



**Panel discussion: Free Software and  
business models**

# **FOSS Business Models for Sustainable Development**

**Presentation at:  
Free Knowledge, Free Technology  
Education for a free information  
society  
First International Conference  
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**Balthas Seibold**

**in<sub>vent</sub>**

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# Example I: OPENWORLD LTD, Kenya

Local IT consultancy and professional development training firm (<http://openworld.co.ke/>)

Main business models :Loyalty business model, Subscription business model, Direct sales model

## Sample of Services

Training: Professional Development and Essentials Courses

Support / Professional open-source services: Subscription support and hourly technical aid

Consulting / Custom Solutions: Cut across software development, integration and customization

Designed products: OpenCabinet, e-SME, CallCenter

Source: “Idlelo 3 - Conference Track 3: Business Models and Community Development” organized by InWEnt/FOSSFA III, Online at:[http://www.it-inwent.org/e735/e3326/e3370/index\\_eng.html](http://www.it-inwent.org/e735/e3326/e3370/index_eng.html)



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## II. InWEnt – Capacity Building International, Germany

### Who we are

A not-for-profit Corporation of the Federal Government of Germany, the German States and German Business and Industry

### Our mandate:

International human resource development and organizational development in international cooperation. InWEnt works with partners in developing, transition and industrialised countries.

# Capacity Building in the area of FOSS business models for sustainable development - our main initiatives

■ **FOSS-Bridge EU-Vietnam:** High Level Training course on FOSS business models and innovation strategies for trainers of SMEs

■ **ict@innovation Africa:** - Development of CB-Programme on “African FOSS Business Models and Skills for ICT-based SMEs”

■ **it@foss Asia:** Regional conference foss@work, Community Event Asia Source III, LPI-Training as a business

--> business models for local communities



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# Sustainability in Development Cooperation ... and FOSS

→ Participation, Independence

■ Development of adapted and independent software infrastructure

→ Empowerment

■ Establishment of proper IT-expertise and control over systems

→ transfer of knowledge, local adaptation

■ Adaptation, localisation (language and added value through local business models), learning by coding

→ enabling legal and regulatory framework (includ. property rights)

■ mitigation of legal problems through FOSS licences

→ non-discrimination, equality of opportunity

■ Openness, accessibility of FOSS



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# Emerging top four FOSS business models in Africa

Training

Support

Software Integration/Customization Services

Software Development (medium-term)

Based on a collaborative workshop of [ict@innovation](mailto:ict@innovation) - Capacity Building in Innovative Information and Communication Technologies, Source: InWent Workshop “[ict@innovation](mailto:ict@innovation) Planning Workshop: African FOSS Business Models. Planning a business-related FOSS training programme

Source: [http://www.wikieducator.org/Ict%40innovation\\_-\\_training\\_on\\_African\\_FOSS\\_business\\_models](http://www.wikieducator.org/Ict%40innovation_-_training_on_African_FOSS_business_models)” at Idlelo III,



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**Capacity Building in Innovative Information and Communication Technologies through Free and Open Source Software in Southern and East Africa**

**Objective:** Fostering small and medium-sized enterprises (SME) in the field of Free and Open Source Software through regional networking and strengthening of consulting capacities of ICT associations and training institutions.

**Partners:** the Free Software and Open Source Foundation for Africa (FOSSFA: [executive@fossfa.net](mailto:executive@fossfa.net), [www.fossfa.net](http://www.fossfa.net)), OSISA, InWEnt

**Region:** Southern and East Africa, **Duration:** 2008 – 2010

**Main Instruments:** Advanced Training and Networking, on- and offline

**Partners:** African regional + national IT associations, ICT training institutions, universities, & other change agents



# ict@innovation

**Pillar A:** African FOSS Business Models and skills for ICT-based SME to deliver innovative and appropriate FOSS products, services and training

**Pillar B:** Spreading FOSS Certification - Quality management for FOSS services through certification

**Pillar C:** Innovative local FOSS applications for social and economic development

**Pillar D:** Crosscutting: Regional networking and international exchange



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## Pillar A: African FOSS Business Models and Skills for ict-based SME to deliver innovative and appropriate FOSS products, services and training

**Aim:** ICT associations, their members, ICT-training institutions, universities as well as other change agents of the ICT field know about regional best practices and examples of adapted business models and marketing-related skills in the field of FOSS. This enables them to spread practical key knowledge and skills to ICT-SME on how to create innovative local businesses with FOSS.

### Roadmap:

**Phase 1 (2008):** Research + analysis of African FOSS business models; collaborative development of hands-on training materials, course design

**Phase 2 (2009):** Train-the-Trainer via regional trainings for multipliers

**Phase 3 (2010):** Roll-Out via national trainings for SME  
Networking activities are an ongoing throughout all phases.



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# Important dimensions of sustainable FOSS business models in developing countries

*Topics of InWEnt training courses in Asia and Africa*

FOSS entering the global and local business world and ecosystems (evolution of communities, ecosystem, software market)

Open standards (lock-in strategies and aversion etc)

Global and local FOSS usage models

Emerging FOSS business models for developing countries (linkage between licence and models, windows of opportunity, incorporating FOSS in existing business models, added value etc)

FOSS based open innovation (non-linear processes, commoditization, modularity, open innovation, public incentives etc)

From FOSS tactics to enterprise strategy (revenue sources, business risks etc)

Local market analysis (needs, clients purchasing power)



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# Strategies for FOSS Market Segments in Developing Countries

	Large Enterprise Segment	Small-Medium Enterprise Segment	Government Segment
Replacement Market	Service and Support Scalability (Not cost)	Low cost advantage Features: security, stability, scalability	Emphasize FOSS culture Value of Open standards
Unserved Market	Few in this market. Quality and scalability.	Emphasize cost advantage	Emphasize cost less dependence Value of FOSS culture

Source: Rahul De (2008): FOSS Business Models for Developing Countries in Asia (CC Attribution 2.5)



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# My hunch on the future of FOSS Business Models in Dev. Countries

- Local
- Not outsourcing
- SME-based
- Addressing local need through local innovation



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# My hunch on the top three challenges

- Local knowledge base
- Procurement policies of public bodies
- Sustainability and scale of local FOSS communities



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# Sources and Contact

**More information**, references and training material on “FOSS Business Models and Development – Overview of InWEnt's programmes and trainings” online at [www.it-inwent.org](http://www.it-inwent.org) (as of August 2008)

## Contact

**Balthas Seibold**, Senior Project Manager - ICT for development

E-mail: [balthas.seibold@inwent.org](mailto:balthas.seibold@inwent.org)

Division 4.04 Business Development and Infrastructure

**InWEnt - Internationale Weiterbildung und Entwicklung gGmbH**

**Capacity Building International, Germany**

Friedrich-Ebert-Allee 40

53113 Bonn, Germany

**[www.inwent.org](http://www.inwent.org) and [www.it-inwent.org](http://www.it-inwent.org)**



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