



# Building a service business using open source software

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# Opportunities



OPPORTUNITIES  
LET'S MAKE LOTS OF MONEY  
\*\*\*\*\*  
PET SHOP BOYS



# Open Source Business Models

- Licence revenue
- Support/subscription revenue
- Consulting revenue
- Hardware revenue
- Advertising or affiliated sales



# Towards SaaS

- Enterprise application software
  - Content, communication & collaboration: many free or Microsoft based
  - CRM: Salesforce, Oracle, Microsoft
  - Office suites: Google, Microsoft, Zoho
  - ERP: Microsoft, Oracle, Kashflow, Xero
  - SCM: i2
  - HR: Taleo, SmartPayroll



# SaaS market growth

|   | 2009         | 2008         |
|---|--------------|--------------|
| Content, Communications and Collaboration (CCC) | 2,573        | 2,143        |
| Office Suites                                   | 68           | 56           |
| Digital Content Creation (DCC)                  | 62           | 44           |
| Customer Relationship Management (CRM)          | 2,281        | 1,872        |
| Enterprise Resource Planning (ERP)              | 1,239        | 1,176        |
| Supply Chain Management (SCM)                   | 826          | 710          |
| Other Application Software                      | 472          | 387          |
| <b>Total Enterprise Software</b>                | <b>7,521</b> | <b>6,388</b> |

Source: Gartner (Nov 2009)



# Competitive advantage

- Competitive advantage: Sustained profits in excess of rivals
- Cost advantage: deliver the same benefits at a lower cost
- Differentiation advantage: deliver benefits that exceed the competition



# Creating a service business

## Build

Slower to market

Better differentiation

Better product  
knowledge

Cheaper?

More staff

## Buy

Faster time to market

“Me too”

Refer to supplier

Features cost

More external support



## Some examples

- Zoho
- Amazon AWS
- RightNow
- Facebook
- Yahoo
- Google





# An Open Source ITSP

- Asterisk
- Kamailio
- Adempiere / vTiger
- Apache ODE
- MySQL
- Nagios/Drupal/Apache/Tomcat/RT
- Oracle (!)



# Take aways

- Starting a software business?
  - Prepare for services
  - Multi tenant, multi currency, multi language
- Starting a services business?
  - Open source enhances differentiation
  - Open source reduces cost