

Five level model of company interactions with open source projects

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My experience

- Executive Director, Talent First Network (2006-today)
- Director of Technology Innovation Management Program (1998-2007), Director of Bell-Northern Research (1988-1992), and Director of School of Business (1981-1988)
- Prime of “Competing in open environments” and “Early stage market assessments” research programs funded by Nortel
- Supervised 50 theses, of which 15 focus on open source
- Published in *IEEE Transactions on Engineering Management*, *Journal of New Product Innovation Management*, *R&D Management*, *Research Policy*
- Consultant to telecom and software companies
- Lead of two UNESCO forums on open source software
- 12 years teaching for the EMBA offered by Queen’s University

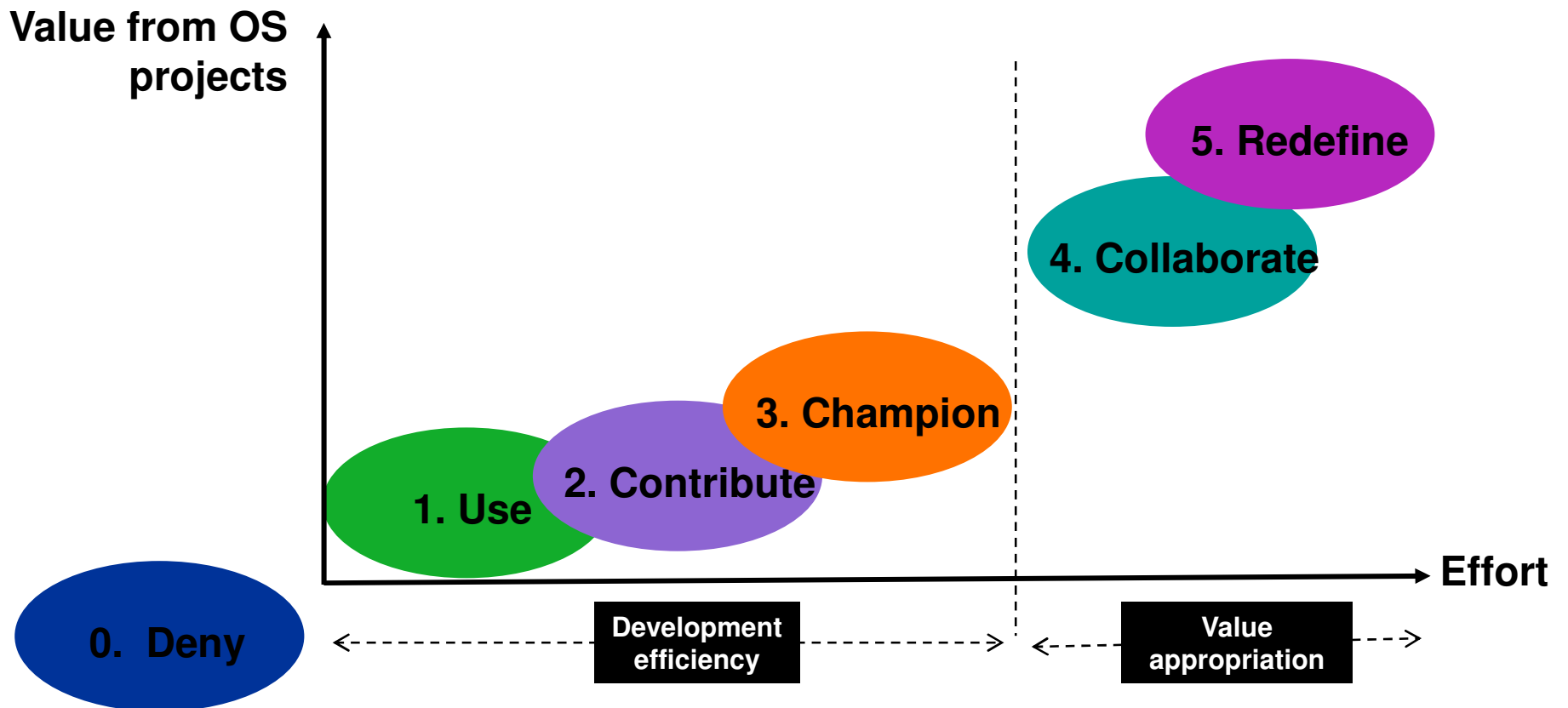
Agenda

- Key messages
- Five-level model
- How to know level
- Applications of model
- Companies for which model works well

Key messages

- How company chooses to interact with OS projects determines value it can appropriate
- Five-level model describes relationship between a company's interactions with OS projects and value expected from these interactions
- Each level requires more effort

Value company appropriates for each level of interaction with OS projects



What determines level of interaction

- Main reason to interact with OS project
- Control manager of interaction has
- Actions company carried out
- Benefits accrued by OS project

Main reason to interact with OS project

1. Use	2. Contribute	3. Champion	4. Collaborate	5. Redefine
Explore Reduce build costs Decrease time to market	Fill gaps in feature set of company's product Improve software quality	Champion OS project Steer new functionality and its evolution	Gain positional advantage for company's product in a market segment	Change value proposition of offer delivered to customers

Control manager of interaction has

1. Use	2. Contribute	3. Champion	4. Collaborate	5. Redefine
Control over technical work in function or project	Control over project or development of product component	Control over product portfolio	Control over market segment and sales strategy	Control over line of business growth and or corporate technology capability

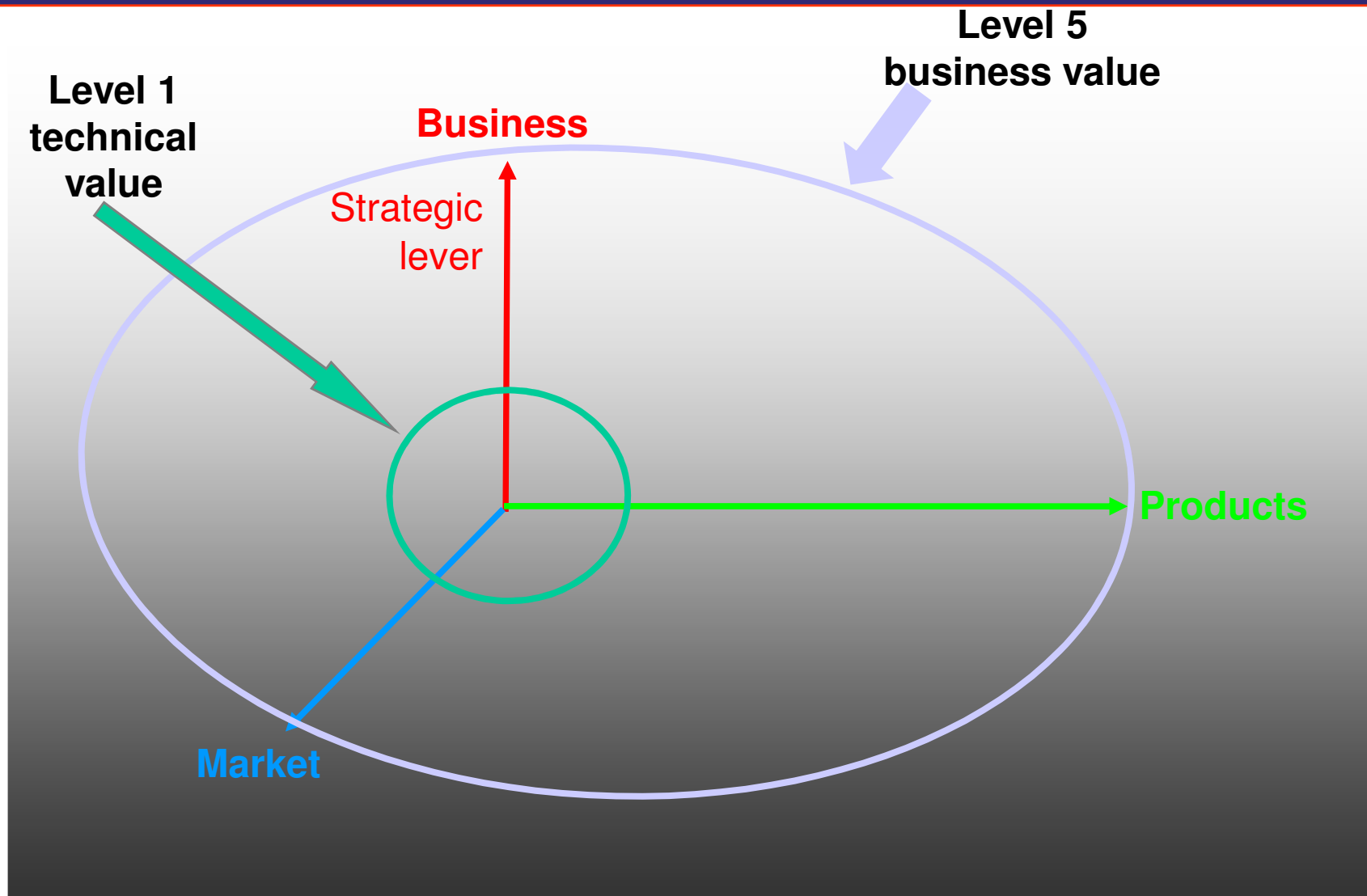
Actions company carries out

1. Use	2. Contribute	3. Champion	4. Collaborate	5. Redefine
Uses and promotes OSS	Contributes time, code, developers, and money to OS project	Contributes leaders and experienced developers to OS project	Collaborates to implement company's product strategy	Designs products so they can be developed using OS projects
	Coordinates activities of internal developers	Steers and manages information from OS project	Exerts influence on customers & competitors to change competitive environment in favour of company	Mobilizes external diverse references to help persuade customers to buy
		Mobilizes external developers to contribute to project	Connects, enables and positions experts to deliver solutions to customers	Connects, enables and positions experts to deliver solutions to customers using new business model
		Coordinates internal and external developers		
		Mobilizes coordinates community to promote OS project	Promotes solutions	Develops partner network and services to this network

Benefits accrued by OS project

1. Use	2. Contribute	3. Champion	4. Collaborate	5. Redefine
Number of users and awareness of OS project increases	More features and better quality	Company pull for OS project Leadership structure and governance	Company commitment to health and advancement of OS project New versions of OSS	New company driven resources to establish links with other OS projects and new project contributors

Power must increase in 3D space



Use model to

- Make clear distinction between development efficiency and value appropriation
- Select level where you feel comfortable interacting with OS project
- Move from one level to next
- Manage variety in large companies
- Better understand opportunities and threats
- Improve effectiveness of responses against competitors' attacks
- Better manage value chain dynamics

Model works well in companies

- With self confidence to partner for the purpose of creating value for customers
- Can split products into commodity like and differentiated components
- Have culture of profitable selling services

Thank you!

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