



Buy vs. Build vs. ...Open Source!

Jonathan Markow
JA-SIG, Inc.
jjmarkow@gmail.com

Tuesday, June 6, 2006

JA-SIG Vancouver
June, 2006



The Historical Dialogue ...

“Build vs. Buy!”

“Build vs. Buy!”

“Build vs. Buy!”

“Build vs. Buy!”

“Open Source.”

“...What’s that??”



Open What??

- Most of us are close to an Open Source community, but for many it is still a foreign concept.
- For the uninitiated, Open Source is erroneously associated with hackers, kids, loss of control.



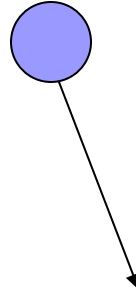
The Swinging Pendulum

BUILD!

-Before a thriving software marketplace

-We built software to run our businesses

-Wasn't much choice



BUY!

-Commercial-Off-The-Shelf Packages (COTS)

-Enterprise Resource Planning (ERP)

-Still isn't much choice!



Why not stop at “Buy”?

Problems:

- Cost!
 - Especially administrative systems
- Not always a good match with our institution
- We are pretty much forced to adopt the business processes embodied by the vendor's product
- Alternative is to customize, which creates its own set of problems



Open Source is a New Alternative

But...

- Higher Education decision makers do not understand it
- Open Source Software (OSS) tends to be evaluated superficially in terms of the “Build” model
- OSS tends to be viewed in terms of historical higher education “sharing” activities

Open Source is not your grandmother's "Build"...

- "But, we're using our developers!"
- "But, we're supporting it ourselves!"
- "But, ...!"

Wrong!

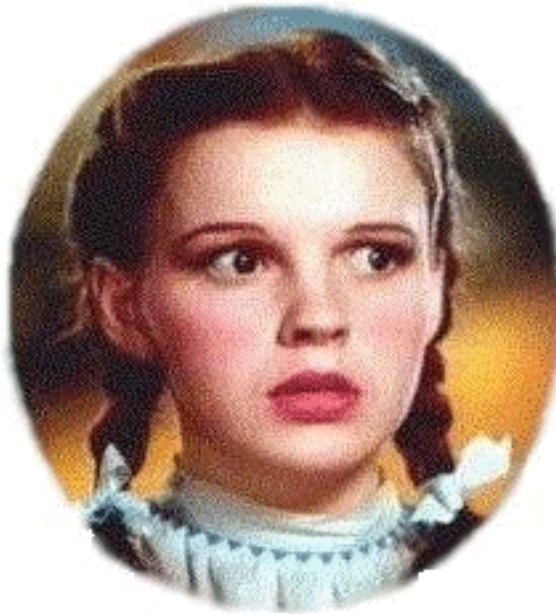




Goals:

- Value Open Source Software on its own merits, based on its unique advantages and risks
- Recognize the impact OSS is beginning to have on the software marketplace. (The “Buy” model is changing as a result!)

“We’re not in Kansas anymore!”





The “Build” Model

Characteristics:

- DIY.
- Internal project teams
- Historically a technology emphasis
- More recently supplemented by third-party developers, mentors, project managers
- Sometimes carries a stigma



The “Build” Model

Advantages:

- Business processes may be tailored precisely to the expressed needs of the business
- You have complete control (don't you?)
- Technology can be a perfect fit with your enterprise architecture



The “Build” Model

Risks:

- We could wind up paving the cow paths
- Is intellectual capital retained?
- Software development is not a core competence of our institutions
 - Project methodologies
 - Dedicated QA



The “Build” Model

More risks:

- Expense and effort to develop (when looking at comparable function points)
- Must manage user expectations during the requirements phase
- Danger of scope creep with a blank canvas approach



The “Buy” Model

Characteristics:

- The courting dance of sales; the wave surfing of upgrades
- RFP’s, demos, proof-of-concepts
- License and service negotiations, contracts
- Engagement with vendors, partnerships
- User groups



The “Buy” Model

Advantages:

- Out-of-the-Box functionality
- Business processes supposed to represent industry “best practices”
- Vendor support by contract
- Third-party consulting and support



The “Buy” Model

Risks:

- “Feature Glut” may overwhelm end users:
Complexity rules!
- Often locked into product’s workflow. And
middleware stack. And development
environment. And....
- May be locked into vendor’s roadmap and
upgrade path
- Upgrade costs may be significant



The “Buy” Model

More risks:

- Due diligence must be wide and deep:
 - Feature analysis & scenarios (and gap analysis)
 - Technical architecture fit
 - Vendor viability
 - Support



The Open Source Model

Characteristics:

- Community
- Community
- Community



The Open Source Model

Characteristics:

- Usually, *standards* and *open systems* are valued (not a given)
- Dedicated, highly skilled developers, architects, designers – yours and mine!



Power Law of Participation

[Social software] brings groups together to discover and create value. The problem is, users only have so much time for social software. The vast majority of users will not have a high level of engagement with a given group, and most tend to be free riders upon community value. But patterns have emerged where low threshold participation amounts to collective intelligence and high engagement provides a different form of collaborative intelligence.

-Ross Mayfield



The Open Source Model

Characteristics:

- May piggy-back on an existing code base as a jump start
- Creates an ecosystem in which it must flourish



The Open Source Model

Advantages:

- No software license fees
 - TCO *is* an advantage (A-HEC Survey)
- Varying levels of participation are possible
- More control of your destiny than “Buy”
 - And not subject to upgrade churn



The Open Source Model

Risks:

- It's “all about” community”—is the community sustainable?
- Are the required skill sets available in-house? If not, can I “rent” them?



The Open Source Model

More risks:

- Models for a thriving ecosystem are not yet well established
- Success stories are still at lower levels of the universal software stack



What's Next?

- We need to educate the decision-makers
 - We need a more inclusive community
 - Calls for more stakeholder participation
 - Clearly differentiate the differences



What's Next?

- We need a track record of success stories higher up the stack
- We need to see more positive outcomes of the vendor transition from software to services



What's Next?

- The “Buy” model will change as an impact of Open Source

(Bernard Golden: <http://blogs.cio.com/node/292>)

- Eliminating license revenue will lead to less up-front vendor support
- Stronger requirements for IT decision-making, technology strategy



What's Next

- Consider a multi-path acquisition strategy
 - Buy
 - Build
 - Open Source
 - Outsource
 - Hosted
 - ?



What's Next?

- Life got more complicated
- The IT organization needs a broad set of competencies
 - Software development
 - Vendor management
 - Sourcing expertise
 - Community engagement
 - Etc.



Questions?