

How To Monetize OpenSource Software



Video Transcript:

Paul: Hi, it's Paul Clifford from [Disruptware](#) and today I'm going to answer a question that I had from a customer. And that question was: **Can I sell an OpenSource product?** Yes, you can.

So I had this question from a customer. Is it possible, **ethical and feasible to take a piece of OpenSource software and sell that as your own?** How can I monetize that? And, of course, you can do it, but you can't do it directly against the software license because it is OpenSource. So let's look at three ways you can monetize OpenSource.

First of all, **you can sell a support service.** Now this is what famously Red Hat did with Linux when that first came out. [Red Hat](#) identified the fact that we got a great operating system, which is OpenSource, and the enterprise, the corporates

really wanted it because it was cheap, they had thousands of servers, and that the operating system itself is really, really good.

But **who could a corporate call for really solid support?** So Red Hat built their company around that. They industrialized their version of Linux. It became Red Hat Linux and **they sold effectively a support service to it** and provided the actual code so all that modifications and everything back into the OpenSource community and enabled people to download as a community edition. So Red Hat did that and became a massively successful company as a result.

The **second thing you can do is you can host it**. So by hosting it you are actually selling access to it and you are not actually selling the license itself. **So you are providing the support and the hosting**. You still probably have to industrialize it to ensure that you can support it and you can enhance it and tweak it and make it really good for the users as well.

The proviso with this model usually is that **you need to provide a download link so that people can download it themselves** and install it on their own machine. And by doing that, by providing the download link then you are honoring the OpenSource agreement.

A company that's doing that today is someone called Feng Office, fengoffice.com. And if you go to their site you'll see that it's **a really good project management software that you can sign-up to and it's sold on a SaaS subscription basis**. But you will also see they have a community edition, which is essentially the same thing that you can download to your own machine and run it yourself.

The third thing you can do and this is always worth looking at is **you can license it yourself**. Now often some really good software is out there, license is OpenSource, and the author, the developers are extremely talented. And you can go directly to them and say, 'Hey, would you sell me a commercial license for this?' And often they'll say 'yes'.

Another example of that is a product called [Pencil](#). Pencil is a really good graphing and drawing tool, which is multiplatform. You can run it on Mac, you can run on PC, it runs under Firefox, and it's really quite an advanced tool. And it competes with things like Visio. It competes with a lot of wireframing tools. So if you fancy yourself as the new Adobe, you can go to those guys and **buy a commercial license from them and rebadge it and call it what you want, tailor it as you want and sell it for whatever you want**.

So there is three ways of monetizing OpenSource software, either by charging for support, charging for hosting or buying a commercial license from the original author.

So I hope you found that useful. This is Paul Clifford from Distruptware.

Recommended Resources:

1. Red Hat - [click here](#)
2. Fend Office - [click here](#)
3. Pencil - [click here](#)

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