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Banking On Open-Source ASPs

Outsourcers help speed time to market for open-source software development.

By [MARK HALL](#)

(March 19, 2001) A year ago, Gerhard Pohl fretted a great deal about taking The World Bank Group to an open-source computing model. Back then, he spent a lot of time trying to convince his superiors that not only was open source the right choice, but that it would also make good business sense to use an application service provider (ASP) to manage and support these applications for the Washington-based organization.



Gerhard Pohl at The World Bank Group

"It was a very new idea then. It took a lot of talking," says Pohl, the World Bank's head of business development for the Development Gateway, an investment services resource portal for developing nations.

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open-source technology, most of the World Bank's debate was based on the business benefits. Pohl and others say the bottom-line rationale for using open-source applications is compelling for almost every organization.

The true value, they say, isn't just in the dollar savings, which are real, but also in the resilience it gives to IT projects in an otherwise volatile software market, because users control the source code if a vendor goes out of business or changes product strategies.

The World Bank's software management strategy crystalized last year in favor of open-source provider ArsDigita Corp., a \$26 million software house in Cambridge, Mass. The global lending organization had been burned recently when America Online Inc. in Dulles, Va., purchased one of the bank's Internet software suppliers and changed the direction of the product it had been using. That experience helped turn the debate in favor of open source.

"Small and large Web vendors are at high risk of going out of business or getting bought these days," Pohl says. "But if we own the code, it's less of a threat."

Strength in Numbers

Carl Howe, an analyst at Forrester Research Inc. in Cambridge, Mass., says that to protect themselves with proprietary software vendors, users often are forced to "go through a weird negotiation process to put software code in escrow just in case [the vendor] goes out of business."

But, Howe says, the top reason most companies adopt open source is that it speeds time to market. A popular open-source product can have hundreds, even thousands, of developers worldwide adding features from which a large swath of users can benefit.

For example, Santa Cruz, Calif.-based Lutris Technologies Inc.'s Web application server, Enhydra, is the first open-source product to crack Forrester's Top 10 list of business software for the Web. The company's community at www.enhydra.org has more than 3,000 members.

Pohl emphasizes that time to market was another business advantage for using open-source technology, especially having ArsDigita host the product on its servers—not to mention the lure of lower start-up costs.

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By making use of the ArsDigita Community System, an e-business application in which the source code is free, the World Bank is expecting to save as much as \$300,000 in one-time costs over an equivalent proprietary package for the content-management portion of the Development Gateway, Pohl says.

"Controlling costs is important," agrees Ed Smith, director of business development at Sonics Inc. But it's controlling the code that remains the critical business reason behind adding open-source products to your IT tool chest, he says.

Sonic Boom

Sonics, a 5-year-old Mountain View, Calif.-based company that supplies online testing tools to semiconductor manufacturers, uses a thin-client user management product from WorkSpot Inc. in Palo Alto, Calif. The product lets users run client/server Unix applications on remote servers, but they can use them on their local PCs through a standard browser.

According to Charles Choi, Sonics' Web architect, "We need to see the source code in order to make changes," because some of the company's users need to have their access customized.

Smith says that although his company has established expertise with open-source technology and tools, he lets WorkSpot host the application because it helps keep administrative head count low.

At the Massachusetts Board of Library Commissioners (MBLC) in Boston, it was a lack of in-house IT expertise that led to the decision to use Boston-based ASP Harrison & Troxell Inc. (H&T) and its open-source directory service application for the 1,700 members of the state's regional library network, according to Paul Kissman, a library information systems specialist.

Initially, the agency simply wanted to off-load the work to an ASP. The H&T product happened to target library needs, Kissman says. Still, it didn't hurt that his own comfort level with open-source computing was quite high, because he had been using Linux technologies since 1994.

Peter Karlson, H&T's chief technology officer, says that, ultimately, open source gives users peace of mind.

"They have walk-away power, which is no small matter when so many companies are going out of business," he says.

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