

PART 2

How Business can save money using Open Source Software

Total cost of ownership (TCO)

Direct costs savings

- Software life-cycle
- Hardware purchases
- Human resource costs

Indirect cost savings

- Supplier independence
- Flexibility
- Leverage in vendor negotiations
- Cost of downtime

Beware of the costs of doing nothing and / or not being legal

Total cost of ownership (TCO) lower

1. Cost of software acquisition lower

- Software can be downloaded, purchased on CD
- Still have costs such as training, support, administration just as in proprietary software

2. Cost of licensing lower

- Most Open Source Software does not have license fees
- No imposed license management schemes

Total cost of ownership (TCO) lower

3. Cost of upgrade/maintenance lower

- Upgrades of proprietary software often cost nearly half the price of the full product
- Upgrades of proprietary software usually means only one supplier
- Upgrades of proprietary software are usually vendor driven

4. Cost of system administration lower

- Windows administrators spend a disproportional amount of time fixing security vulnerabilities
- Higher efficiency of administering Linux systems

Total cost of ownership (TCO) lower

5. Cost of support lower

- Significantly lower costs than proprietary alternatives
- Support of proprietary software usually has to be provided by the vendor
- Support of Open Source Software can often be negotiated due to multiple providers

6. Cost of hardware lower

- OSS reduces the hardware 'footprint'; increases working life of hardware
- OSS offers a choice of hardware. For example, StarOffice runs on Solaris, Linux and Windows platforms

Cost of not being legal

1. Multiple Usage

Use of software on multiple systems

2. Multiple media

Passing of media copies to colleagues, friends etc

3. Harddisk loading

Sale of computers with illegal pre-loaded software

4. Unbundling

For distribution with new PC hardware only'

5. Counterfeit

Duplication and selling unauthorised copies

Penalties of upto 4 years jail and / or 800,000 Baht fine

Cost of being unlicensed



- Business Software Alliance (BSA) (Grouping comprised of Microsoft, Intel, IBM, Apple and Symantec) formed to combat software piracy
- In 2007, BSA accepted it's first Thai member 'Thai Software Enterprise'
- According to BSA, a full 76% of all computer software in Thailand in 2008 was pirated
- Safecom works together with BSA to assist organizations become legal

Cost of being unlicensed



- Financial compensation for legal costs and damages
- Deletion of unlicensed software and its replacement by licensed products from BSA members and local software
- Legalized usage of software on personal computers
- Agreement from the company to undergo a BSA software audit within a year to ensure no unlicensed software is being used by the company
- An agreement to publish public apologies for unlicensed software usage
- Reputation damaged (especially with International customers)

Cost of doing nothing

- Driven by events
- Competitors may gain an advantage
- Software audits
- Risk of not being legal
- Missed opportunities



Business Checklist for OSS

1. Identify opportunities within the business to use OSS
 - Start with departmental or non-mission critical
 - Start with 'Green field' environments with minimal integration with legacy systems
 - Start with environments using standard features
2. Identify the expected costs versus benefits
 - Determine the criteria for calculating TCO
 - Leverage from existing knowledge
3. Determine how will OSS will fit into the existing infrastructure (in most cases co-existence with some of the legacy environment)



Business Checklist for OSS

4. Decide who will implement OSS in the organisation
5. Decide who will train staff in the use of OSS
6. Decide how the OSS software will be supported
 - Community / in-house for non-mission critical
 - Partner for mission critical
7. Establish a risk mitigation strategy
8. Perform a pilot or proof of concept
 - Establish if OSS is a credible alternative
 - Determine how well OSS can be integrated into the existing environment
 - Experience can be used in planning, implementation and operation of OSS



Business Checklist for OSS

9. Develop a migration plan

10. Maintain good documentation

- Comparison between expected and actual results
- Speed up roll out to live / production environment



Business Checklist Example

Replacement of MS-Office in sales department

- Benefits
 - Reduced license fees
- Costs
 - Re-Training of staff
- Implementation to be done in-house
 - Project for new or existing employee
 - Training and best effort support
- Risks
 - Features and functions not supported / Will retain 10% MS-Office systems
- Trial period of 1 month
- Brief report on the outcome

OSS Usage – Mission critical



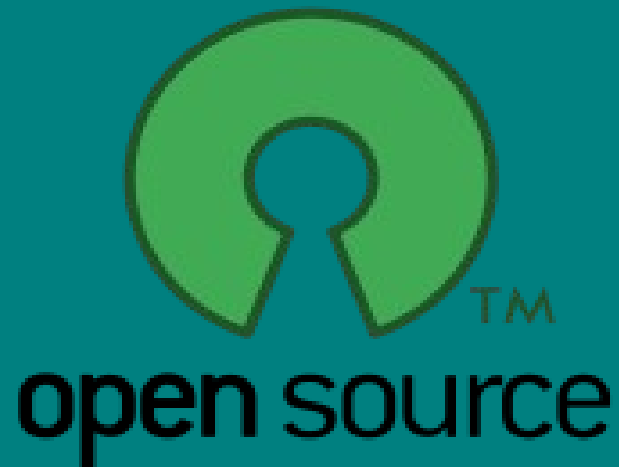
- Moved airline traffic management system from propriety UNIX to RedHat Linux solution
- Combined software / hardware upgrade
- According to FAA, the migration saved \$15 million and was completed in a third of the time
- Support and training provided by RedHat (RHCE)

OSS Usage – Entertainment



- Digital Domain is a production studio in California creating digital effects for films
- Used RedHat Linux with DEC Alpha hardware
- Performance benefit over legacy hardware
- Cost benefits gained by being able to choose hardware platform

Discussion / Questions



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