

Open Project Management

from an “open” perspective

UNIT 6

Instructor: Dr. Bradly Alicea

<http://bradly-alicea.weebly.com>



Lecture 23

All content



Open Project Management

Welcome!



Funding, Economics, and Commercialization

The state of open source software

An exploration of open source software including its impact on the world and companies, plus key trends shaping software development.

<https://octoverse.github.com/>

“You can’t develop software anymore these days without doing open source” – Wolfgang Gehring, Mercedes Benz Innovation

By lowering barriers to innovation, open source is superior to proprietary solutions for enabling continued positive economic growth.

The (awesome) economics of open source

<https://opensource.com/article/18/9/awesome-economics-open-source>

The changing economics of open source

IT asset management needs to keep up.

By Ken Mugrage

April 21, 2022

<https://www.technologyreview.com/2022/04/21/1050788/the-changing-economics-of-open-source/>

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- licensing enforces maintenance. For example, you can require that your organizational users “pay it forward” (release code if an organization builds on top of your licensed tool).

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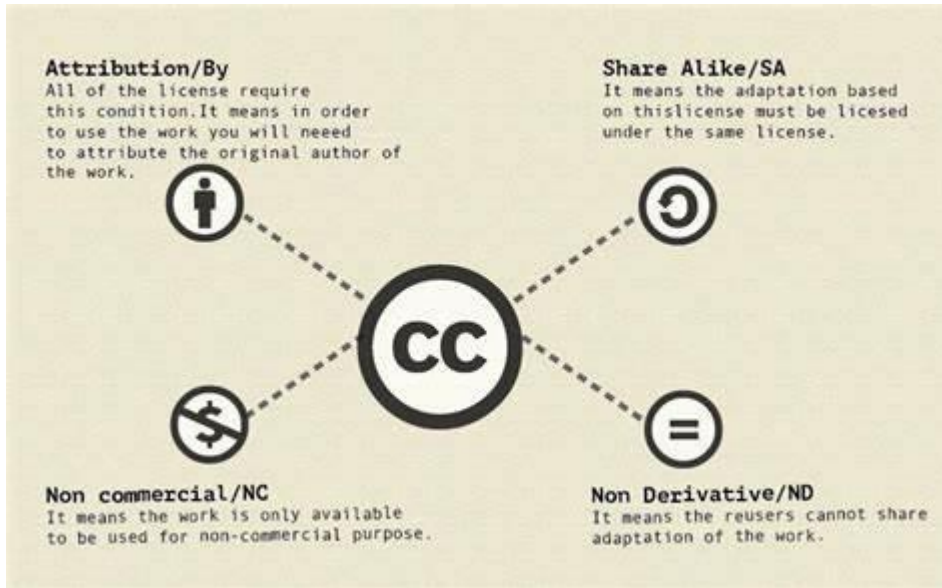
- too many small enterprises can overuse open-source resources without reinvestment.
- licensing enforces maintenance. For example, you can require that your organizational users “pay it forward” (release code if an organization builds on top of your licensed tool).
- encourage larger entities to fork your project. Creates incentives for investment.
- fork code from other organizations and develop internally. Customize for commercialization.

Open-source dilemma

**How to make money from something you
give away for free?**

Licensing, Creative Commons

Founded in 2001 by Lessig, Eldred, and Abelson.




















- purpose: expansion of reasonable, flexible copyright (copyleft).
- As the stakes grew for copying and remixing via the internet, need became apparent.

First license: December 2002.

Two billion works under these licenses, including the whole of Wikipedia.

Licensing, Creative Commons

CREATIVE COMMONS LICENSES		 COPY & PUBLISH	 ATTRIBUTION REQUIRED	 COMMERCIAL USE	 MODIFY & ADAPT	 CHANGE LICENSE
 PUBLIC DOMAIN		✓	✗	✓	✓	✓
 CC BY		✓	✓	✓	✓	✓
 CC BY-SA		✓	✓	✓	✓	✗
 CC BY-ND		✓	✓	✓	✗	✗
 CC BY-NC		✓	✓	✗	✓	✓
 CC BY-NC-SA		✓	✓	✗	✓	✗
 CC BY-NC-ND			✓	✗	✗	✗

				
You can redistribute (copy, publish, display, communicate, etc.)	You have to attribute the original work	You can use the work commercially	You can modify and adapt the original work	You can choose license type for your adaptations of the work.

The Creative Commons licences explained.

Licensing, Open-source Software



“users may distribute, modify, and distribute modified versions. Permits derivative works to be distributed under a different, more restrictive, license (not copyleft).”



<https://pitt.libguides.com/openlicensing/opensoftware>

When Open Source Software Comes With a Few Catches

<https://www.wired.com/story/when-open-source-software-comes-with-catches/>

Open-source initiatives must allow viewers to see, modify, share source code.

- being open can be for purposes of marketing or to crowdsource.
- restricting open can be for practical purposes (security, valuable content).

How can we leverage the “degree of open” and licensing terms to make money for project?

- Strategies for self-licensing.
- Negotiate with large corporations (e.g. Amazon).

When Open Source Software Comes With a Few Catches (con't)

Strategies for self-licensing: build on a project's strengths.

- Redis Labs: license components of product, not open.
- RedHat: sell support.
- Hashicorp: proprietary software-based on open-source components.

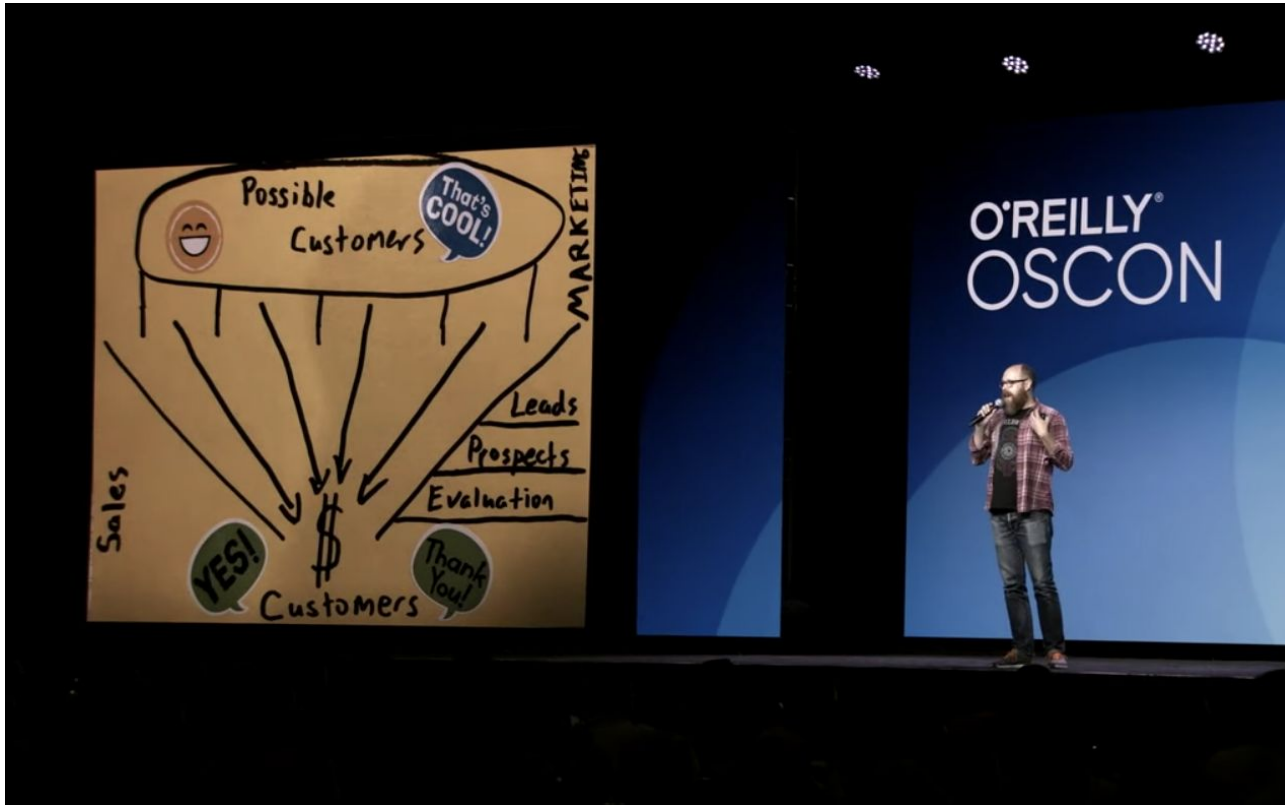
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Long-term financial benefits are tied to decisions about open-source licensing

- overly restrictive open-source licenses can lead to long-term litigation.
- example: Java developed under restrictive license, led to long-term legal challenges.



Adam Jacob, Financially Sustainable Free and Open Source Communities

<https://sfosc.org/>

Principles for Financially Sustainable FOSS

“ensuring project longevity through meeting the needs of the present without compromising the ability of the community of the future to meet its own needs”

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- 1) membership must be open to all classes of contribution, but with validation at low barriers to entry.
- 2) voting processes for changes, patents must remain open-source.
- 3) contributors retain copyright unless foundation allows for license enforcement.
- 4) commercial activity must translate into benefits for all.
- 5) incentive structure must bend away for downstream proprietary software.

What is an open-source foundation?

501(c)(3) organization: [https://en.wikipedia.org/wiki/501\(c\)\(3\)_organization](https://en.wikipedia.org/wiki/501(c)(3)_organization)

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“501(c)(3) exemption applies also for any non-incorporated community chest, fund, cooperating association or foundation organized and operated exclusively for those purposes. There are also supporting organizations (“Friends of” organizations)”

One popular type of 501(c)(3): non-operating foundation.

Private or **non-operating** foundation (under section 509(a) as 501(c)(3) organizations – do not qualify as public charities)

- receives most of its income from investments and endowments.
- income is used to make grants to other organizations, rather than being disbursed directly for charitable activities.

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501(c)(3) can be self-contained, or as communities linked to larger for-profit corporations.

- dependent 501(c)(3)s can receive transfer of funds from parent corporations.
- self-contained 501(c)(3)s must develop a strategy for sustainable finances.

Mozilla Annual Audit for 2021

<https://www.mozilla.org/en-US/foundation/annualreport/2021/>

Mozilla Foundation and Subsidiaries

Consolidated Statement of Financial Position (In thousands)

December 31,	2021	2020
Assets		
Cash and cash equivalents	\$ 378,266	\$ 256,628
Receivables, net of allowance for doubtful accounts of \$148 and \$373, respectively	62,832	53,370
Prepaid expenses and other assets	31,899	29,116
Investments	651,079	577,467
Prepaid income taxes	391	3,604
Deferred taxes	19,494	17,492
Property and equipment, net	4,210	8,740
Goodwill, net	15,610	18,212
Intangible assets, net	681	1,016
Total assets	\$ 1,164,462	\$ 965,645
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 16,097	\$ 13,086
Accrued liabilities	3,596	14,367
Accrued compensation and benefits	68,205	71,433
Deferred revenue	2,963	1,249
Other liabilities	19,397	22,491
Total liabilities	110,258	122,626
Net Assets:		
Without donor restrictions	1,046,307	835,028
With donor restrictions	7,897	7,991
Total net assets	1,054,204	843,019
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Linux Annual Filing for 2020

ProPublica Nonprofit Explorer

<https://projects.propublica.org/nonprofits/organizations/460503801>

First public release: 1991

FISCAL YEAR
ENDING DEC.

2020

The IRS has provided extracted financial data for this filing, but has not yet released the source documents.

THE LINUX FOUNDATION

SAN FRANCISCO, CA 94104-5401 TAX-EXEMPT SINCE FEB. 2003

EIN: 46-0503801

Classification (NTEE)

Promotion of Business (Community Improvement, Capacity Building)

Nonprofit Tax Code Designation: 501(c)(6)

Defined as: Business leagues, chambers of commerce, real estate boards, etc, created for the improvement of business conditions.

Donations to this organization are not tax deductible.

More Resources: [GuideStar](#)

Get notifications: [Sign up for updates about our data.](#)

Total Revenue **\$106,429,200**

Total Functional Expenses **\$95,550,838**

Net income **\$10,878,362**

Notable sources of revenue		Percent of total revenue
Contributions	\$0	
Program services	\$105,955,154	99.6%
Investment income	\$470,593	0.4%
Bond proceeds	\$0	
Royalties	\$0	
Rental property income	\$0	
Net fundraising	\$0	
Sales of assets	\$0	
Net inventory sales	\$0	
Other revenue	\$3,453	0.0%

Notable expenses		Percent of total expenses
Executive compensation	\$6,634,391	6.9%
Professional fundraising fees	\$0	
Other salaries and wages	\$33,795,791	35.4%

Other

Total Assets	\$108,874,172
Total Liabilities	\$36,685,862
Net Assets	\$72,188,310

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Membership-based nonprofit (IRS)

<https://www.irs.gov/charities-non-profits/other-non-profits/types-of-organizations-exempt-under-section-501c6>

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Yes, You Can Make Money with Open Source (Harvard Business Review)

<https://hbr.org/2013/01/yes-you-can-make-money-with-op>

RedHat Enterprise Linux: a la carte annual service contracts, professional services (maintenance, quality control).

Financial Sponsorship and Small-scale Grants

Sponsoring Organizations: NumFOCUS

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Small-scale fellowships for maintenance

Google Summer of Code: interns sponsored for a few months, intense contact with organization and its community. Focused project and direct financial support.

Google Season of Docs: technical writers sponsored for projects that advance the state of an organization's docs. Focused project and direct financial support.