



Open Source and Linux

June 2004

Overview

- The Universal IT Problem
- The State of Open Source
- Rise of Linux
- Open Source Architecture
- Ensuring Success with Open Source

The \$78 billion dollar software crisis



CIO Magazine
October 2001

- **Bad software costs businesses \$78 billion per year.**
- **Traditional software model encourages bad products.**
- **Lack of competition has led to companies choosing a limited number of vendors.**

Why open source?

- **Standards.** Technology built on true open standards.
- **Value.** Customers pay for what they need. Lower TCO.
- **Innovation.** Unmatched speed of the development model.
- **Quality.** Open source model builds better software.
- **Flexibility.** Full customization capability.
- **Choice.** No vendor lock-in.

In a *CIO Magazine* survey of 375 IT executives, 54% said within five years their dominant platform would be open source.

Nov 2002

The state of open source today

- The open source model has proven itself
 - Delivering fully competitive operating system and application environments
- Customers are adopting open source solutions because they provide unbeatable price/performance, security, and vendor independence
- Open source is now in the mainstream
 - Suppliers – OEMs, ISVs, channels, technology integrators
 - Customers – corporate, academia, commerce, government, end users

“History may yet judge the real catalysts of the new economy to be not the Internet, as widely assumed, but rather the gathering force of Linux and open source software.”

Seattle Times, May 2003

Why Global 2000 are migrating to Linux

- **Better performance** = Fewer servers
- **Lower cost of hardware** = Lower capital, depreciation expense
- **Lower admin costs** – Through consolidation of Unix variants
- **Security and management** - Equivalent to Unix
- **Availability of talent** – Through Linux in universities

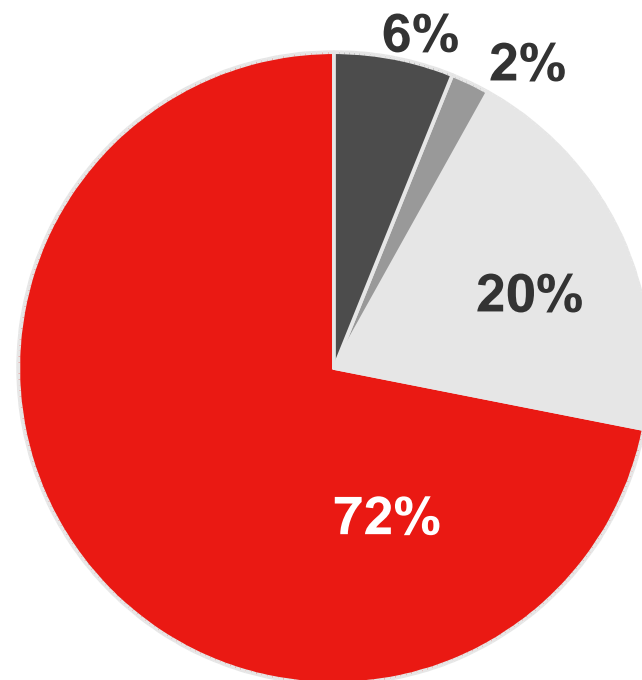
Companies deploying Linux on Intel servers saw 504% ROI over three years.

IDC, May 2003

Rise of Linux

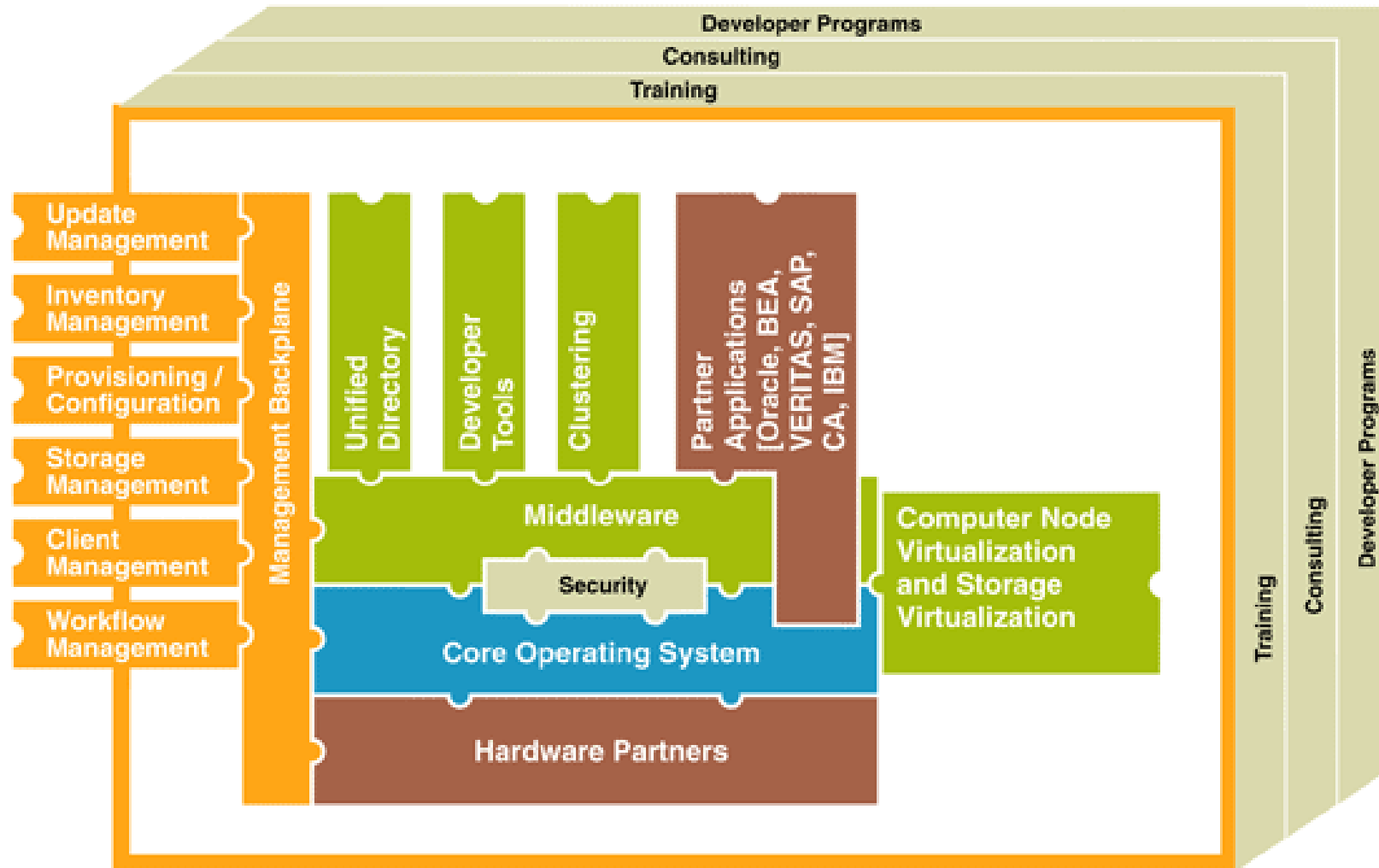
“Are you planning to increase your Linux usage in the next two years?”
[Base: 50 \$1 billion-plus companies]

- Yes
- No, usage stays flat
- No, usage decreases
- Don't know



Forrester Research, March 2003

Open Source Architecture



Making Linux predictable

- The Red Hat Enterprise Linux product family is established as the premier platform for commercial applications
 - Over 900 Applications Certified
 - Over 300,000 Enterprise Deployments
- Red Hat's value is in the construction of complete, viable solutions from software developed through the open source community
 - Red Hat provides extensive additional development with the community and partners; integration; hardening; QA testing; OEM/ISV certification; benchmarking; delivery
 - Risk mitigation through long-term maintenance and support

Success with Open Source and Linux

- It's **more** than the GPL
- It's **more** than the Linux kernel
- It's **more** than a Linux distribution

- It's a **partnership** between hardware and software vendors who reference and support one another
- It's **an architecture** that preserves the inherent scalability of the open source model by minimizing proprietary lock-in
- It's **an ability** to work with the open source thought-leaders to develop, deploy, and manage truly scalable solutions, thereby rewriting the economics of enterprise software applications

