certainly fall into this category.

**Brian Gentile, CEO, Jaspersoft**

- “A very important aspect of every business decision when implementing new enterprise software will be return on invest (ROI). Managers will need to proof that the solutions they intend to deploy will turn a very fast ROI, typically, well below 12 months. I would also imagine that even “get started now - pay later” models might be something vendors will have to look into in order to help their customers with purchasing during a time where cash is running low. The overall economic situation could also be beneficial to service-based licensing rather than purchasing models. At the very least, these models will not have a disadvantage.”

**Gerald Mesaric, CEO, Onepoint**

- “Consumers will look for packaged solutions in the network for the same reasons that they will look towards open source, to get as much for their money as possible. The technology behind many of these applications that allows them to run cheaply will be open source. Revenues for those cloud-based business models will be driven by advertising or subscription services, and consumers will often never know about open source or the technology behind the solutions. However, the inherent freedom of open source technologies will provide more flexibility for the developers of consumer applications to innovate at all levels, from their business models to the software they create, deploy and scale on. This is much more difficult and often impossible, to do with the cost restrictions of the payment and licensing terms of proprietary software. As a result, we expect more adoption of open source technologies.”

**Manel Sarasa, CEO, Openbravo**

- “The subscription model, which has really grown over the past few years, will become prevalent in 2009. Software users need to be realistic about their investments, paying for what they need, when they need it. Today, commercial open source vendors aren’t based exclusively on service and support—software subscription license revenue is increasing exponentially. It’s this hybrid model which is going to help open source software companies thrive in today’s market.”

**Bertrand Diard, CEO, Talend**

- Obviously there will be a lot of fallout that continues into (and through most of) 2009 in all sectors. It'll be interesting to see how the funding model plays out through the year and how many small companies need to go back to the well (and what happens to their valuation). Those who can specialize and focus, while toughing out the storm, will do well. I suspect Clean Tech and Life Sciences will be attractive in 2009.

**Anthony Gold, VP & GM of Open Source Business, Unisys**

**5. Predict one software winner and one software loser in the year ahead. It can be a technology, company or business model.**

- “Tying together a number of themes, the year ahead will continue to demonstrate the power of the online community. This is of course true for many types of technology companies, whether it’s open source connecting developers together, SaaS companies like Adaptive Planning creating customer communities, or Web 2.0 companies connecting worldwide users. But it’s also true at a higher level, with online communities influencing the news we read, contributing to the products and services we consume, helping us stay connected with friends and family members, playing a role in the candidates we elect, and even shaping governmental policies and administrations.”

**William A. Soward, CEO, Adaptive Planning**

- “Proprietary operating system vendors and client server models will lose in 2009. Virtualization, SaaS and Cloud computing will be the big winners for 2009. Integrated software suites and Commercial open source support and services will lead the wave in enterprise IT.”

**Suresh Kuppusamy, CEO, Bluenog**

- “Google will continue to win on demand applications and Microsoft will see increased pressure against standard licensing. Google has the upper hand as it can afford to give away its products and win on ads. Microsoft cannot.”

**Michael Grove, CEO, CollabWorks**

- “Software delivered as a service to consumers based on a media/subscription model (ex. Netflix) has challenges in the coming months due to a reduction in discretionary spending. We are very bullish about consumer-centric open source including a subscription-oriented services and support model around it.”

**Gopi Ganapathy, CEO, Essentia**

- Clearly the open source business model will be a winner in the year

ahead. I predict open source database revenues will grow by at least 30% versus industry growth of 7-8%. Software losers will be the proprietary vendors who continue to raise prices for prices. Recent price increases at Oracle in 2008 gave customers another reason to look at open source technology. The lock-in threat is real, not perceived and flies in the face of the economic conditions we are now facing. Customers will seriously look at ways to reduce their dependency on proprietary vendors and that makes those vendors a “software loser” in my mind.

**Roger Burkhardt, CEO, Ingres**

- Winner: Red Hat. Loser: Microsoft. I predict the winner to be BI software. Business intelligence is always ranked high on CIO’s priority lists but given this economy, we expect BI vendors to reap the rewards but also be tested to deliver compelling products at a good price point. The loser will be the proprietary development model. It can no longer keep up in good times, let alone in hard times.

**Brian Gentile, CEO, Jaspersoft**

- “From what we have already seen in Q4/08 Project and Portfolio Management software (PPM) will be a winner, because it clearly helps a company withstand the test of a time of crisis and at the same time its ROI is quite easy to argument. However, I do not think that there will be one loser. Instead, I believe that it will be very tough to sell enterprise software where you cannot clearly state its business value and proof a fast ROI. Also “nice to have” solutions will have a problem in 2009, as these investment decisions will likely be postponed.”

**Gerald Mesaric, CEO, Onepoint**

- “Amazon, with its Amazon Web Services (AWS), will be a winner banking on the cloud computing trend. Amazon’s Elastic Compute Cloud (EC2) will be a platform of choice for many cloud applications to run on, and its Simple Storage Service (S3) will provide security to users by backing up its data. Microsoft will face a tough challenge as companies look to Linux as a cheaper operating system and web-based collaboration tools for managing their documents. Linux is a viable alternative for many applications, and has been rapidly improving in its mainstream acceptance thanks to its community of developers who have been adding functionalities and designing better user interfaces (UIs). Microsoft Office and its other tools that businesses use will be disrupted by the growing usage of on-line, web-based collaboration tools that are not tied to any particular operating system.”

**Manel Sarasa, CEO, Openbravo**

- “Commercial open source is clearly a winner because it connects the flexibility and cost optimization of open source with enterprise grade service, support, and vendor backing. The losers will be monolithic

proprietary software package vendors—who have already experience serious downfalls at the end of 2008.”

**Bertrand Diard, CEO, Talend**

- I think we'll see more traction with SaaS and less with the “freemium” software model.

**Anthony Gold, VP & GM of Open Source Business, Unisys**

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