



Libre Business Models, Revisited

Paul Everitt
Zope Europe Association



- Business decision, then and now
- Open source business model, now and future



- Co-founder of Digital Creations (Zope Corporation)
- Founder of Zope Europe Association
- Executive Director, Plone Foundation
- Board Member, OSCOM
- Living in Rennes, FR



- Struggling company called Digital Creations
- Commercial application server
- Most revenue from consulting



The screenshot shows a web browser window titled "Opticality Ventures". The address bar contains the URL <http://www.opticality.com/Press/ZopeCorp/VIG/view>. The page header features the "OPTICALITY VENTURES" logo on the left and a "Powered by ZOPE" logo on the right. A sidebar on the left lists "PORTFOLIO COMPANIES" with the following items: Access-STP, ActiveState, ARC Systems, BigCharts, iClips, Javelin Technologies, Opticality, Red Oak, SciComp, XMLSolutions, and xSides. The main content area displays a press release titled "Digital Creations Receives \$750,000 In Venture Funding". The text of the press release states: "Fredericksburg, VA, Nov. 6 – Digital Creations 2, Inc., a Virginia-based company providing consulting services for web business applications, today announced that it has received \$750,000 in its first round of venture capital funding from Verticality Investment Group, LLC (VIG), a Jersey City, N.J.-based venture capital firm that invests in". The browser's status bar at the bottom shows "Done".

Opticality Ventures

<http://www.opticality.com/Press/ZopeCorp/VIG/view>

OPTICALITY VENTURES

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ZOPE

PORTFOLIO COMPANIES

- Access-STP
- ActiveState
- ARC Systems
- BigCharts
- iClips
- Javelin Technologies
- Opticality
- Red Oak
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- xSides

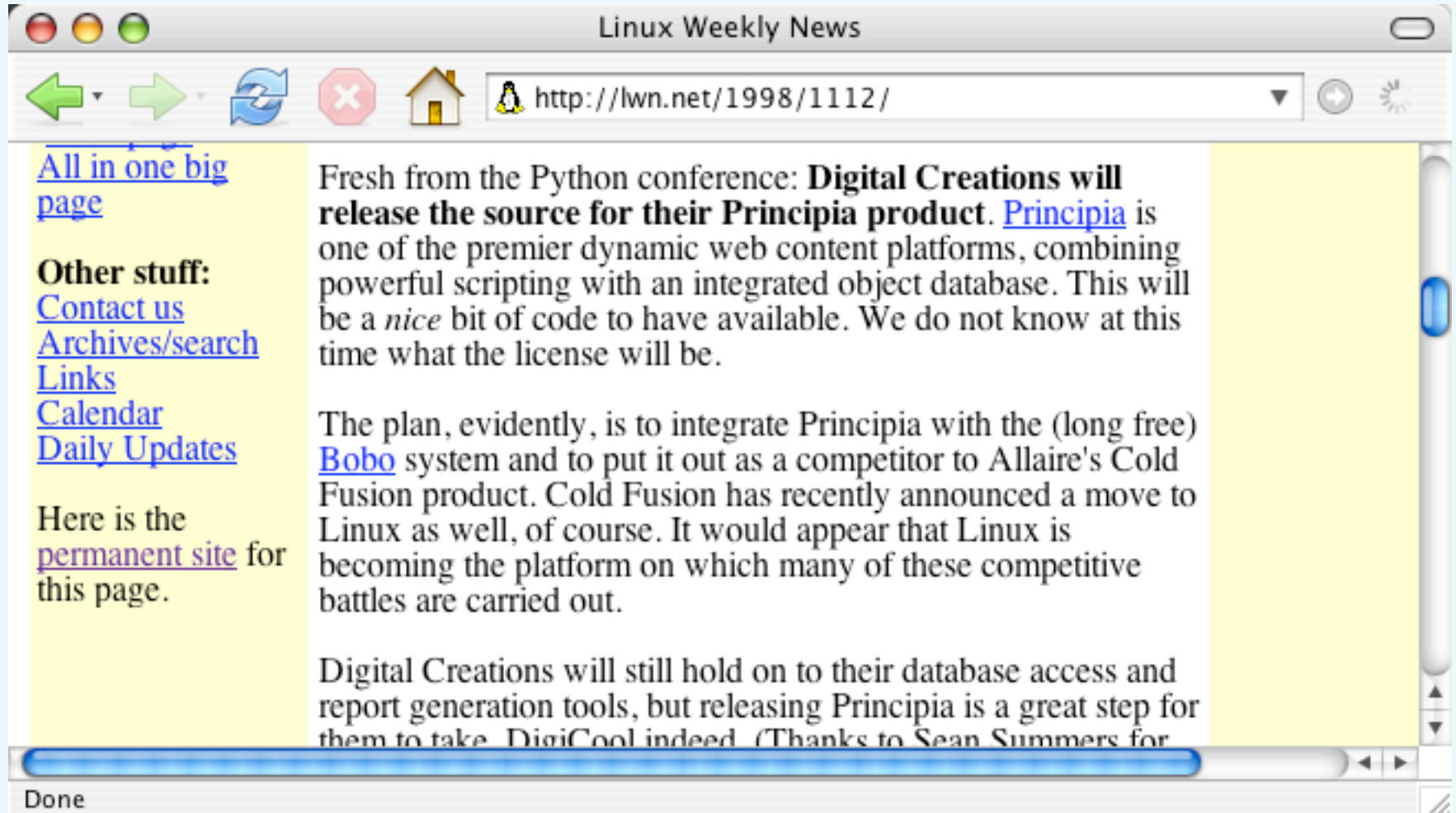
Digital Creations Receives \$750,000 In Venture Funding

Fredericksburg, VA, Nov. 6 – Digital Creations 2, Inc., a Virginia-based company providing consulting services for web business applications, today announced that it has received \$750,000 in its first round of venture capital funding from Verticality Investment Group, LLC (VIG), a Jersey City, N.J.-based venture capital firm that invests in

Done



- Received 750k from Hadar Pedhazur, enlightened VC & mentor
- First of 3 rounds (3rd was \$12.5M)
- Formal shift in business model to consulting





- Zope gets two more rounds of funding
 - Momentum, awards, community, sales
- Open source goes IPO, IPO goes south
- LinuxCare, VA
- Lutris, ArsDigita
- Zope continues growing, especially in Europe



Zope.org - How We Reached The Open Source Business Decision

[http://www.zope.org/Members/paul/BusinessDecision](#)

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Documentation

How We Reached The Open Source Business Decision

by Paul Everitt, Digital Creations

The scene: it is the first week of November, 1998. Digital Creations has just closed an investment with Verticality Investment Group for first round funding. Hadar Pedhazur, a principal in Verticality, whom we've gotten to know quite well over the last year, is talking with us about laying out our roadmap.

At the same time, I'm working on getting our message in gear. The focus of the investment is to legitimize our jump from a product company to a consulting company,

Done



- Dramatic increase in user base, brand awareness
 - Never paid for advertising
 - “Wait for the call” approach to sales
 - Books
 - Add-on products (e.g. Plone, CPS, Silva)
 - Zope outgrew the company



- Ride the coattails of the early OSS market wave
- Succeeded, failed, re-succeeding in Europe



- What is next for open source business models?



Open Source Business Model

- Bazaar, not cathedral
- Respond to legitimate demand (both sides)
- Entrepreneur-focused
- Retain a crisp message



- Public agencies want professional open source
- Builders want someone else to do sales, marketing, proj mgmt
- Open source companies need “good” money
 - *Profit margin*, stable customers, longer project lifecycles
- Open source needs the “whole product”, but done as a bazaar



- Mass (e.g. top-line)
- Support
- Training
- Partnerships
- Consulting/integration
- Certification
- Warranty



Whole Product Paradox

- Small companies can't tackle this alone
- Big companies have poor karma
- These are costs, not opportunities
- Open source approach to whole product



- Business network for Zope in Europe
- Partner-driven
- Marketing, sales, project management
- Whole product...any business problem in Zope
- Boost partner profit margins
- Virtuous cycle with customers



- Simple path to spend money
- Lower risk
- Whole product
- Access to experts
- Value and values



- Bazaar can create open source products
- Can bazaar create open source whole products?