

**EOSA MASTERCLASS #1**



European  
Open Source  
**Academy**

# Building and Sustaining Open Source Impact

How open source business owners and corporate users can drive the change.

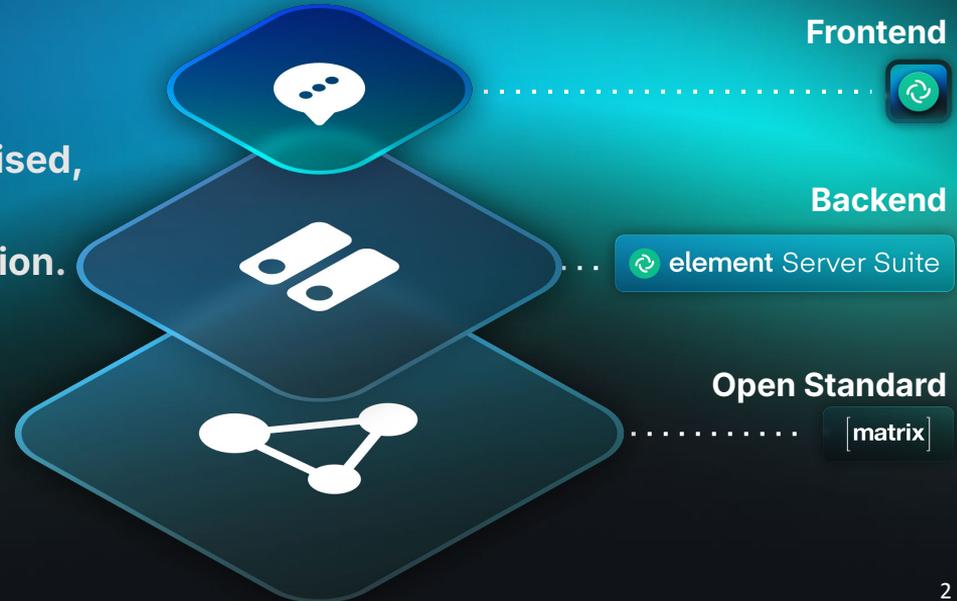
Amandine Le Pape



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# 👋 Hello!

- My name is Amandine Le Pape.
- Head of the Business and Impact Section of the EOSA
- I am the co-founder of Matrix and COO/Co-Founder of Element.
- **Matrix**
  - Open standard for secure, decentralised, real-time communications.
  - Managed by The Matrix.org Foundation.
- **Element**
  - For profit company created by the Matrix founding team to build the best Matrix-powered solutions.



# Introduction

- Open source is everywhere and as old as computer science
- But only recently it has become a household name and taken place at political tables
- Reliance on digital data and processes is well entrenched
- And concerns around the need for sovereignty and resilience are growing
- Open source has a key role to play in this search for sovereignty



- How do we ensure that open source has the societal and economical impact it can reach?
- How can open source entrepreneurs be successful when competing with closed source giants and facing the freeriding trend?
- How can corporate and public sector users support the ecosystem to help it help them?

# 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

# Lesson #0: The Story of Matrix and Element



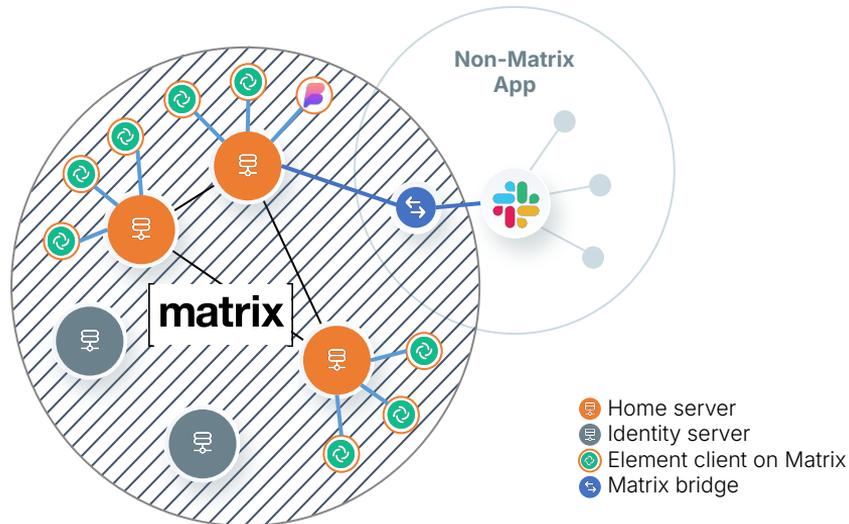
## A real-life example of:

- **Building**, both an open source project and an open source business,
- **Sustaining** them, and
- **Seeing the impact** they've had across various dimensions

# [matrix]

## The missing comms layer of the open Web.

Open source project for secure, **decentralised** communication. Created in 2014. Governed by The Matrix.org Foundation C.I.C.



180M+  
Addressable users

100K+  
Deployments

Thousands  
of projects on the protocol

63K+  
GitHub stars on core projects

4,957+  
Contributors

30+  
programming languages

### Used by...



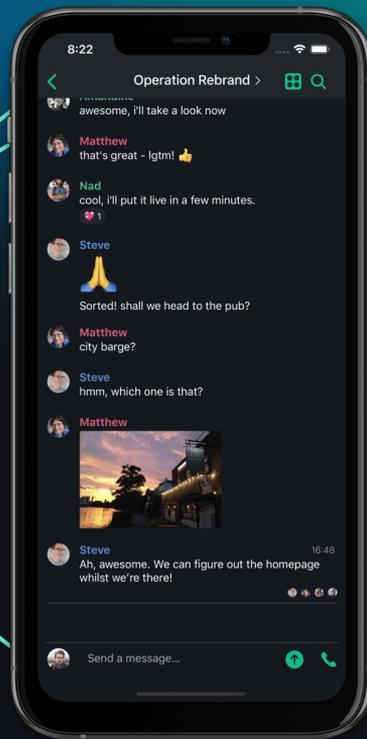
VIBRANT ECOSYSTEM



# Element is the leading Matrix vendor and contributor.

We build the flagship chat app for Matrix.

We sell highly performant and compliant Matrix infrastructure.



## Decentralised.

Choose who hosts your conversations, with no single points of control or ownership, connecting via the global Matrix network.

## Secure.

Using Signal style end-to-end encryption with key verification, not even your server can see your conversations.

## Open source.

Transparent, trustworthy, audited code, supported by the vast open source Matrix community, with no vendor lock-in.



**~90 Staff**

70% engineers

**4 Locations**

UK, France & Germany, US

**60k+ stars** across  
GitHub projects

### Key Investors

\$55m  
Series B

 Protocol Labs     
**AUTOMATTIC**   **NOTION**

### Accreditations



**40+ Customers**



BUNDESWEHR

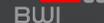


Ministry  
of Defence

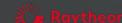


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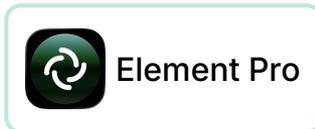
# The Story of Matrix and Element

## Element's Products Structure



### Element app:

- AGPL v3
- Aiming for Teams/WhatsApp/Signal parity
- Usable against any Matrix server

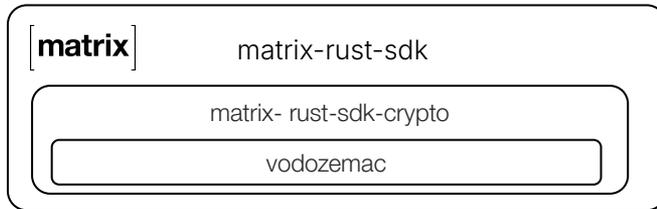


### Element Pro app:

- Proprietary
- Enables enterprise features (e.g. MDM, branded, group based access control...)
- To be used against ESS Pro

### Matrix Rust SDK:

- Apache v2.0
- Contributed by Element to Matrix (copyright Matrix)

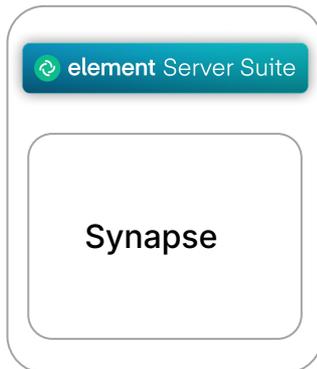


### Element Server Suite Pro:

- Proprietary
- Enables enterprise features, including client side ones
- Auditing, record keeping, air gapped support...
- L3 support and Long Term Support (LTS)...

### Element Server Suite Community edition:

- AGPL v3
- Kubernetes Helm charts



### Synapse Pro:

- Synapse + proprietary modules
- More horizontally scalable (e.g. auto-scaling, high availability...)

### Synapse:

- AGPL v3
- Complete Matrix server enabling a messenger use case

NB: This is not an exhaustive list of the products we develop, but an overview of the main ones to explain our position in the open source ecosystem.

# The Founding Story

- Originating from 2 independent start-ups (Rennes and London)
- Teams have been working for 20+ years together.

2003

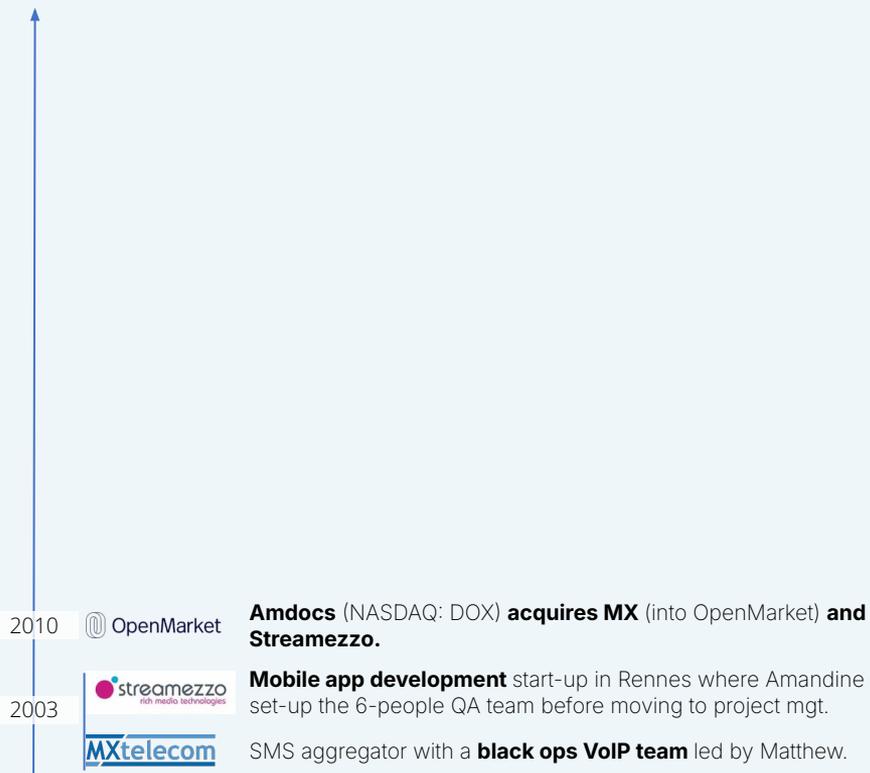


**Mobile app development** start-up in Rennes where Amandine set-up the 6-people QA team before moving to project mgt.



SMS aggregator with a **black ops VoIP team** led by Matthew.

# The Founding Story



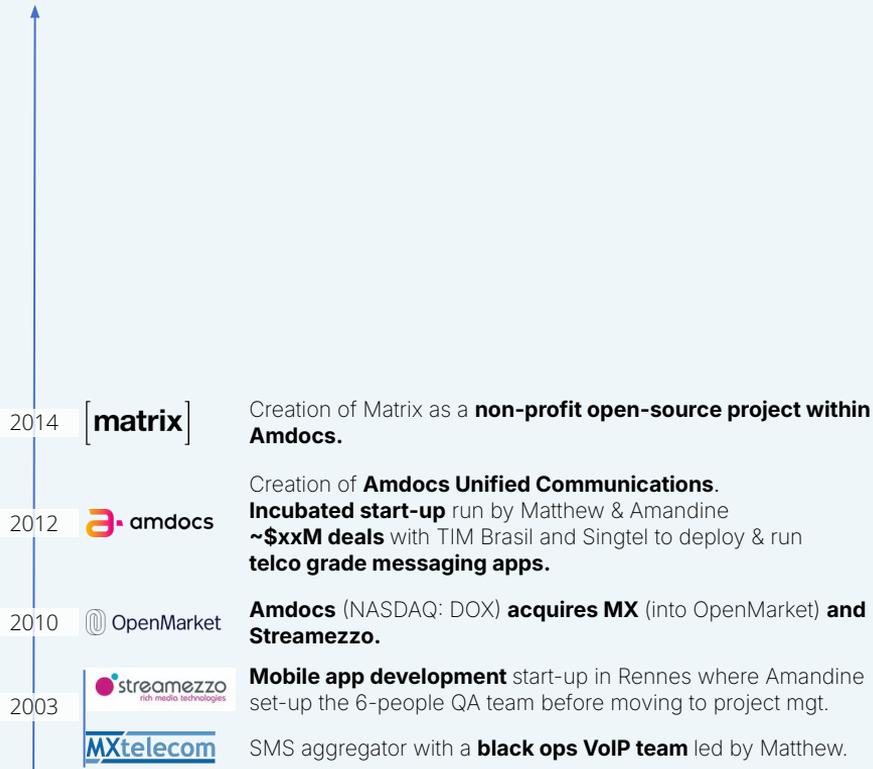
- Both startups get acquired, a month apart, by a multinational.
- They end up in the same business unit.

# The Founding Story



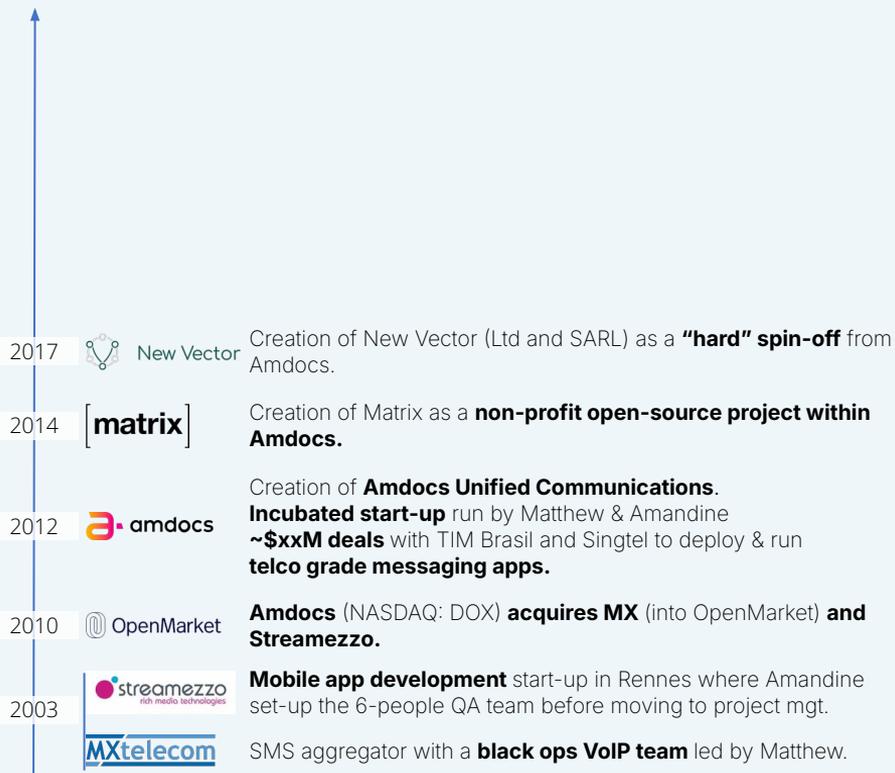
- Matthew and Amandine set-up Amdocs Unified Communications as incubated start-up.
- Sells white-labeled messaging apps to telcos.
- Usage competes with zero-rated data for WhatsApp.

# The Founding Story



- Convince Amdocs' management that the communication industry needs to be disrupted to get out of the hegemony of WhatsApp.
- Matrix founded as an open source project, and as an R&D exercise purely supported by Amdocs' balance sheet.

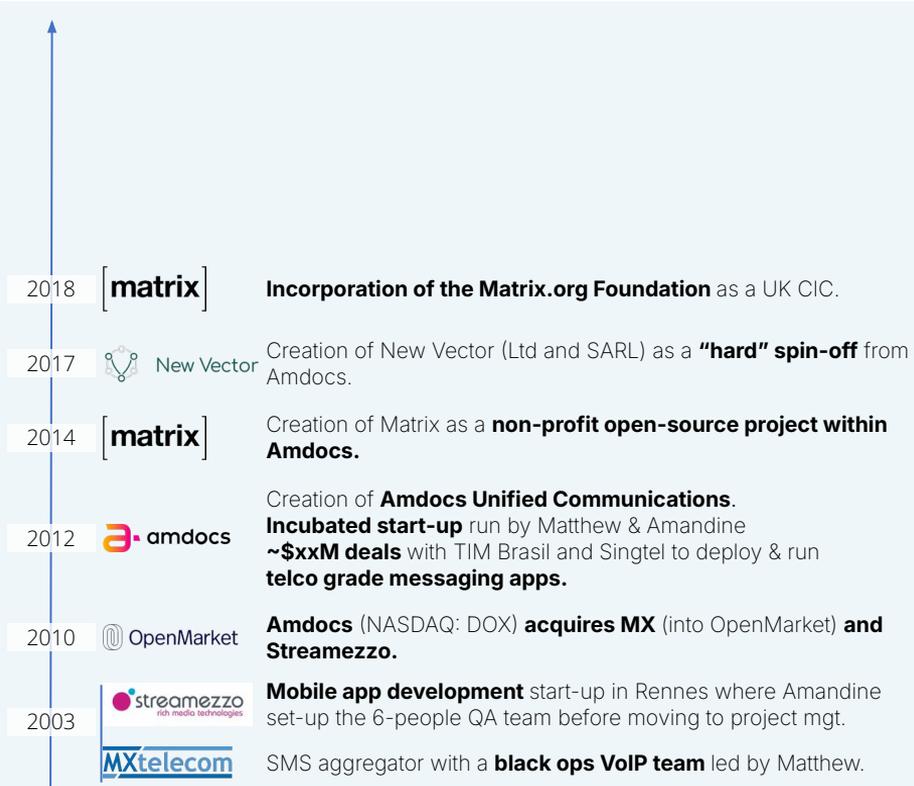
# The Founding Story



- The traction for Matrix exists. The French government knocks at the door to deploy it.
- Matrix can only be successful if independent. This starts by the team being hired by an independent company.

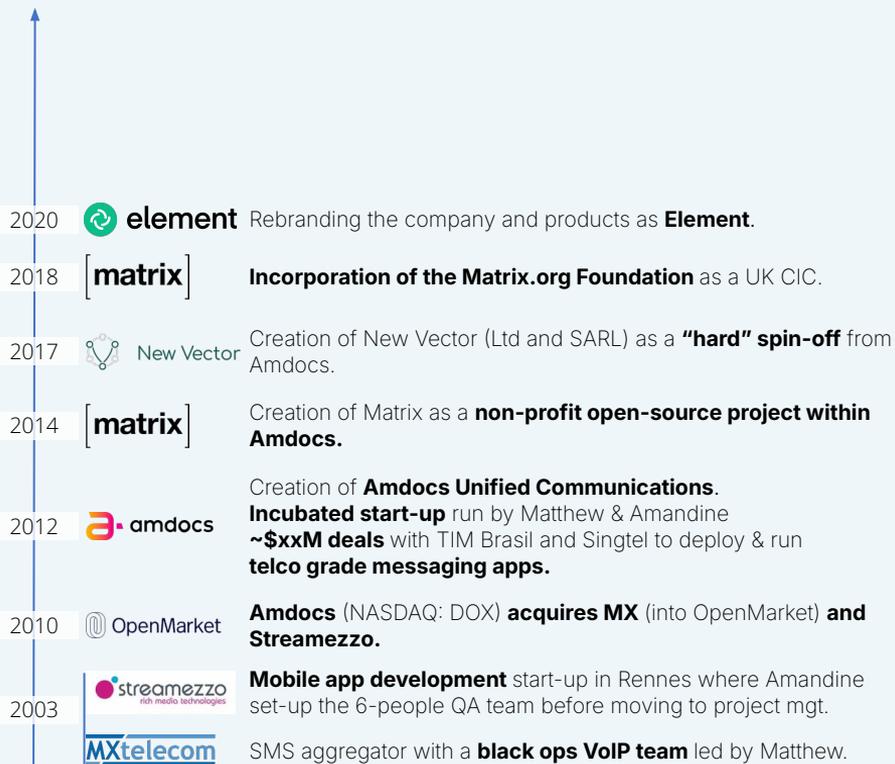
⇒ after 3y, we spin-off into an independent company building Matrix products. With 12 people on the payroll from day 1, we have no choice but find external funding.

# The Founding Story



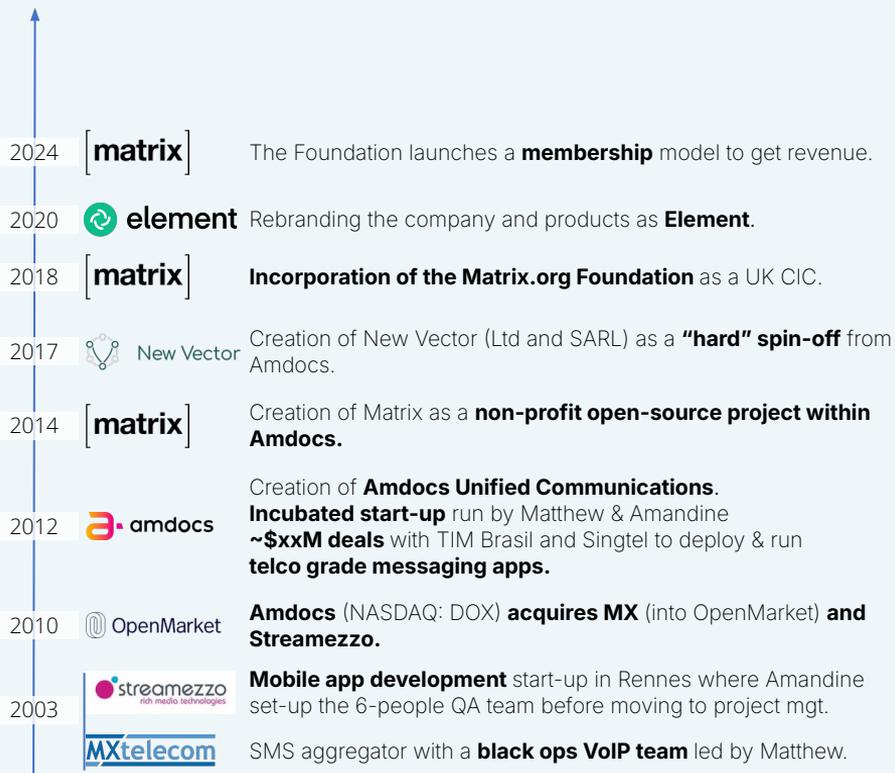
- Matrix needs to be properly independent, even from Element (Vector Creations at the time)
- ⇒ The Foundation is set-up as a UK CIC Limited company.

# The Founding Story



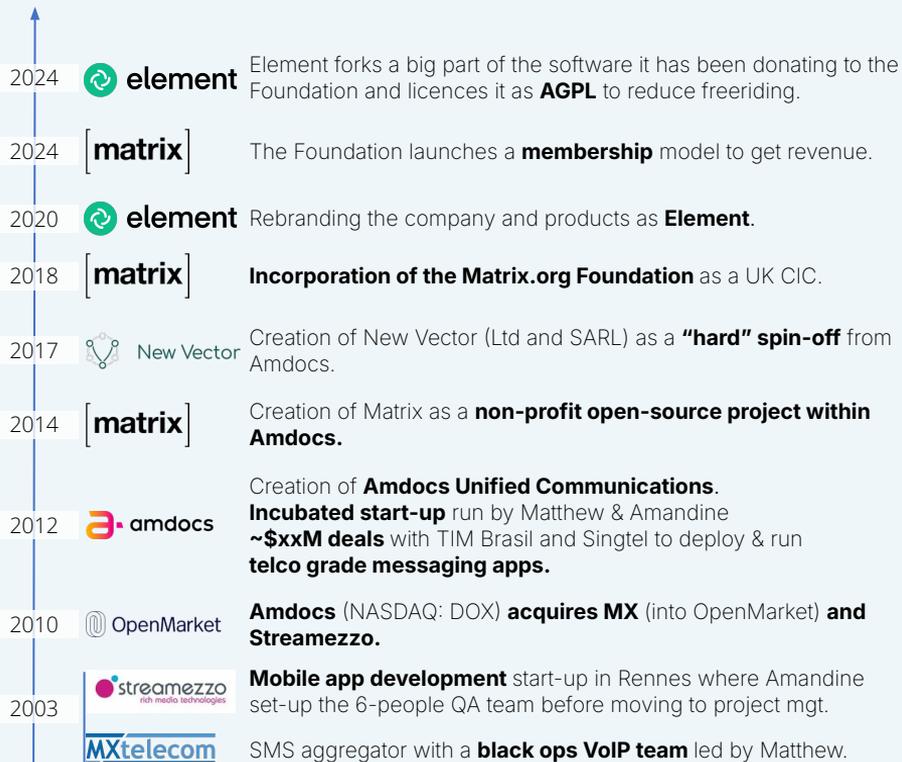
- Reduce the brand soup by rebranding the company and the products around the Element brand.

# The Founding Story



- The traction for Matrix continues to accelerate.
- The Foundation works hard to gain independence from Element, hiring an Executive director, electing its first Governing Board and launching a membership model.

# The Founding Story



- Meanwhile, revenues for Element are not growing fast enough due to freeloading
- ⇒ The company is forced to reduce its donations to the Foundation and fork them into AGPL versions.

# Looking Back

**We have navigated the last decade with a set of key objectives:**

1. Establish Matrix as the open communication layer for the web.
2. Establish Element as a profitable (in the literal sense of “not losing money”) and well-functioning company.
3. Make Matrix a trillion dollar market with many vendors.
4. Turn Element into the leader of the Matrix market, but by a minority (10-20%?) share.

**We are on track for *some* of it.**

# Successes

## **There are a few things we've done right:**

1. The traction of Matrix is undeniable, especially as a communication standard for government.
2. The Foundation is an independent body.
3. Element is the leader of the Matrix market.
4. Element has reviewed its focus to target a specific market.

# Failures

## **But there are many we have struggled with (and still are)...**

1. The Foundation is not financially independent and can't stand upright without Element's financial support.
2. There is no concrete WhatsApp or Signal competitor based on Matrix that is getting traction in the consumer market.
3. Element hasn't reached break-even yet.
4. We still haven't found the right business model to fight freeloading.
5. We've been forced to implement value capture models we were hoping to avoid, to stay in business.
6. Element's market focus came late in the game.

# So what have we learned?

# Learning #1: Circumstances

## **An open source organisation's business model depends on its circumstances.**

- Each open source project and target market has its specific constraints (organisational, regulatory, team experience) which will drive the business model choice.
- For example:
  - Needing to make payroll for a full team on day one
  - Start from a project created by an existing corporate team vs a multistakeholder community
  - A team with professional services DNA vs a product team
  - A project serving consumers vs professionals

## Leaning #2: Focus

**When building an open source company, focus is as important, if not more, than in a conventional one.**

- Start by nailing a specific market before expanding into a new one.
- It's even more important in open source as the software is picked up by a very diverse community of users, which all have very valid, but very different use cases: it's easy to be pulled in many directions.
- But even selling a chat app is not specific enough: is it messenger app or collaboration app? Are we selling to governments, enterprises or SMB? Do people need SDKs too? Does it need to integrate with a standard specific to a given market (e.g. FHIR)? etc.

## Learning #3: Unforgiving status quo

**The status quo in the market is unforgiving: there is little correlation between what open source ecosystems need and what organisations are ready to do to support them.**

- Many organisations still don't understand that they're shooting themselves in the foot and helping out proprietary alternatives by not paying for the open source software they use.
- Procurement teams need to be taught and procurement frameworks need to be updated to support open source organisations better.

# Summary

We have built something big, and the impact is there, but sustainability is still in progress.

**We've learned a lot and are still learning, with a few highlights as:**

1. An open source organisation's business model depends on its circumstances.
2. When building an open source company, focus is as important, if not more, than in a conventional one.
3. The status quo in the market is unforgiving: there is little correlation between what open source ecosystems need and what organisations are ready to do to support them.

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