JBoss World 2006 LAS VEGAS

Executive Insights

Maximizing Competitive Advantage
with Enterprise Open Source Software

Shaun Connolly
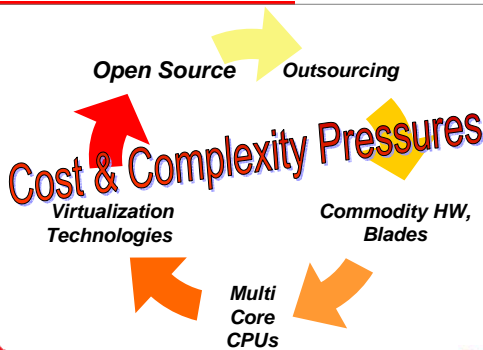JBoss - VP Product Management

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Agenda

How to Maximize Competitive Advantage?

- Analyze Market Factors

- Understand OSS Business Strategies

- Assess OSS Solutions

- Example:
  - ✓ Red Hat / JBoss

2

Factors Impacting Software Market

Open Source   *Outsourcing*

Cost & Complexity Pressures

Virtualization Technologies   *Commodity HW, Blades*

Multi Core CPUs

3

Gartner on Open Source

- **Open-source software is a catalyst that will restructure the industry**
  - ✓ Producing **higher-quality software at lower cost**.
- By 2008
  - ✓ OSS solutions will directly compete with closed-source products *in all software infrastructure markets*.
  - ✓ 95 percent of Global 2000 organizations will have formal open-source acquisition and management strategies.
- PROOF POINT:
  - ✓ Enterprise App Servers Magic Quadrant
  - ✓ Leaders: IBM, BEA, Oracle, Microsoft, **and JBoss**

Gartner Sources:
Apr2005, Magic Quadrant for Enterprise Application Servers, 2Q05
Feb2005, Positions 2005: Open-Source Solutions Will Restructure the Software Industry

4

Gartner on Open Source (cont'd)

- By 2010
  - ✓ Global 2000 IT organizations *will consider open-source products in 80 percent* of their infrastructure-focused software investments.
  - ✓ At least 15 percent of Global 2000 companies will be involved in open-source development, or will have considered a *"build and open-source"* approach.

Gartner Sources:
Apr2005, Magic Quadrant for Enterprise Application Servers, 2Q05
Feb2005, Positions 2005: Open-Source Solutions Will Restructure the Software Industry

5

Survey of CIOs on OSS Adoption
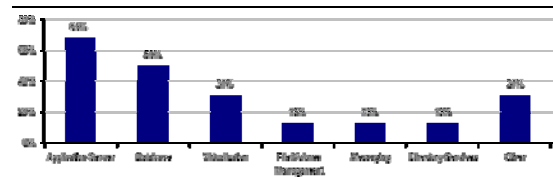
- Survey of 55 CIOs in Fortune 1000 across:
  - ✓ Financial Services, Construction, Retail, Consumer, Healthcare, Energy, Manufacturing, Materials, and Transportation

Reference: UBS CIO Pulse (Sep 6, 2005): A Quarterly Snapshot of IT Trends

6

Slide 7: Open Source Directions

- Software Stacks

| Solution ecosystem |
|---|
| Service delivery |
| Testing & certification |
| End-to-end management & security |
| JBoss Enterprise Middleware Suite |
| Red Hat Enterprise Linux platform | Other OS |

(Developer)

Slide 8: Open Source Directions

- Next Generation of Standards
  - ✓ Hibernate -> EJB3 -> JBoss Seam

- Accelerated Innovation
  - ✓ Release early, release often
  - ✓ Community/customer driven

Slide 9: Gartner Open Source Hype Cycle
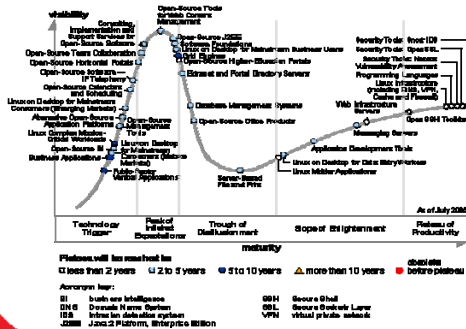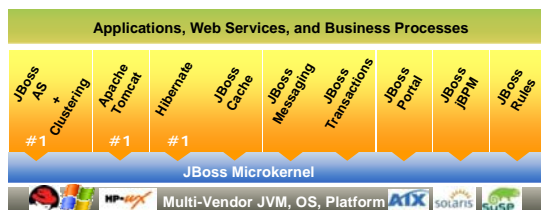
Slide 10: Open Source Directions

- Infrastructure
  - ✓ Management
    - • JBoss ON / Red Hat Network

- Vertical Infrastructure
  - ✓ Telco

- Business Applications
  - ✓ End Users Take Control

Slide 11: Open Source & SOA

Applications, Web Services, and Business Processes

JBoss AS + Clustering (#1) · Apache Tomcat (#1) · Hibernate (#1) · JBoss Cache · JBoss Messaging · JBoss Transactions · JBoss Portal · JBoss jBPM · JBoss Rules ...

JBoss Microkernel

Multi-Vendor JVM, OS, Platform

"Increasingly, platform vendors are using a 'microkernel' style of architecture, where the platform consists of the kernel and numerous plug-in functional components."
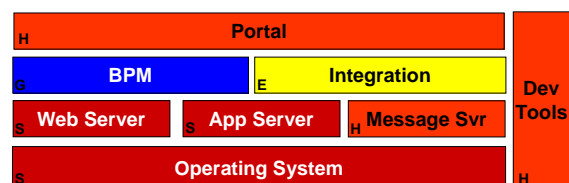
Yefim Natis, Gartner, Oct 2005

Slide 12: OSS Market Penetration – 2007/8

- Open Source Dominates Lower Stack, App Server
- Open Source Leads Portal, Dev Tools and Messaging
- Gaining Ground in Integration, BPM

Portal (H)			Dev Tools (H)
BPM (G)	Integration (E)		
Web Server (S)	App Server (S)	Message Svr (H)	
Operating System (S)			

Commercial Vendor Alert Levels: (L) Low · (G) Guarded · (E) Elevated · (H) High · (S) Severe

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13

SD Times on Open Source

"For some companies, such as JBoss and Novell, open-source projects are **central to their entire business model**.

Others, like IBM and Sun, **use open source strategically** to gain support for their proprietary platforms and professional services.

Still others, like Borland and Compuware, offer **closed-source tools that support open-source software**.

Of course, some players, most notably Microsoft, **shun the whole idea**."

Source: SD Times, May 15, 2005

14

OSS Business Strategies

John Koenig
IT Manager's Journal
http://management.itmanagersjournal.com/management/04/05/10/2052216.shtml?tid=85

1. Optimization Strategy
   - Hosted Strategy
   - Embedded Strategy
   - Consulting Strategy
2. Patronage Strategy
3. Dual License Strategy
4. Subscription Strategy

15

Impact of OSS Business Models

Remember, it's a "Disruptive" model

- FOSS products are not "sold" per se
  - ✓ They are "acquired" freely, organically
- This wreaks havoc on processes for acquiring software
  - ✓ Ex. Commercial vendors offset cost of product evals, sales and marketing with price of license
- FOSS businesses are typically structured to offer support, maintenance, services, etc. after you have chosen the product

16

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17

Open Source – Safe for Enterprise?

- Open Source Maturity Model
  - ✓ Bernard Golden – *Succeeding with Open Source* – Addison Wesley - http://www.navicasoft.com/
  - ✓ Three Step Model
    - Phase 1: Assessing Product Elements
    - Phase 2: Apply Product Element Weightings
    - Phase 3: Calculate Overall Product OSMM Score

- Business Readiness Rating
  - ✓ A Proposed Open Standard to Facilitate Assessment and Adoption of Open Source Software - http://www.openbrr.org/
  - ✓ Carnegie Mellon, Intel, SpikeSource

18

3

Core vs. Context ala Geoffrey Moore

- When processes no longer result in marketplace differentiation, **they go from being core to context**, but all too many continue to consume the bulk of an enterprise's resources

- Core vs. Context analysis helps with reallocating resources for competitive advantage

- Has been handy for decisions re: Outsourcing, why not decisions re: Open Source?

19

Questions to Ponder

1. What OSS should I use directly with no participation?

2. What OSS should I use but also participate in?

3. What OSS should I sponsor/create directly?

4. Can I leverage OSS development techniques on internal software projects?

20

The Challenge

"Lack of support is the number one concern when it comes to using open source software in the enterprise."

Forrester Research, Inc.
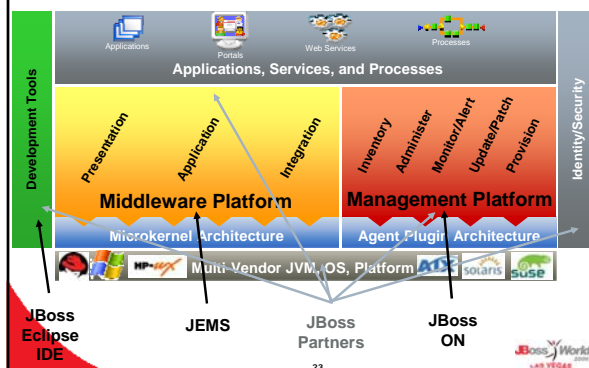
21

JBoss, a division of Red Hat

- Leading the Open Source Revolution
  - ✓ Large and vibrant open source communities

- Expanded Global Reach

- Integrated Services Organizations
  - ✓ Subscription-based model
  - ✓ Continued access to JBoss experts!

- End-to-end Open Source Platform
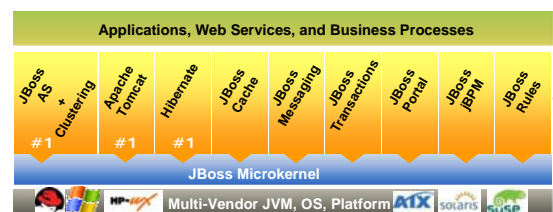
Develop **Certify** **Deploy**

Support & Manage

22

Enterprise Platform

Development Tools

Applications · Portals · Web Services · Processes

Applications, Services, and Processes

Presentation · Application · Integration

Middleware Platform

Inventory · Administer · Monitor/Alert · Update/Patch · Provision

Management Platform

Identity/Security

Microkernel Architecture · **Agent Plugin Architecture**

Multi-Vendor JVM, OS, Platform

JBoss Eclipse IDE · **JEMS** · **JBoss Partners** · **JBoss ON**

23

JBoss Enterprise Middleware Suite

Applications, Web Services, and Business Processes

JBoss AS + Clustering #1 · Apache Tomcat #1 · Hibernate #1 · JBoss Cache · JBoss Messaging · JBoss Transactions · JBoss Portal · JBoss jBPM · JBoss Rules …

JBoss Microkernel

Multi-Vendor JVM, OS, Platform AIX solaris suse

- **JEMS is "The Open-Source Platform for SOA"**
- Market-leading products for enhancing business agility
- Modularity enables standardizing on JEMS at your own pace
- Simplicity decreases time to develop and deploy new business solutions

24

Summary

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25

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