Brief History of iptel’s Money Making with Open Source

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Background: On My Mixed Attitude to Open Source

• I love it as Taker: open-source really fuels innovation. I believe that innovation is an evolutionary process and accounts for say 5% of effort in a good system. If the remaining 95% were consuming innovator’s effort and money, he would never finish those 5%. Open source gives us these 95%!!!

• A bit less enthusiastic as Giver. Even a giver must live of something and getting money of open-source is much harder than of closed-source. (see later)

• As User: case-by-case, sometimes there are brilliant and genuine pieces (like SER 😊), frequently there are pieces which are brilliant but less genuine, and like with closed source, there are such that are neither brilliant nor genuine.

• Leaving religious views aside….
  – {open|closed} source is {more|less} {high TCoO|secure|proven|just}
Why We Became Givers Then?

• From early Fraunhofer-fokus days, founders clearly contemplated a hi-tec company as acquisition target

• The prevailing concern was that industry is very conservative as for output of research institutes, goes “shopping” only if necessary, and leaves the R&D output unnoticed.

• We tried to create necessity by making SER well known by open-source disclosure under the hard-to-digest-for-vendors GPL.

How Did it Go Then? Publicity First …

• Publicity: Released 2002, tested in SIPits (in fact there was not much to be found), popularized on low budget over mailing lists, know-how iptel.org website and Pulver’s VoN tradeshows, and eventually over-shadowed Vovida

• By then I sort of thought that for best marketing effect we must be funny
History: Promotion @ Cebit 2002

VoN 2002
... and money making then

- **Trading**: after time in obscurity, Mid 2003 first support customers began to appear (4-5 digit $ amounts). In 2004 we offered **OEM** and public companies began to engage for support, development and **extension licenses** (started to reach 6-digits). In DE freenet started interest snowball.

- **Jump in money volume**: company acquisition in 2005. Since then key business focus on non-open-sourced parts, while still continuing with maintenance.

The OS Blessing and Course

- OK: SER became known and popular through open source
- The hard part: how to survive with something everyone can download from the Internet until we find someone to acquire? (if anyone at all)
- Can customer support, OEM and non-OS extensions carry startup salaries?
Traditional Market Obstacles for Telecom Startups

- Support services deliver the volume ideally if there are many customers (not the case with telcos) of which you have a reasonable share (not the case with a startup)
- Market consolidation in telecommunications: number of customer sinks but the number of big customers that don’t trade with startup grows

OS obstacles

- **Companies that don’t bring you money**
  - DIYER operators really rarely brought funds, despite they had spent menyears in development of features we had on stock.
    - (“I’m not stupid to pay for stuff I can download and change”)
  - Professional-service integrators (“Glue-gun companies”) began to compete against you.
- **Perception** of open-source is shifting now, but back in 2005 the capitalist viewpoint prevailed among many customers: free equals worthless
- **SER “serial forking”** diluted the open-source effort for long time
The Lessons?

• It is great to be open source taker: we would have never established a working system if we were to build it whole.

• It was however the closed-source part which by way of OEM and extensions allowed us to exist as Givers.

What I Would Try Today as an OS Enterpreneur?

• 1) Change the Perception: OS-based products objectively provide added-value over comparable Closed-Source Products (security scrutiny, avoidance of vendor-lock, customization possibilities) – Why the heck shall a customer pay less for more

• 2) Keep IPRs, some of them closed, if you fail with 1) 😊 - never give everything you have

• 3) And take-it-easy, there are much bigger precedents to keep no-sayers away: JBOSS, SleepyCat, MySQL, XenSource, Zimbra, SpringSource
Thank You