

“Open Source” software

June 2007

Although you’ve possibly never heard of it, if you’ve used the web, it’s almost certain that you’ve used it.

Our E-Business Advisers explain what Open Source software is - and how it could benefit your business:

1. What is Open Source software?

The concept of Open Source software is simple: the source code (the coded instructions that computers follow) is freely available for anyone to change, alter, improve and then distribute as they will.

One example is the operating system, Linux. If you contrast this system with the (Microsoft proprietary) Windows XP or Vista systems, the source code for that is kept hidden, and only released to authorised parties.

Linux is available widely, as a series of releases - e.g. Suse Linux, Red Hat Linux etc.

Besides the Linux operating system, there are many applications such as word processors and databases.

For example, MySQL is a very common database that is used on Linux based web servers - if you’ve used the web, it’s very likely that you will have used a web site that utilises MySQL as a database.

If you’ve used the search engine, google.com (or.co.uk), you’ve also interacted with Open

Source software - their systems utilise this type of software.

It’s also very possible that, if you have a web site, your site is hosted on a server running Open Source “Apache” web server software - 68% of web sites are hosted on such machines: your site may even have a MySQL database too!

2. How do computer companies make money if they write Open Source software?

There are four main routes that these companies use to make the money they need to operate:

- **They support the sellers:** They give away the software product, but sell the distribution, branding, and after-sale service for the product. This is what Red Hat does with their Linux release.
- **It acts as a loss leader:** the developers give away software that then acts as a market positioner for other, non-Open Source software.
- **Add-on software:** hardware companies may chose to go Open Source, as this means they can get better interface tools cheaper - software is a cost to these kinds of companies, not a source of profit.
- **Accessories:** Some firms make their money by selling accessories, for example instruction books, complete systems with open-source software installed, T-shirts and coffee mugs,



Fact Sheet

even cuddly toys in the shape of a penguin - the logo of the Linux operating system!

3. What are the benefits and drawbacks for business?

There are several ways in which Open Source software can provide business benefits as compared to proprietary software:

- **Reduced costs of acquisition** - as you are not paying for the licensing costs, getting the software can be cheaper, or even free if you download it from the web.

If you want to install the application on several PCs, there is no incremental cost as there would be in proprietary systems. This can reduce costs considerably for a small firm.

However - you need to offset this against the likelihood that you will have to employ the services of people to install and set the systems up, unless in-house IT staff have the needed skills.

These people may be much more difficult to find than those with skills in e.g. Microsoft based systems.

- **Improved flexibility** - Open Source software means you are not tied to one proprietary system: your data is not "trapped", and can be transferred to another application.

Open Source software can also easily be tailored to your specific requirements.

However - although Open Source software is getting more well supported at the larger user end of the market, there still are issues about finding appropriately skilled staff at the small and medium sized firm level.

- **Improved reliability and security** - Open Source software often has fewer bugs, suffers less frequent crashes, and is more secure than proprietary software. This is because the coding of the programs has been examined by many programmers, and any problems fixed.

However - Open Source desktop applications can have compatibility issues with other proprietary applications. For example, you may find that exchanging word processing documents from Open Source word processors via email with Microsoft Word users may lead to format problems with the documents.

Overall, Open Source software has probably reached the point where it has become a viable option for small and medium sized firms.

It has long since reached that point in larger organisations, many of whom are now utilising it in essential applications - such as the banking industry.

4. Useful Links

<http://httpd.apache.org> -

Web site of the Apache project - home to the software that runs many of the servers on the Internet

www.opensource.org -

The Open Source Initiative is a non-profit making organisation which manages the Open Source Definition for the good of the community.

www.redhat.com -

Web site of Red Hat Solutions - one of the Linux Open Source variants.



Fact Sheet

www.suse.co.uk -
Web site of the Suse Linux Open Source variant
- owned by Novell.

www.openforumeurope.org –
Not for profit organisation, which promotes the
use of Linux in the business community

www.mysql.org –
Open Source database software

www.linux.org -
Useful information about the Linux Open Source
operating system.



The Linux penguin....