Lesson #6:
Driving Open Source Impact through Procurement and Policy

Masterclass Overview

Lesson #0 –   The Story of Matrix and Element

Lesson #1 –   Recognising the Open Source Opportunity

Lesson #2 –   Foundational Elements for the Success
                    of an Open Source Business

Lesson #3 –   Leveraging the Right Enablers

Lesson #4 –   Finding Business Models That Work

Lesson #5 –   Navigating the Corporate Buyer's Dilemma

Lesson #6 –   Driving Open Source Impact through Procurement and
                    Policy

Driving Open Source Impact through Procurement

- We have seen that **for open source projects to continue to thrive they need to be supported**.

- This **requires awareness and understanding** from organisations using them professionally.

- An obvious support mechanism is financial, but **not all procurement models allow financially supporting open source**.

- Let's have a look at **procurement options and best practices**.

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Procuring Open Source: Key Facts

- **Recurring is better than one-off**

- **Scalable is better than human-based** where costs grow proportionally to revenue (e.g. licence vs. support or development)

- Funded development or code contribution should always come with **support in the form of long-term maintenance**

  ○ Remember the kitten! 🐱

- Open source ≠ value-less

  ○ If anything it's more valuable than closed source (lack of vendor lock-in, auditability, customisation, innovation speed etc.)

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Best Practices – Direct Procurement

- **Treat open source like closed source software and pay subscription for it to ensure it stays around.**
  - If you can buy licences from closed source vendors (e.g. Microsoft), there is no reason you shouldn't be able to do the same with open source.

- **Turn support fees into a baseline** recurring rather than per ticket.
  - This in turn will help the support provider hire additional support people to do an even better job.

- **Funded development need to unlock recurring maintenance** to support the inevitable bug fixing and evolutions.

Best Practices – Indirect Procurement & Tenders

- **Ask for the same high bar from your resellers as for yourself!**
  - Now you have realised the need to support projects long term you need to ensure you only buy from suppliers aligned with your practice

- **Set the right requirements in your tender for your reseller!**
  - Need to support the project, but also prioritise expertise over price

- **Beware of price dumping!**
  - It very likely indicates a free loading company with little to no experience in running the product at scale.

Qualification Requests on Supplier

- Due diligence needs to be performed on suppliers before acquisition.

- The OSBA (Open Source Business Alliance), has put together a list of **4 qualification requests which allow to qualify the supplier as a good player of the ecosystem or not**:

  a. Relationship with the Software Manufacturer / Community

  b. Ensuring Upstream Publication of Modifications and Patches

  c. Ensuring High-Quality Level 3 Support

  d. Securing the Supply Chain Through Support for Core Components

Qualification Requests on Supplier
1. Relationship with the Software Manufacturer / Community

- Is there a business relationship between the service provider and the software manufacturer or the community?

- To what extent is there going to be support available from them in the course of a project?

⇒ **This will prove the supplier can deliver and is properly supported by the experts.**

Qualification Requests on Supplier
2. Ensuring Upstream Publication of Modifications and Patches

- How is the service provider ensuring that modifications of the software and patches are going to be made available upstream to the general public?

⇒ **Ensures that the supplier is part of the ecosystem, helping to make it better by providing improvements into the original software which can benefit from it.**

Qualification Requests on Supplier
3. Ensuring High-Quality Level 3 Support

- To what extent is the service provider able to ensure high-quality level 3 support?

- Do they have the necessary expertise with regard to the source code of the specific open-source product themselves or are they able to ensure the support of the manufacturer?

⇒ **Ensures the provider has enough expertise to be able to deliver at an expected level of quality.**

Qualification Requests on Supplier
4. Securing the Supply Chain Through Support for Core Components

- Open-source software usually consists of various core components. Does the provider support developers and projects that supply the software components that the provider is integrating in their product?

- This is also going to become relevant with regard to "supply chain security" in the Cyber Resilience Act.

⇒ **Ensures that the supplier is not free loading and that it can confirm the security level of its supply chain.**

Supporting the buyer

- The buyer needs a much better understanding of the ecosystem, so providing him with content which will explain the issues to be solve can be useful

- Example resources:

    - Catalog of open source software,

    - Estimation models for value as well as risks and costs

    - Example requirements for procurements

    - Evaluation models of open source software projects

    - Etc

- Public sector organisations coils also mutualise resources and processes easily.

Policy and Regulatory Considerations

- Regulation and policy mandating open source usage are on the right track, but **they should enable it and help it thrive not hinder it**.

- The **reason for requiring open source** should be remembered and drive the choices. For example, should open core products be banned if:

  - They exist to support the open source project?

  - The are not vendor locking you?

  - Their code can be audited?

- Every organisation needs to **find the right balance that serves its objectives**, in line with its unique processes and structures.

In Summary

- Procurement and policy are the key enabler to kick-off change, but their actions may end up having the completely opposite effect if not careful.

- This section brought up useful reflexion and application frameworks like the Qualification Request for Supplier.

- Education and resources availability to the team are also key to success.

- Policy must also be handled with precaution.

Parting Words

- **Open source is gaining traction** and fits well in the trend of making the world a better place: its impact goes across economics, society and business.

- However, **building an open source business is harder than a closed source one**, but one can be prepared, using some of the lessons shared here today

- For more open source **to actually become sustainable, the next blocker needs to be lifted up by third parties**, who need to grow in understanding what open source needs to stay sustainable.

Thank you for your attention!

Be a part of the community today and join us in amplifying the voices and work of Open Source.

Scan the QR Code and let's connect!

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Useful references

https://opensource.com/article/20/10/open-source-supply-chain

https://opensource.com/article/21/2/differentiating-products-upstream-suppliers

https://www.linaker.se/assets/slides/OSS-procurement-Dublin.pdf