

# Open Source as a Business

Strategy, Struggle & Success

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)

# The Debian Free Software Guidelines (DFSG)

`https://www.debian.org/  
social\_contract.1.0#guidelines (1997)`

# FOSS

in general

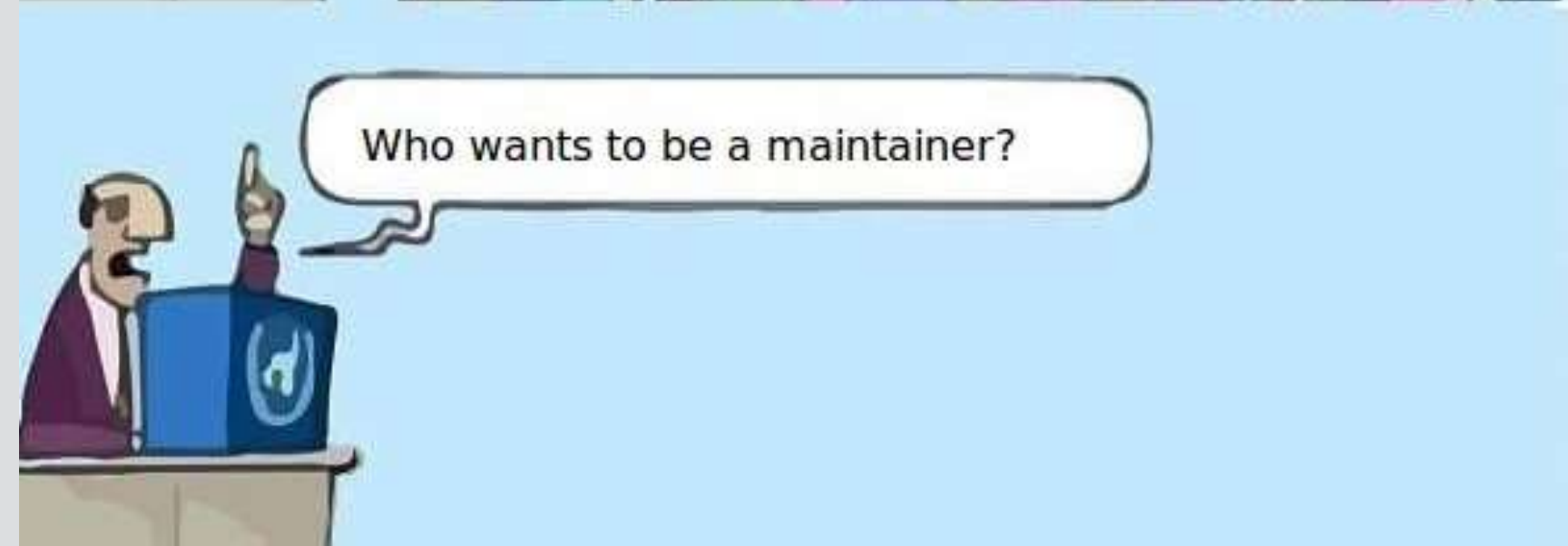
Who is  
using OSS?

Who is  
opening issues?

Who is  
contributing back?



<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



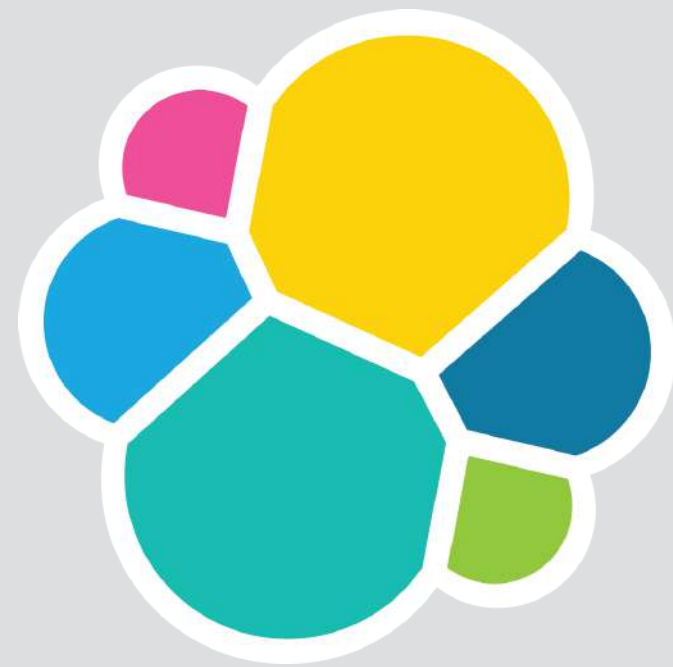
# Get Datomic On-Prem

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		
<a href="#">Download Starter</a>	<a href="#">Purchase Pro</a>	<a href="#">Contact Us</a>



# elastic

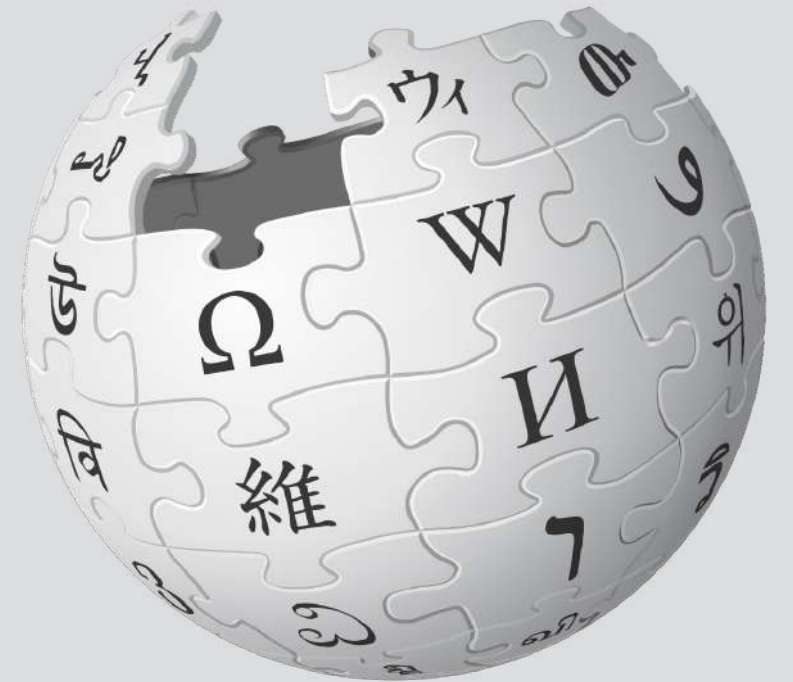
Developer











# Where is the



# Agenda

Strategy

Struggle

Success

# Strategy

# Services



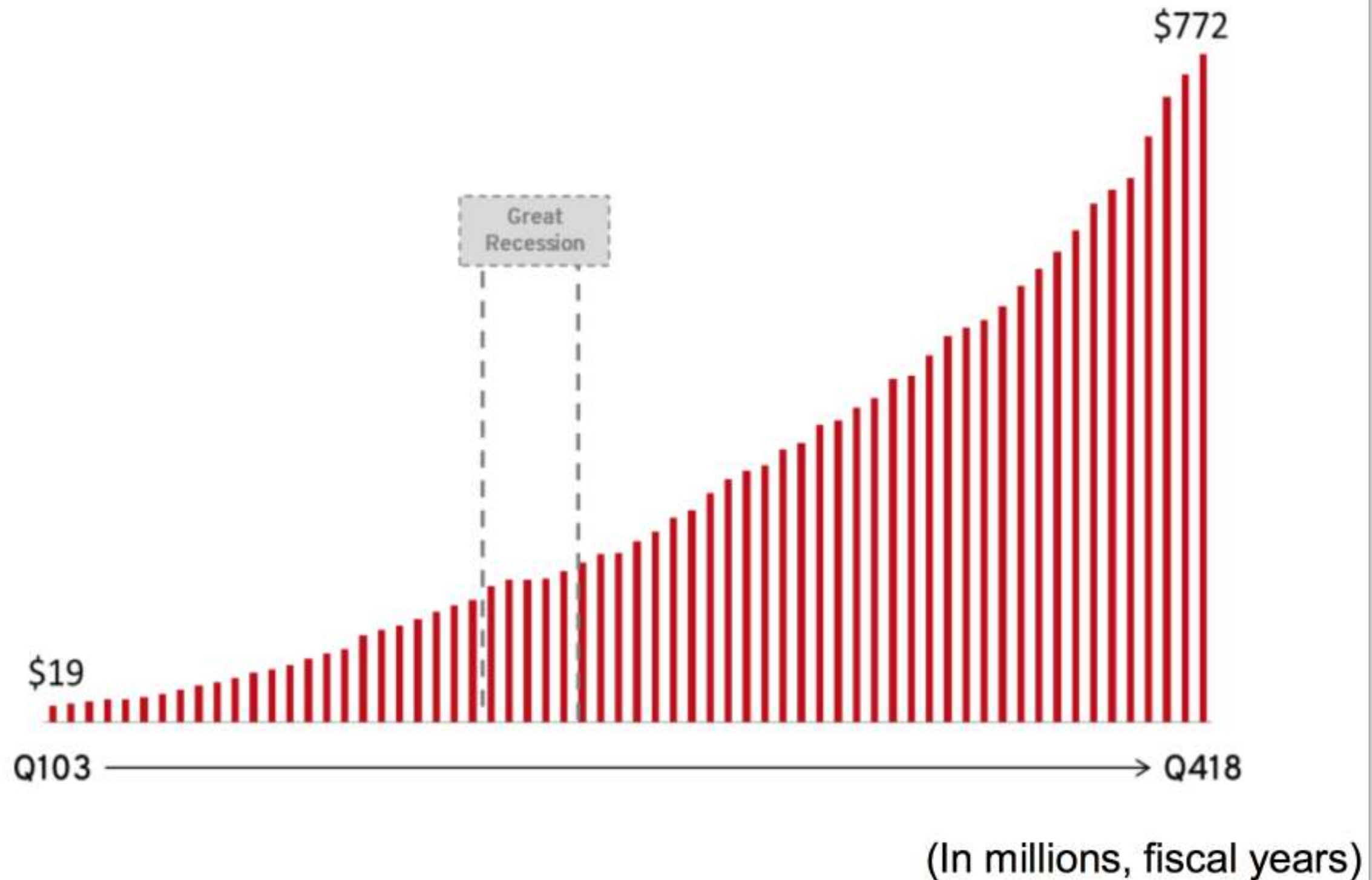
Support, Consulting, Training, Certification

# 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>



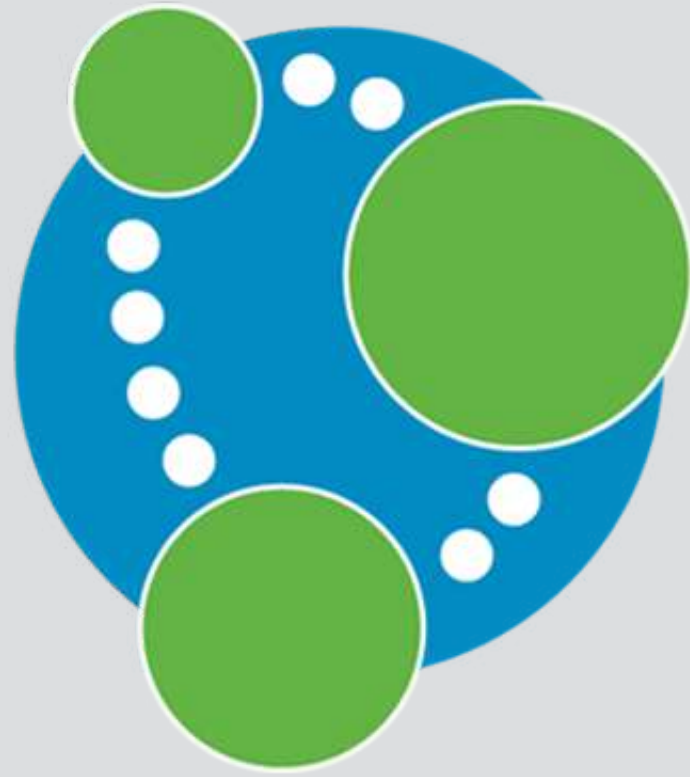
<https://techcrunch.com/2019/03/15/suse-is-once-again-an-independent-company/>

# Open Core









neo4j



Problem

# Competing Tools

Problem

**Less Open, More Commercial**

Problem

# Cloud Providers

# Cloud Service





WordPress







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



**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







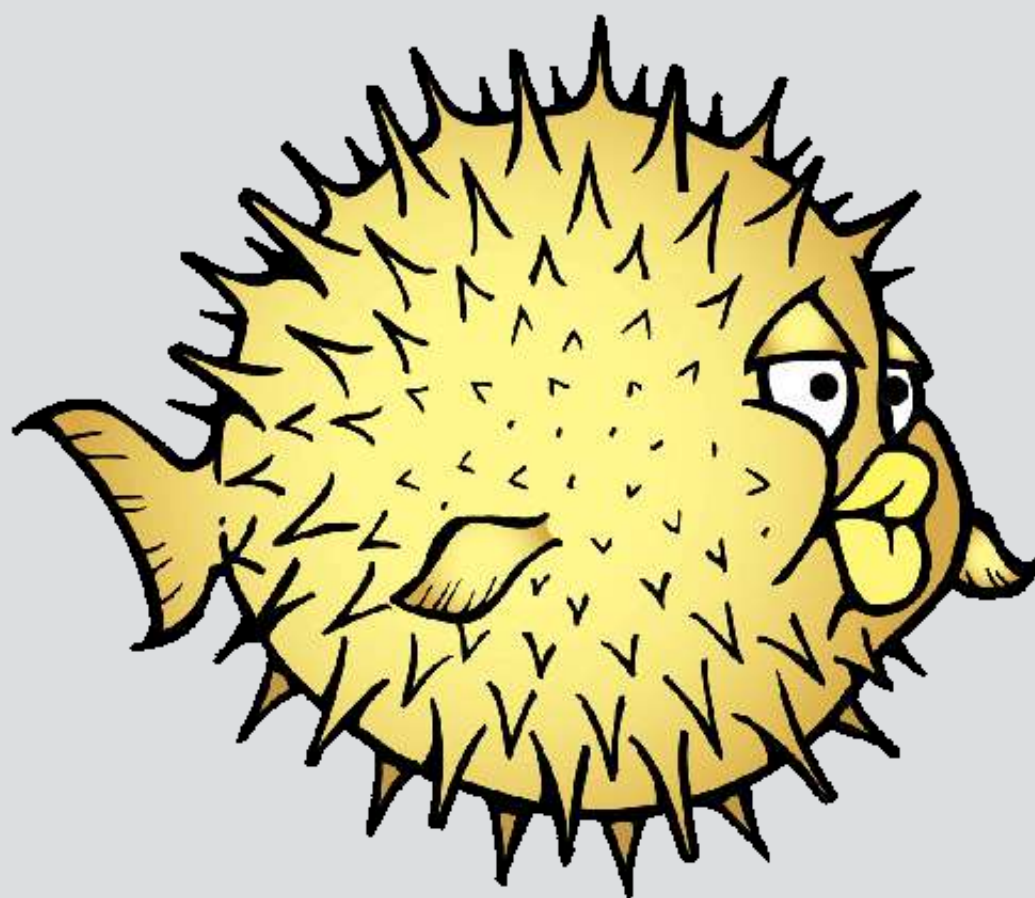
# AdBlock

Problem

What Is (the Price to Be)  
Acceptable

# Merchandise





***Open*BSD**

Problem

Revenue

# Bounty / Crowdfunding 💰

Wataclass

DARK DASH

Abend



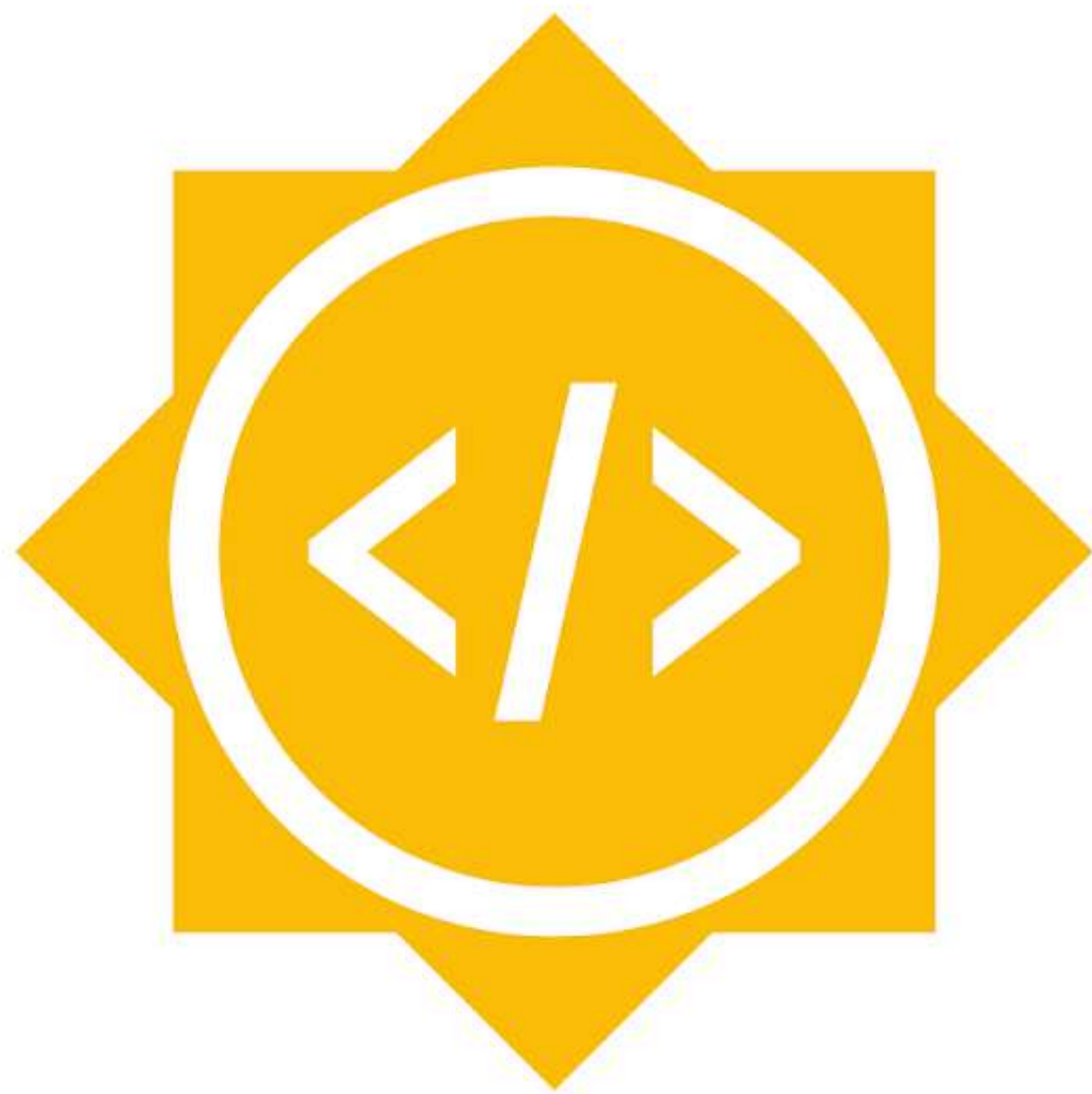


Problem

# 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.

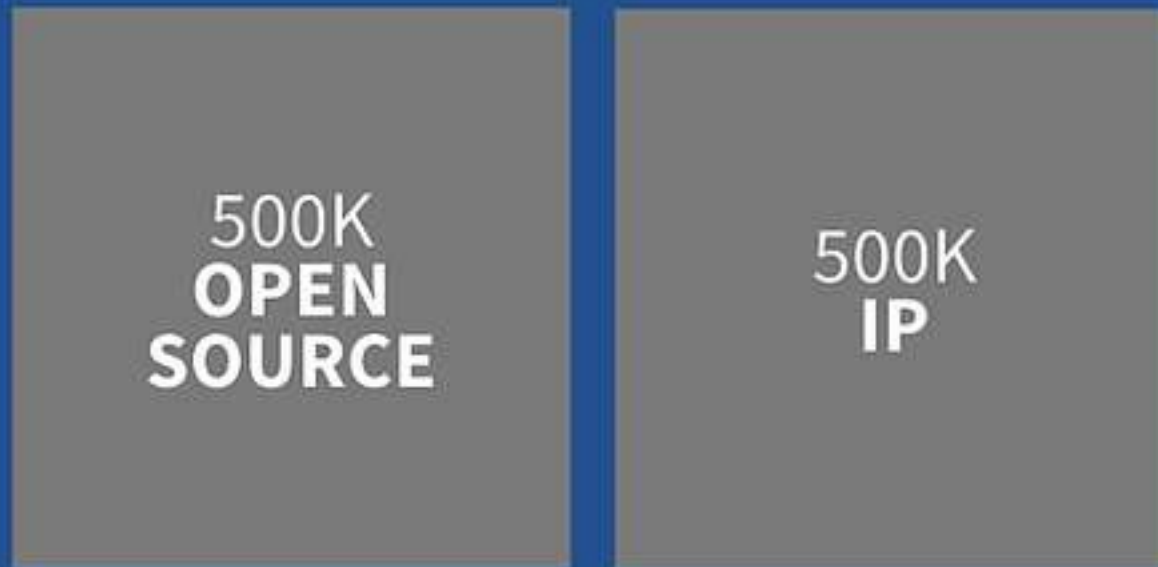
<https://dri.es/balancing-makers-and-takers-to-scale-and-sustain-open-source>

## Maker

**\$1M** to invest in R&D

**\$500K** towards Open Source

**\$500K** in the proprietary IP

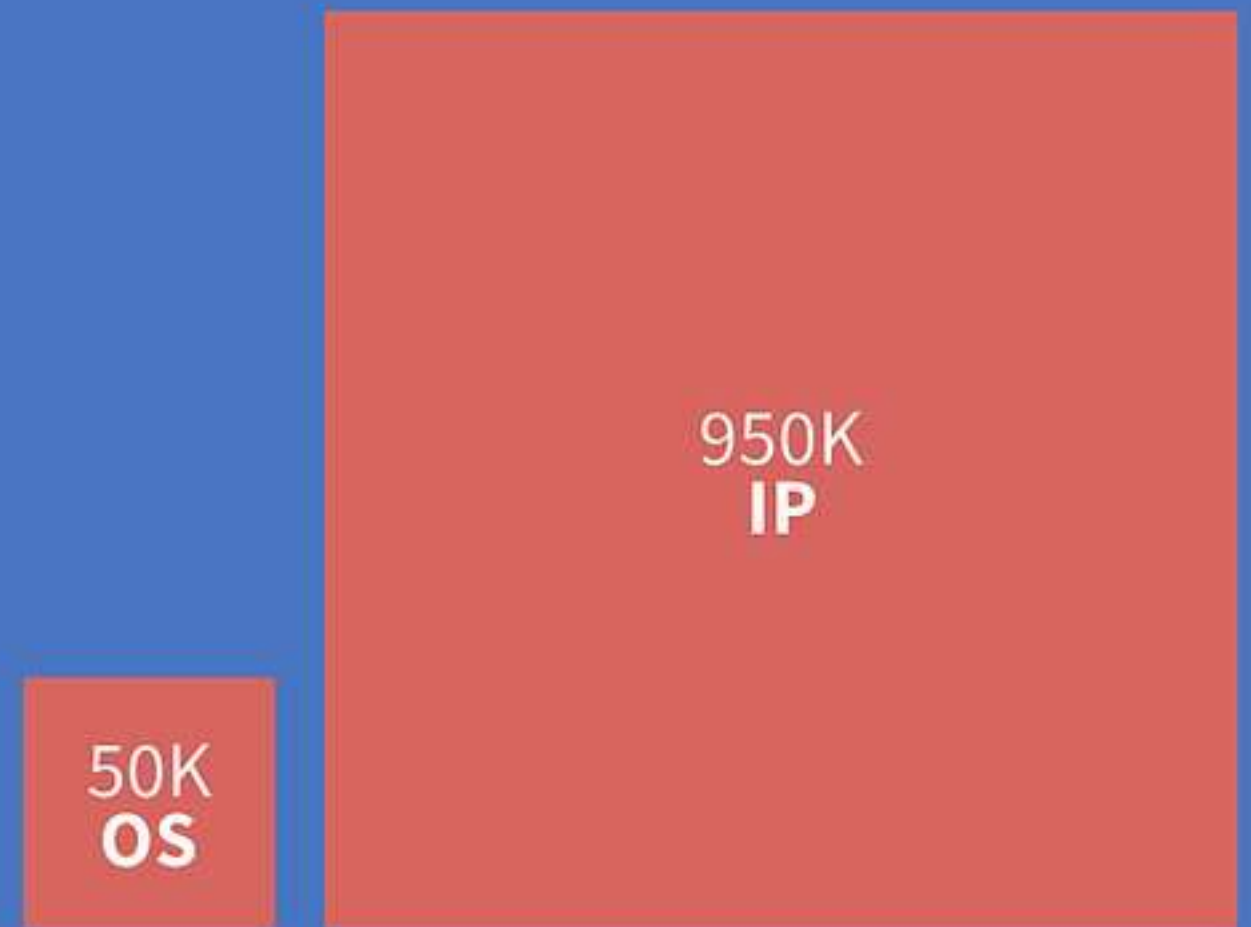


## Taker

**\$1M** to invest in R&D

**\$50K** towards Open Source

**\$950K** in proprietary IP



↑ *mostly used towards self-promotion*



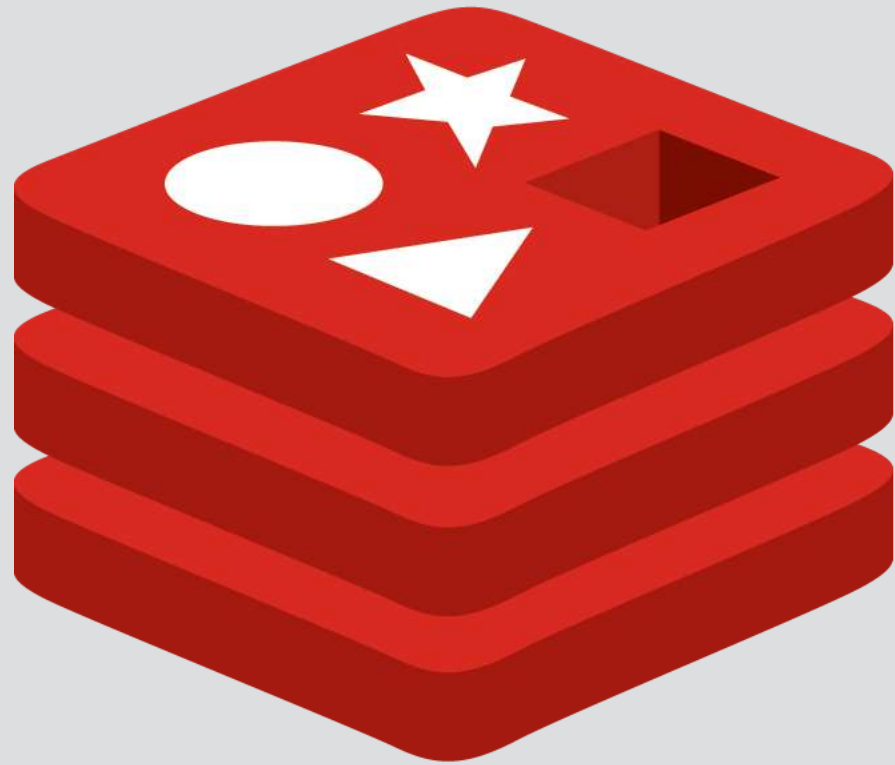
[...] Amazon, on one hand, bashes the open source ecosystem and highlights the advantage of its own tools, while at the same time taking projects like Presto, which was developed in the open by Facebook, and turning it into a packaged, revenue-generating product (the newly announced Athena service).

<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

# RedisLabs 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>

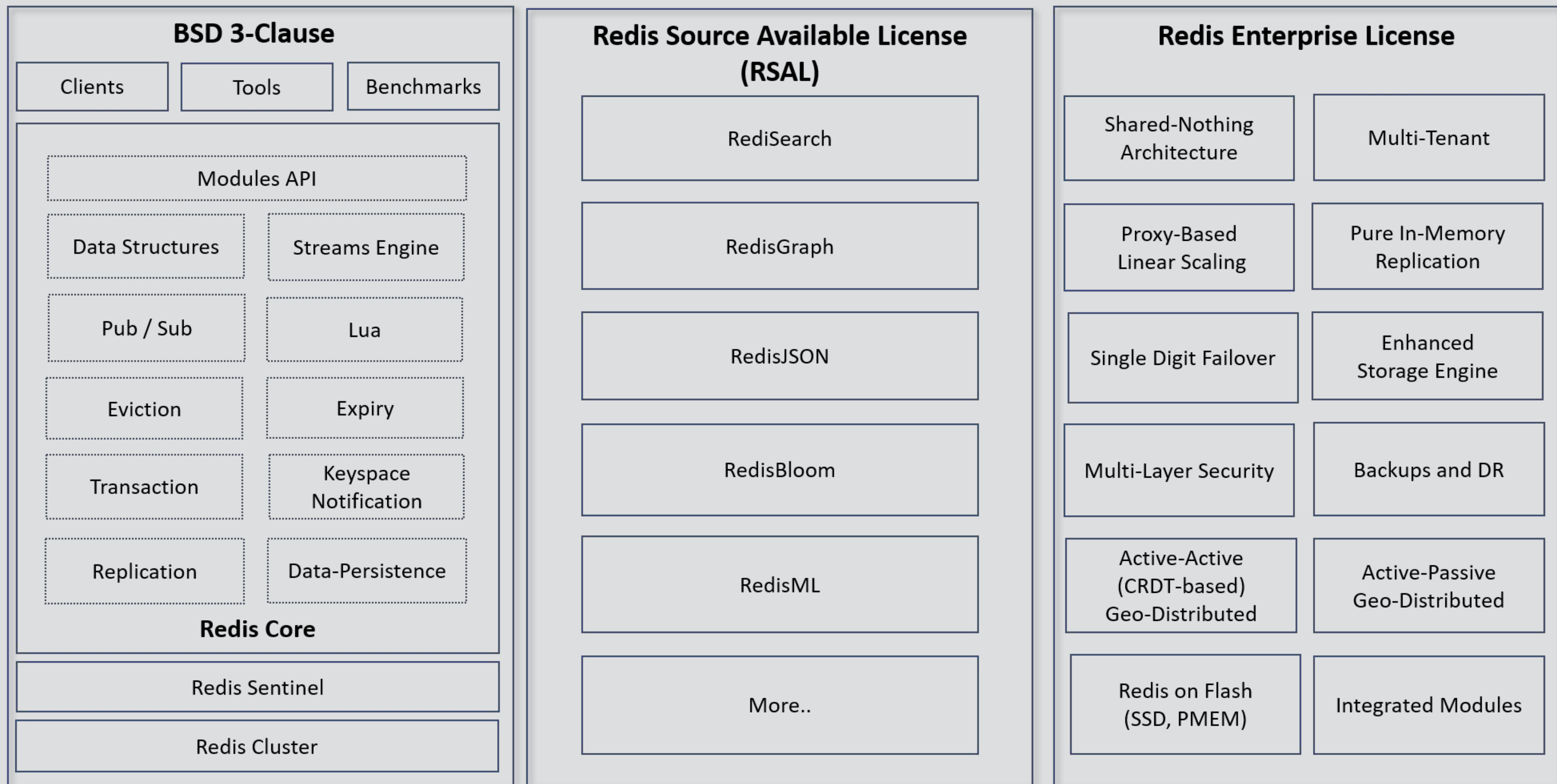
[Maintainers] have a responsibility to ensure that the primary open source distribution remains open and free of proprietary code so that the community can build on the project freely, and the distribution does not advantage any one company over another.

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

# Redis : BSD

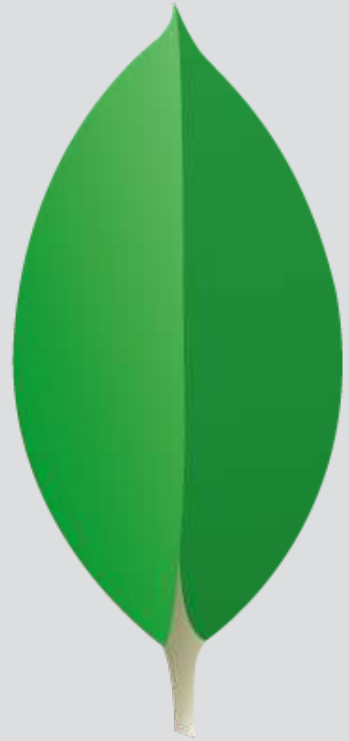
"Redis will remain BSD licensed" <http://antirez.com/news/120>  
"Redis is not "open core" <http://antirez.com/news/121>

# 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)



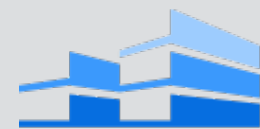
Total Voters: **282**

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

# Timing

## Effective Today

# Clones



**FoundationDB**

**Amazon DocumentDB**

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

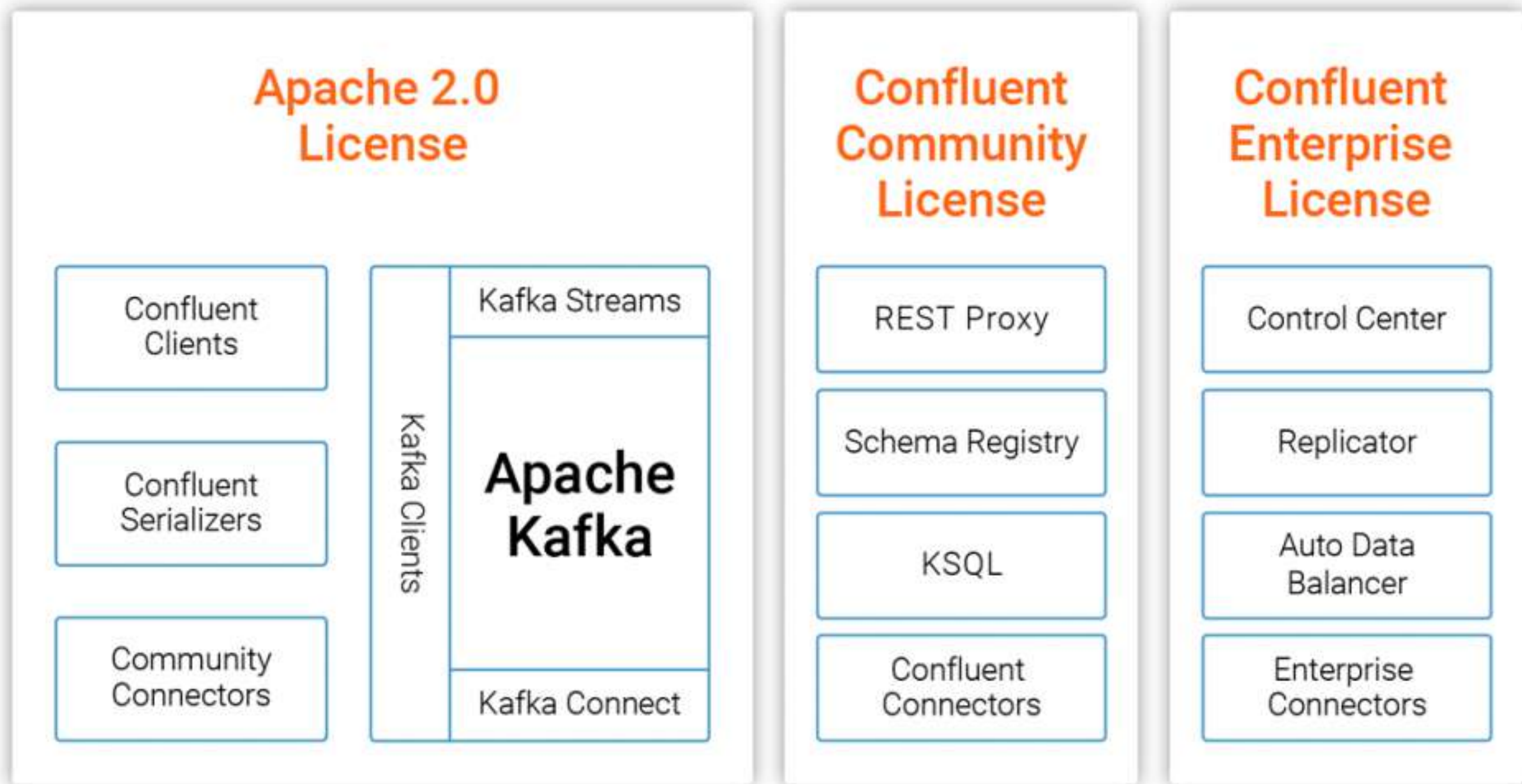
[http://lists.opensource.org/pipermail/license-review\\_lists.opensource.org/2019-March/003989.html](http://lists.opensource.org/pipermail/license-review_lists.opensource.org/2019-March/003989.html)





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>



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

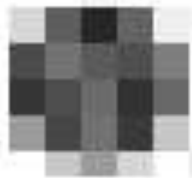


# Users



## Elasticsearch-rails & -ruby are abandoned

 Elasticsearch



Oct '17

It was pointed out 3 months ago [here](#) <sup>54</sup> and nothing has changed - 66 PRs and a lot of bugs not being fixed.

Latest commit was made 5+ months ago.

elasticsearch-rails will be incompatible with an upcoming Rails 5.2 and it looks like nobody cares. How can we rely on a product with such bad support?



**warkolm**  Mark Walkom [Elastic Team Member](#)

Oct '17

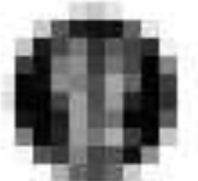
Would you be willing to take on some of the maintainer load to assist?

2 Replies 

5 Likes



 Reply



Oct '17

Of course not. Can't you hire 1 more developer?



 Reply

If you're unhappy with an open source project you're entitled to a full, immediate refund to the \$0.00 you paid for it. Alternatively, get involved with the project to make it better.

Mike McQuaid (Homebrew), <https://twitter.com/MikeMcQuaid/status/970000490468708352>



**softwaredoug** Doug Turnbull

Oct '17

Wow! Come on man, you're getting this stuff for free. Don't be a freeloader, if you see problems share the load! That's the joy and burden of open source 😊

5 Likes



Reply



**[redacted]** [redacted]

Oct '17

Are you sure I'm using it for free? Elasticsearch is a commercial product with \$104m of funding and a lot of [paid subscriptions](#) 5, why the hell would I work for them for free? Btw, you're walking on the streets and breathing air for free - do you clean them up and plant new trees from time to time (also for free)? Nope? Why not?



Reply



The first crucial aspect to address is that the [Ruby client](#) <sup>3</sup> and the [Rails integrations](#) <sup>1</sup> are two completely separate projects, which together contain eight different Rubygems (not counting the [X-Pack integration](#), with a very different degree of problematic aspects. For any further discussion, let's keep this distinction in mind.

The Ruby client has [6 open pull requests](#) <sup>2</sup> right now, with [5 pull requests] waiting for reply from the contributor. There are also [10 issues with questions waiting for reply](#) <sup>2</sup>, and [26 issues with general discussion waiting for reply](#) <sup>3</sup>. The client *and* associated libraries, like `elasticsearch-extensions` are [consistently updated](#) <sup>2</sup>, with a lot of activity from October 2017, actively tracking the changes in the Elasticsearch 6.x branch. [Travis CI](#) currently fails because of incorrect snapshot URL for the Elasticsearch 6.0 package, not with a load of actual test failures. That, to me, doesn't look like an "abandoned" project at all. If it does to our community, I'm very much in favour of a discussion about how can we improve here.

The Rails integration is a different story, and I understand the frustration expressed in the original post by [@dhh](#). The project itself consists of *three* totally different Rubygems: the integration with ActiveRecord models, the persistence layer, and the Rails helpers and extensions. All three are pretty different when it comes to complexity, usage — *and* community contributions. Just compare the download numbers between `elasticsearch-model` <sup>2</sup> and `elasticsearch-persistence` <sup>2</sup>: 3 million versus 600 thousands. But one of biggest sources of troubles, manifesting in the number of issues and pull requests submitted, is actually `elasticsearch-persistence`, which skews the perspective quite significantly.

With that in mind, let's consider the technical details. For a good example, I've been actively and publicly telling people that the *ActiveRecord* pattern for the `elasticsearch-persistence` is too challenging from the development *and* usage standpoint, and that it's going to be deprecated in favour of the [Repository](#) <sup>4</sup> pattern. Now, you *can* hold it against the maintainer, in this case me, to not act on such a plan in a very long time. Doing this transition properly, which means updating the code with deprecation



# Ruby on Rails Integrations Engineer

[APPLY NOW](#)

Location: Anywhere EMEA or US

Department: Engineering

At Elastic, we have a simple goal: to solve the world's data problems with products that delight and inspire. As the company behind the popular open source projects — Elasticsearch, Kibana, Logstash, and Beats — we help people around the world do great things with their data. From stock quotes to real time Twitter streams, Apache logs to WordPress blogs, our products are extending what's possible with data, delivering on the promise that good things come from connecting the dots. The Elastic family unites employees across 30+ countries into one coherent team, while the broader community spans across over 100 countries.

Right now, we are looking to add a talented Ruby Engineer with a deep understanding of Rails and real passion for open source development to collaborate within our small, but globally distributed team.

## Responsibilities

Your primary responsibility will be to develop and maintain the integration between the Ruby on Rails platform and the Elastic stack. This includes:

Code

Issues 44

Pull requests 12

Projects 0

Wiki

Insights

Settings

Pulse

Contributors

Community

Traffic

Commits

Code frequency

Dependency graph

Network

Forks

Additions and Deletions per week



&lt;&gt; Code

! Issues 153

🔗 Pull requests 54

📊 Projects 0

📖 Wiki

📊 Insights

⚙️ Settings

Pulse

Contributors

Community

Traffic

Commits

Code frequency

Dependency graph

Network

Forks

Additions and Deletions per week



# 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



**Couchbase**

# Development

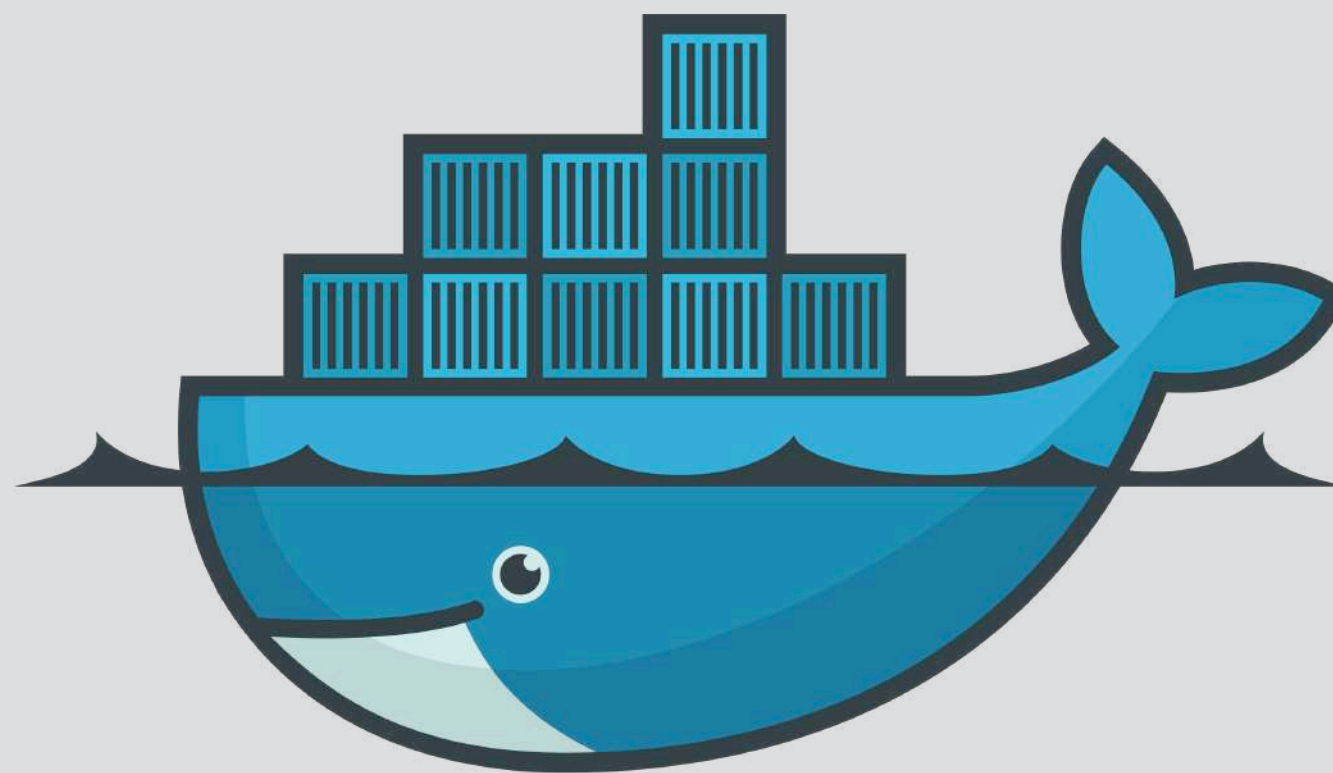
Hobbled Product vs Starving Company



*influxdb*



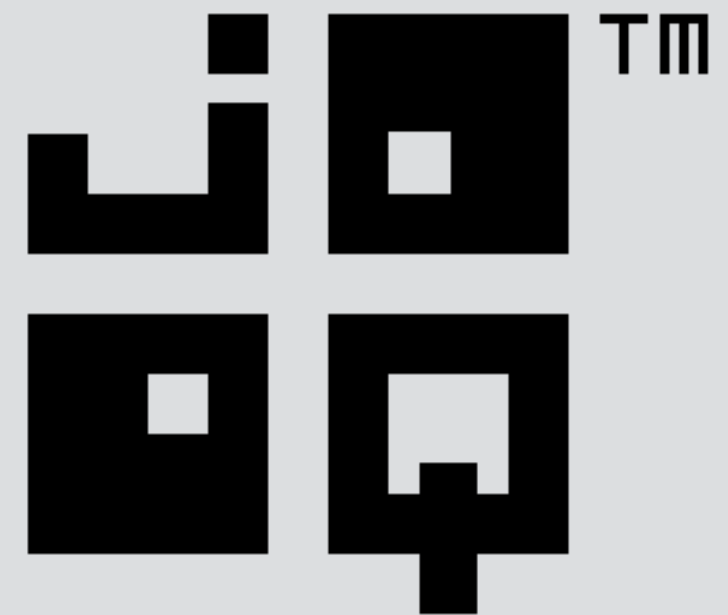
RethinkDB



# docker

# Tricks

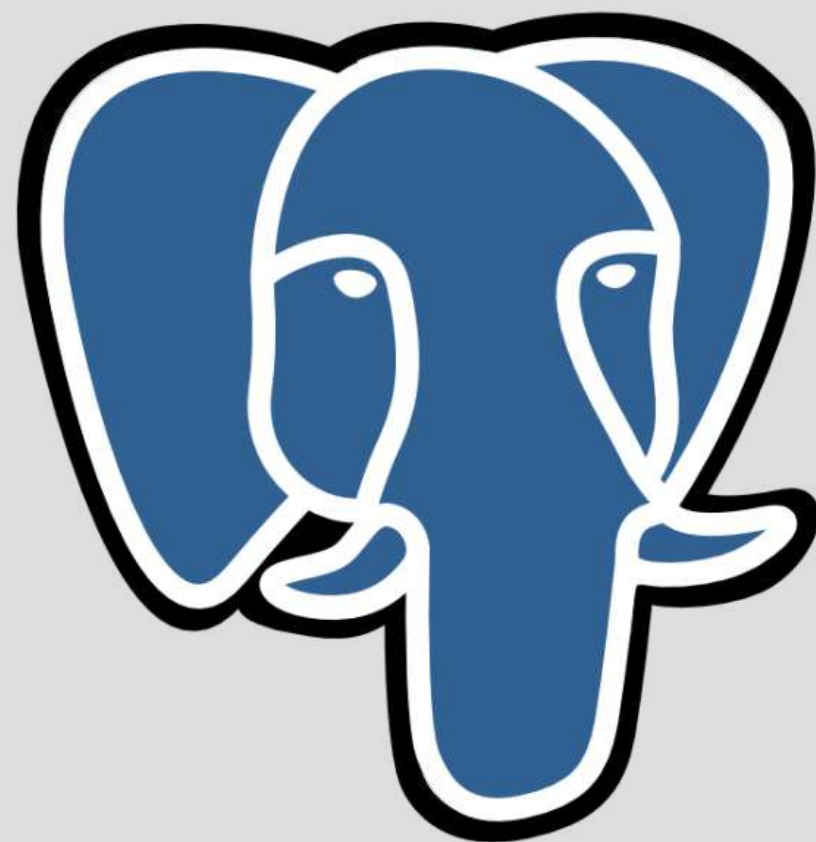
Open Source but...





# 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/>



# Not Open Source: 996.ICU

"Work by '996', sick in ICU"

<https://github.com/996icu/996.ICU>

# New Kind of Licenses?

The Hippocratic License

[https://firstdonoharm.dev/version/1/2/  
license.html](https://firstdonoharm.dev/version/1/2/license.html)

# What to Protect



**CHEF**<sup>TM</sup>

We release open source code under the Apache 2.0 license, which permits third parties to copy and redistribute the underlying software under the terms of the license. However, the Apache 2.0 license *does not provide any license or right to use any of the Chef Marks*. You may redistribute the applicable Chef open source software under the terms of the Apache 2.0 license, but you may not use the Chef Marks in doing so without express written permission from Chef or as expressly permitted in this Policy.

<https://www.chef.io/trademark-policy/>



The "Elasticsearch" word mark may be used in referring to Elasticsearch, such as "for Elasticsearch" or "compatible with Elasticsearch," etc. The reference must be correct, namely, the product must actually fully function with Elasticsearch.

<https://www.elastic.co/legal/trademarks/>

# 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.

Our **resource-based pricing philosophy** is simple: You only pay for the data you *use*, at any scale, for every use case.

	FREE AND OPEN - BASIC <sup>1,2</sup>	GOLD	PLATINUM	ENTERPRISE
ELASTIC STACK OPERATIONS & MANAGEMENT				
Storage types				
Inverted index (for search)	✓	✓	✓	✓
Evaluating calculated fields at index time	✓	✓	✓	✓
Runtime fields	✓	✓	✓	✓

All Code Open /  
Source Available

Not Open Source –  
Elastic License v2 (+ SSPL source)  
free + paid features

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

# Training Consulting



# elastic cloud



# elastic cloud

## enterprise





Home

All

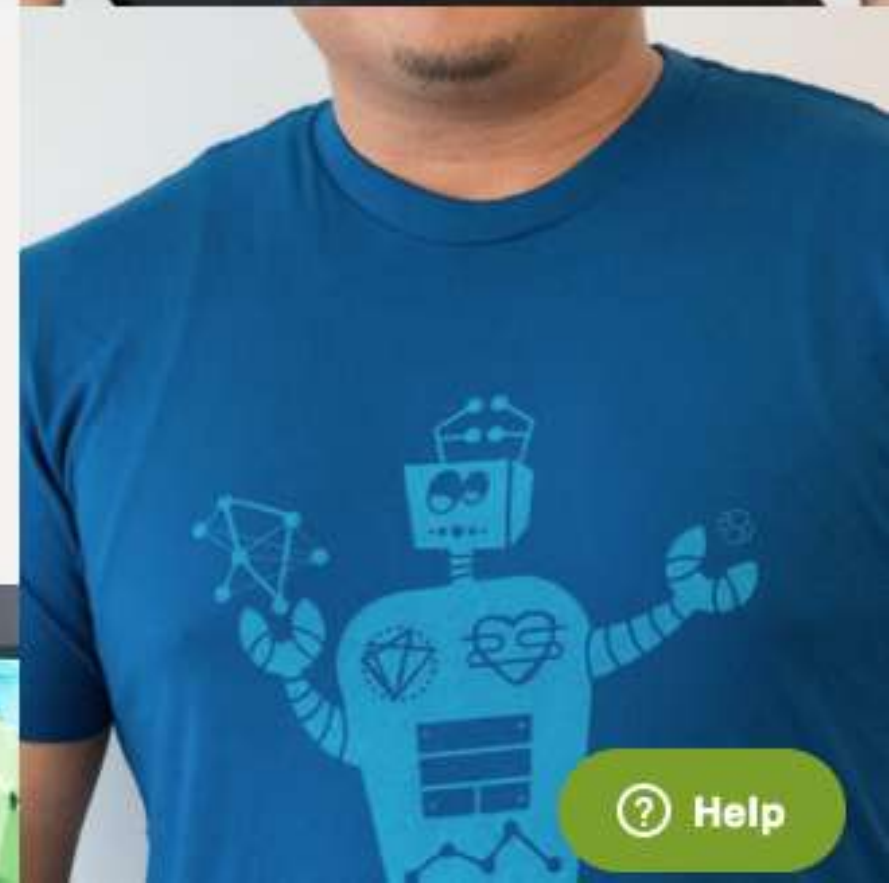
Apparel

Gadgets



[Newsletter](#) [About us](#) [FAQ's](#)

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Home

All

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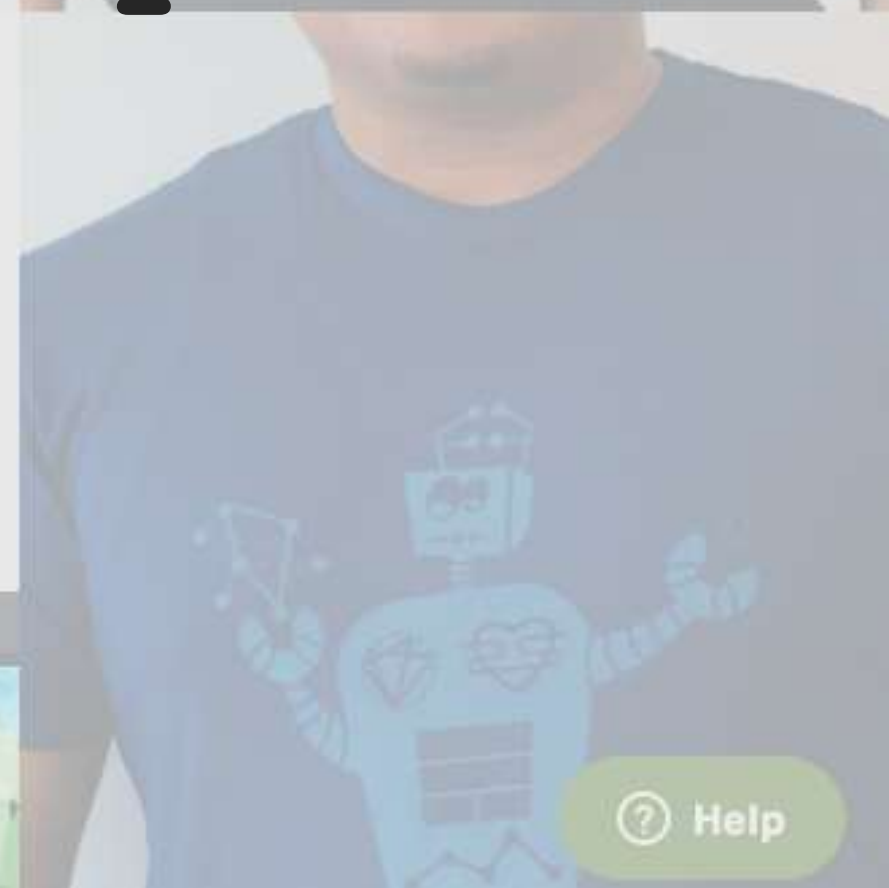
Gadgets



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<https://elastic.shop>





# Questions? Disagreement?

Philipp Krenn

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