The death of openness and freedom?

Open Source Under Attack

About Me

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  - "The Yonk"
  - Officially "The HOSS" - Head of Open Source Strategy
- **Currently @ Percona**
- **Former MySQL AB, Sun Microsystems, Percona, Mattermost**
- **15+years in the FOSS Space**
- **25 years in the sysadmin/dba space**
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Goals

1. Understand the basic and most popular open source licensing models
2. Understand the drives and desire behind commercial open source investors and executives
3. Expose the reasons behind license changes
4. Educate on the downside of source only or restrictive licenses
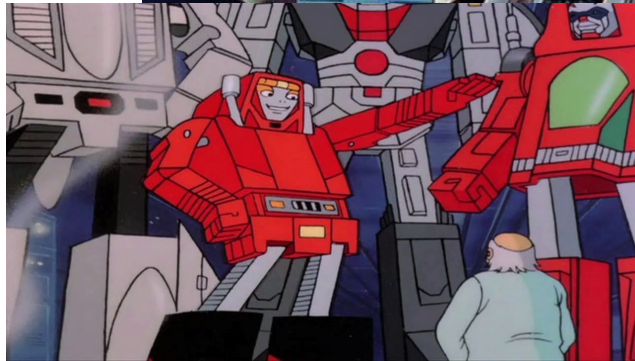5. Open eyes to the dangers around us with the current pushes in open source
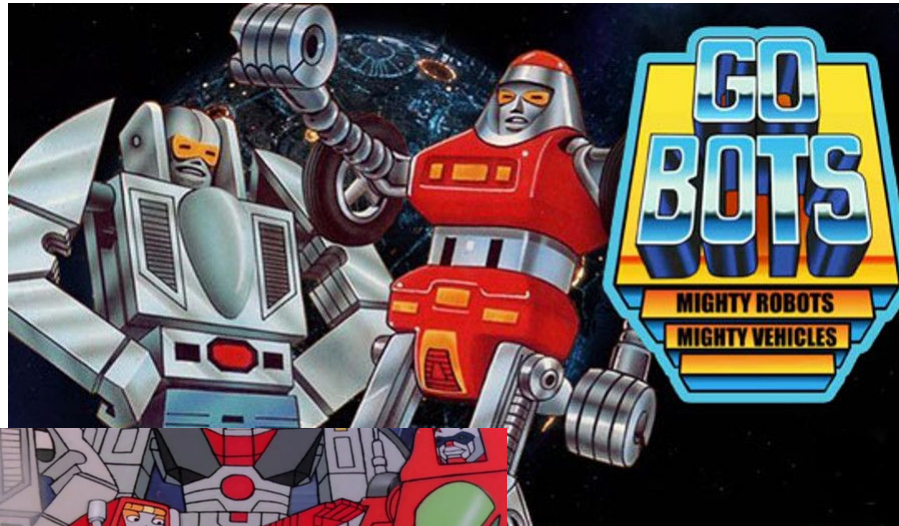
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I am a child of Saturday Morning Cartoons

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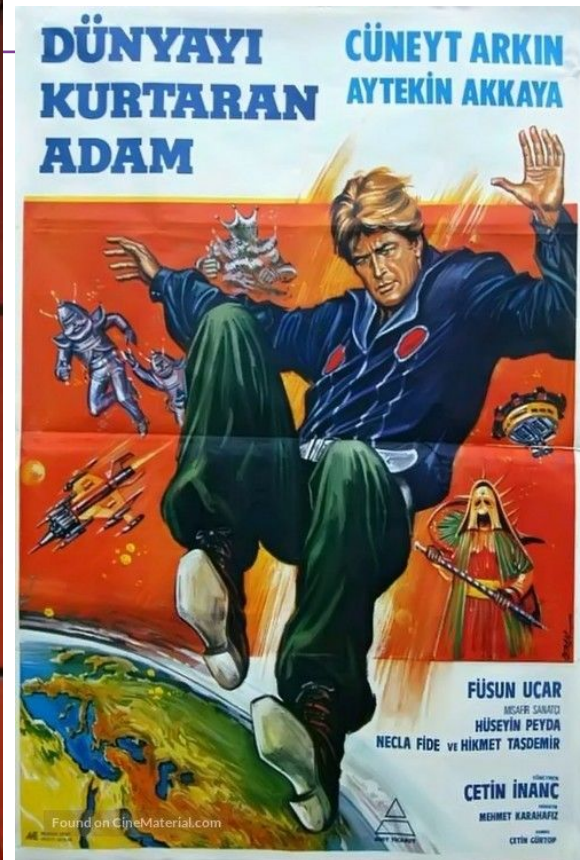# Christmas Morning

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What did I get?
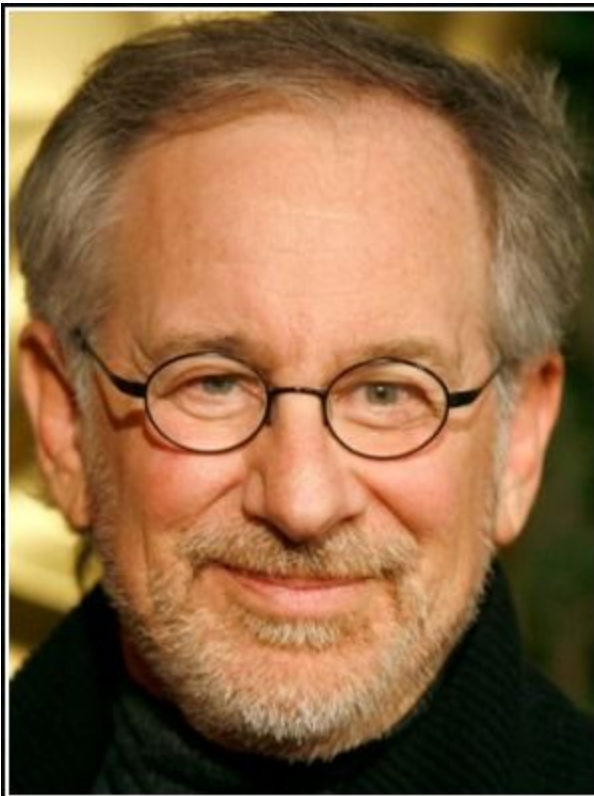
The Same?

Success Brings Imitators

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Some are just bad

Then… in a galaxy far far away… we try and "Improve" things.

Everyone Loves a Winner

Everybody loves a winner, but nobody loves a winner.

— Steven Spielberg —

AZ QUOTES

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Microsoft

"**Linux** is a cancer that attaches itself in an intellectual property sense to everything it touches." - Steve Ballmer

Open Source is a Winner!

The Microsoft cloud...
Microsoft SQL Server
cassandra · mongoDB · IBM
hadoop · ORACLE
php · Java · nodeJS
.NET ··· python
supports any data
supports any developer
supports any device
Microsoft ❤ Linux
Windows Server
box · Google
jive · Dropbox · Drupal
DocuSign · citrix · IBM
SAP · SmugMug
workday · amazon
Azure
supports any cloud services
Linux
Windows Server
supports any OS
Microsoft

Microsoft: Open source is now the accepted model for cross-company collaboration

Paul Sawers @psawers January 14, 2021 9:00 AM

f y in

Microsoft says now is the time for all firms to embrace open source

By Mayank Sharma 4 hours ago

Microsoft is looking forward "to learning, growing, and earning our place in open source."

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Oops My Bad

Dangerous Time For Open Source

OSS Businesses

Common Models and Drivers

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What does success look like?

As a community or a project maintainer/creator your definition of success does not match investors.

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Ask Yourself

Why did you get involved in Open Source?

- **Was it to become Rich?**
- **Or because you believed in it? Loved it? And wanted to contribute?**

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Getting a profitable OSS Business is HARD!

Wait a minute, it's not that easy!

- **Almost 2/3rds of companies using open source prefer not to pay (Per Percona's OSS Survey)**
- **The 1/3rd that do pay, generally are focused on the insurance and support**
  - Who wants to use insurance! It's the only product you pay for and hope you will never ever use.
- **Retention rates for services an order below retention rates for proprietary software**
- **People can always disrupt you by forking and adding/replicating enterprise features**
- **Subscriptions (Renewal and Expansions) are critical to thriving business**
- **Databases are uncool**

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Investors and Executives want a subscription that is "Sticky"

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Fine line between stickiness and locked in

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Is Stickiness bad?

It Depends

👍

Stickiness when it is about treating customers right. Giving them such immense value they want to stick around, renew, and buy more is wonderful.

👎

Stickiness when people start using something and can't get out is bad.

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Good Example

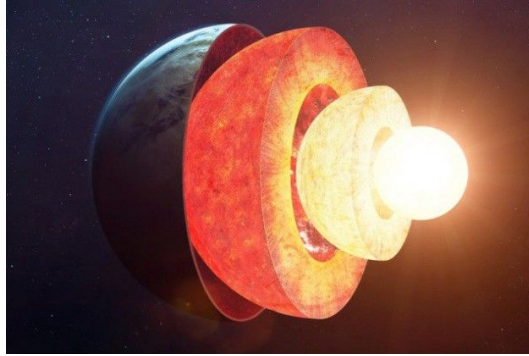**MySQL and the MySQL Enterprise Monitor**

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The Services Only Model

Free software, pay for help as you need it.

- **Low margin business**
- **Customers must use to find value**
- **Retention and Expansion can be harder**
- **Changes in mgmt or people change desire to pay**
- **Low stickiness**
- **Have to continually prove your value**
- **If you are the best, people will use you**

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Open Core

Features are reserved for paying customers only. Some features are required for true enterprise systems.

- **Medium Value**
- **Medium Stickiness**
- **Upgrades/Migrations opportunity to move off**
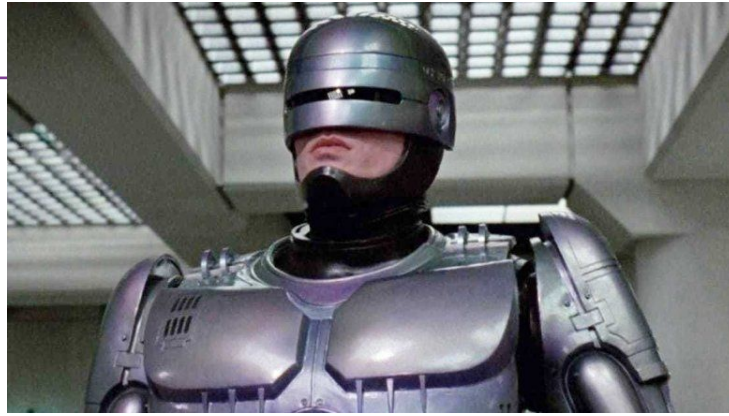- **More Control of where/how you run**
- **Value disruption by free**

As A Service

Let the vendor install, manage, and own not only the software but the infrastructure for you.

- **High Value**
- **High Stickiness**
- **Easy**
- **Seamless Upgrades**
- **Give up control**
- **Often hard to Move**

The Cyborg
Or
RoboCop
Or
Hybrid

Value added services, tooling, and software that make people's jobs more efficient. Not paying just means more work by hand. Pay for convienance.

- **Value added DYI (if great software) has good stickiness**
- **Risk disruption still in the OSS space**
- **Low customer risk as they are paying to reduce their efforts**

Commercial OSS

The Big Risk

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Who is commercial OSS built for?

The World?

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Who is commercial OSS built for?

The Community?

Who is commercial OSS built for?

The Users?

Who is commercial OSS built for?

The Shareholders?

SHAREHOLDER

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MySQL
On of the original "OG"'s

Sun Picks Up MySQL For $1 Billion; Open Source Is A Legitimate Business Model

**Michael Arrington** @arrington?lang=en / 12:16 PM EST • January 16, 2008   Comment

The big news this morning is that open source database startup MySQL finally found a year's worth of rumors that they were mulling over an initial public offering. Sun Microsystems has acquired them instead, for $1 billion. MySQL had raised a total of $39 million from Benchmark, Index, IVP, Intel, and SAP.

Investors get excited by the "Adoption"
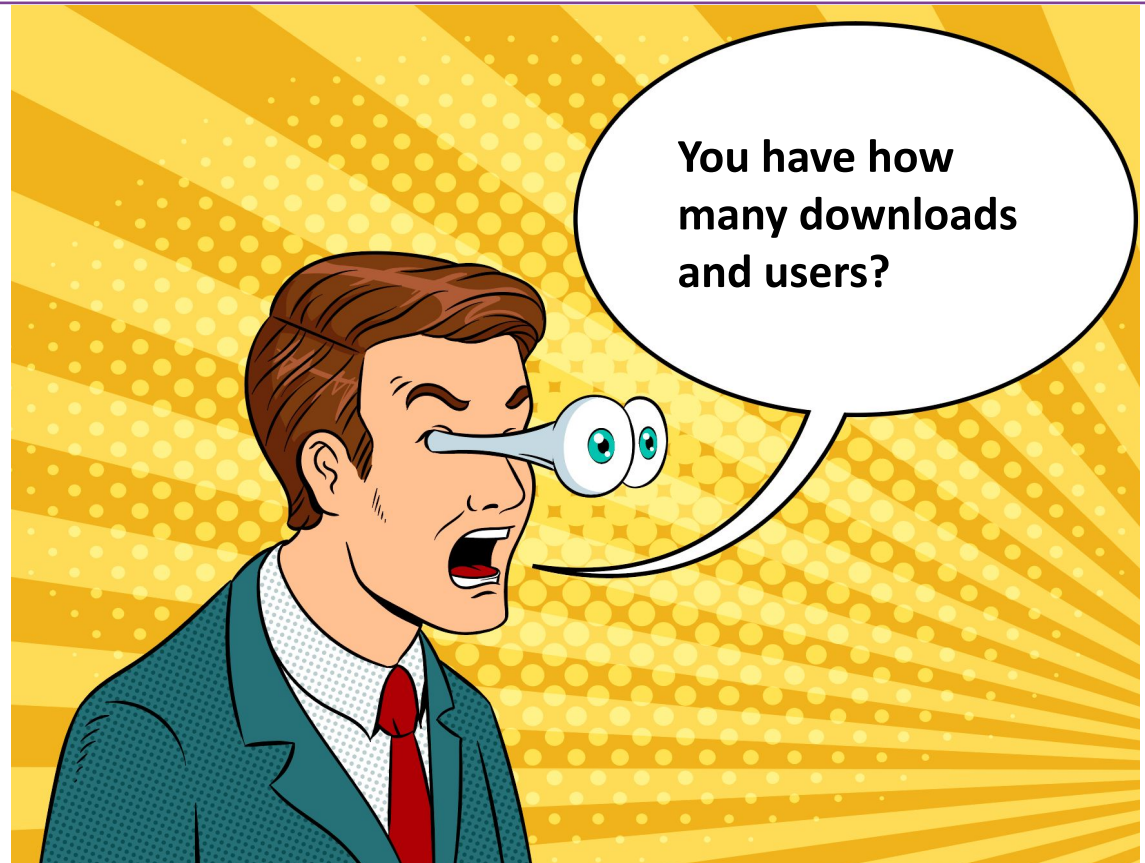
They think they can Monetize that!

Open Source is the Rule

Open source is the rule

Goldfein added that "We've gone from a world where open source is the exception, to open source is the rule. There's probably at least two dozen venture firms that invest a lot in open source now." If people are going to build another database, now the tendency is to ask not why would it be open source, but why wouldn't it be? That's been the fundamental change over the past decade, she said.

Success for open source will come when people stop talking about it as a business model, because it essentially is a development model, maintained Jake Flomenberg, a partner at Accel, a global VC firm that focuses on both consumer and enterprise companies.

From :
https://www.linuxfoundation.org/en/blog/perspectives-open-source-startups/

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Investors Love it!

As a business model: "open source works for adoption purposes, but is really poor for monetization, unless you're monetizing at different levels."

Gary Little (Canvas Venture)

"The beauty of open source from an investor's perspective is distribution, not innovation — it's contribution to marketing, not to [research and development],"

Jocelyn Goldfein (Zetta Venture Partners).

https://www.linuxfoundation.org/en/blog/perspectives-open-source-startups/

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Investor Management

Checking 5 companies that recently changed licensing to a more restrictive non-open license, here are the companies their executives previously worked for:

- Oracle x3
- VmWare x3
- Linkedin x3
- BMC x3
- Informatica x2
- Symantec x2
- New Relic x2
- IBM x2
- Sun x2
- Cicso
- Conga
- Dun & Bradstreet
- Salesforce
- SAP
- McAfee
-

- Baan
- Citrix
- Yahoo
- DataDog
- Merrill Lynch
- AWS
- Live Person
- Pal Alto Networks
- Google x2
- Aruba Networks
- Admob
- Polyvore
- Uber
- Yahoo
- Pros
- Alertlogic

Open Source as a "Business Model"

"[W]e didn't open source it to get help from the community, to make the product better. We open sourced as a freemium strategy; to drive adoption." - **MongoDB CEO Dev Ittycheria**

Lock in is still the goal

In Billy Duberstein's article, If You Invested $1000 in MongoDB's IPO, This Is How Much Money You'd Have Now, he wrote:

"…the database is a particularly attractive product, even by enterprise-software standards, because it stores and organizes all or part of a large corporation's most important data. If a company wanted to switch vendors, it would have to lift all of that data from the old database and insert it into a new one. That's not only a huge pain; it's also terribly risky, should any data get lost. **Therefore, most companies tend to stick with their database vendor over time, even if that vendor raises prices.** That's how Oracle became such a tech powerhouse throughout the 1990s."

Do open source databases make money?

	Revenue		Income		
	2019	**2020**	**2019**	**2020**	**Est Value**
MongoDB	267M	422M	-97M	-197M	22B
Elastic	272M	428M	-98M	-169M	14B
Cloudera	480M	794M	-187M	-327M	4B

Other Open Companies have similar financials… fastly: -45M income, 200M Revenue, Jfrog -7M, 100M

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Open Source Licensing Whack a Mole

1. **GPL -> Forces you to contribute if you distribute**
2. **The game changes with cloud**
3. **AGPL -> Network Clause, to help deal with the cloud**
4. **DBaaS and SaaS continue to grow**
5. **SSPL -> Anti-Cloud**

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OSS Examples?

Dissect an interesting case study

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Companies like Elastic are committed to Open Source, even if it's AGPL:

We did not change the license of any of the Apache 2.0 code of Elasticsearch, Kibana, Beats, and Logstash — and we never will. We created a new X-Pack folder in each of these repositories that is licensed under the Elastic License, which allows for some derivative works and contribution.

Wait a minute….

Not so fast

Elastic restitches its licensing model to account for 'changed circumstances'

By Julia Schmidt - January 18, 2021

January 20, 2021
Elastic Shifts Licensing Terms, Citing Amazon Moves
George Leopold

Elastic is modifying its licensing arrangements for source code underlying Elasticsearch and Kibana, creating a dual framework that the company insists will maintain access and collaboration within the open source efforts.

The licensing shift stems from a dispute with Amazon Web Services (NASDAQ: AMZN) over the use of code for the cloud provider's distribution of Elasticsearch.

"This license change ensures our community and customers have free and open access to use, modify, redistribute and collaborate on the code," Shay [...] post. "It also

elasticsearch

products that we distribute for free and in the open
Elasticsearch and Kibana as a service without contrib[...]

Elastic changes open-source license to monetize cloud-service use

The business-model war between open-source software vendors and cloud providers heats up with Elastic taking on Amazon Web Services.

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Some fairly serious acquisitions

- **Trademark violations and infringements**
- **3rd Party Code contributions that were copied from commercial not open repo's**
- **IP Theft**
- **Intentionally misleading customers**
- **Cloud Providers take don't give**

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Elastic

- **Pre-2018 Elastic Fully Open**
- **Feb 2018 they "Double Down on Open" by releasing tooling as "open core"**
- **Feb 2019 AWS releases the open distro**
- **2019 Lawsuits against AWS and Search Guard**
- **Jan 2020 Elastic goes SSPL says:**
  - Does this mean that Elasticsearch and Kibana are no longer Open Source?
    - Yes. Neither SSPL or the Elastic License have been approved by the OSI, so to prevent confusion, we no longer refer to Elasticsearch or Kibana as open source.

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So, what changed in GitHub?

The code sitting in the private X-Pack repositories moved to the appropriate public Elasticsearch, Kibana, Beats, and Logstash repositories.

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Is this about cloud disruption?

- **Companies are making money, but not profitable**
- **They are growing, but its super costly growth**
- **They are burning community bridges to meet shareholder value and expectations**
- **No I don't think this is about cloud specifically it is about:**
  - Control
  - Money
  - Exit plans

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Infringing code?

- **This is very serious acquisition and is being litigated currently against the makers of Search Guard.**
- **This functionality is in the open distro, which AWS says it did due diligence on before including the contributed code**
- **There are a small # of of examples given their is acquisitions of copying or being derivative**

You can read the court filing here:

https://www.courtlistener.com/recap/gov.uscourts.cand.347725/gov.uscourts.cand.347725.1.0.pdf

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Inspired by -vs- Infringed on

There is a line. You can't copy code from closed sourced, licensed open core software. But the features can inspire 3rd party alternatives.

To keep this line clear some vendors (like Oracle) have in the past rewritten version of popular open source contributions to establish clear IP ownership of features.

Taking for instance a closed source backup tool as inspiration and making an open source tool with similar features or even commands does not mean you infringed on code.

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Trade Marks?

Most open source companies allow certain usage of trademarked terms. So for instance selling a product named Acme MySQL is considered wrong, but selling Acme for MySQL is considered ok.

Similar most trademarks allow certain terms to be used where their don't confuse customers. Each company generally maintains their own policies so you have to check.

Grey area typically comes in when using things like "MySQL Consulting" or "MySQL Managed Services" "Or MySQL Services" for instance. Many companies advertise this opening.

Trade Marks also have an issue being selectively enforced.

This is not official Legal Advice, just my opinion.

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Up and Down

Downside/Upside of SSPL

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One of the biggest challenges of SSPL

It's designed to limit and restrict Usage in a SaaS/DBaaS environment. Prevents "Service" offering.

Items that make use of SSPL should be released under the same terms.

It relatively vague in this definition, which is left open to interpretation. This turns into a bit of a poison pill. "Network Type Clause"

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What makes open source so special

- **Community**
- **Collaboration**
- **Freedom**
- **Innovation**
- **Equality**

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SSPL and Similar Licenses

Put a limit on innovation and community.   They are not looking for contributions in many cases, but are using it as a freemium model.

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The Big Danger

We need to be careful

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Why I am worried

- The term open source is being hijacked
- Contributors are being treated poorly -> how long will they want to still contribute?
- The next generation of developers think Open Source is a money making model "Freemium"
- Changes will continue to happen as long as there is money to be made
- If money can't be made or open source can't be molded to a model that meets investors expectations, it won't be taken seriously
- We are hurting the ability to innovate

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Ironic?

If Lucene was released as SSPL…. Elastic would not exist.

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Which wolf will we feed?

There Is A Battle Of Two Wolves Inside Us All

One is evil. It is anger, jealousy, greed, resentment, lies, inferiority and ego.

The other is good. It is joy, peace, love, hope, humility, kindness, empathy and truth.

The wolf that wins? The one you feed.

-Cherokee Proverb

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