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PLM: Open Source vs. Free?

by Oleg on September 27, 2010 · 1,611 comments

I posted PLM and Open Source Licenses few days ago. The main trigger of this post was Google's announcement about acceptance of all OSI licenses. However, as it sometimes happens blog post is just a trigger for another interesting discussion. Marc Lind of Aras and Yoann Maingon of Prodeos had very interesting debates about a potential role of Open Source in PLM and the role of OSS in Software industry. You can catch up on this discussion navigating your browser on the following link. There are few very interesting statements made by Marc and Yoann. You need to read it in full. However, below, my two favorite passages from this discussion:

MarcL: It has always been difficult to build a business in software and probably always will be. However, what open source does is make trying easier and less required up-front investment for the developer. Now, developers and entrepreneurs can build software products, Web sites, etc at any level of the stack without paying for the infrastructure. They can sell those applications without the customer having to buy a bunch of other products as well. OSS opens the door to leveraging much more than just code/free software, ideas are much more easily exchanged, inspiration comes faster, combining products to make full solutions is easier than ever before and more cost effective.

YoannM: I think the Sun and Dassault examples of delivering free software against commercial solution is a very important fact. Out of the software industry, that would be illegal. It's a basic rule of capitalism used to regulate the market. If a competitor can prove that you sell a product with loss on purpose he can sue you. And i suppose it is more the case in the US than in Europe (Even if Europe made enormous progress on market regulation). The Aras case is not the same as you can prove that a Real profitable Business Model exist on this particular software.I think there should be real investigator making sure that no Open Source project is done by one company without a profitable Business Plan.

This conversation made me think more about PLM and Open Source. I'd like to come with the following conclusion. It is not only about OSS (Open Source Software). There is a third party in the room – Free. So, I decided to put some thoughts towards structuring of this conversation.

Open Source Software (OSS)

For all newcomers in the Open Source story, my recommendation is to have a look on the history of Linux software. The best starting point is Linux Wikipedia article. The history of Linux creation will give you some idea about fundamental thoughts behind Open Source, community-based development and interest of developers to have a strong and open operation system that can be used for multiple applications. One of the important points is how OSS code evolves between different versions of Linux and predecessors. UNIX as a strong predecessor of Linux played a significant role in forming of Linux community and development practices. My interim conclusion here is very simple – a potentially wide non-competing community and strong foundation are two important factors that can help to forum a successful OSS project.

Free Model

The idea of Free is not new. Business invented a free model many years ago and used it successfully in various types of businesses. If you want to be up-to-speed with ideas of free, I'd recommend you to read a book FREE: The Future of Radical Price by Chris Anderson. I'm considering this book as a modern bible of Free model. The fundamental idea of free is to re-shape business model and create an option to provide part of your product or services for free. Without making it too complex, you can decide how to make you business more attractive by providing FREE products. Free is good and we love it! Nevertheless, I can see advantages and disadvantages of a free model in B2B. What it helps is to decrease a cost of customer acquisition. You can get customers for free. However, the correct – you'll get users for free. Then, you need to convert your free users into customers who will pay you money. This is so called "convergence rate".
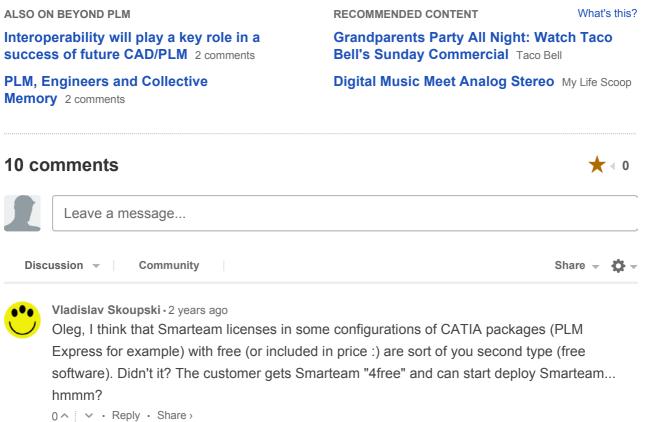
What it means for PLM?

I can see few aspects of PLM that make it attractive in the context of OSS and Free models. PLM faced significant challenges when started to proliferate in implementation of the systems downstream from big OEMs like Boeing and Toyota to smaller companies. It caused by what I call "One Size Doesn't Fit All" problems. Massive need for customization and long deployment activities created a perception of long ROI for PLM and complex implementation practices. In parallel to that, PLM deployments faced difficulties in spreading out to more people in an organization. I can see two main reasons – too complex UI and high cost of licenses. All these factors created a good basement for innovating in order to improve a situation. Aras' business model innovation that removes up-front fees, as it was mentioned by Marc Lind, is one of the important drivers helps Aras Innovator to acquire new customers and get all people using PLM system in an organization. In addition, community effort allows to customers, partners and other interested parties to be involved into development solutions to answer on "one size doesn't fit all" problems.

What is my conclusion? Both "free" and "open source" can create an interesting innovation trend and change today's status quo. However, I don't think it is a silver bullet. Businesses have a lot of concerns about "free model", since everybody understands that, in the end, TCO is important. On the other side, free can make PLM systems widely adopted and not limit to organizations that can pay for PLM licenses. Open Source is a separate story. To have a broad community is one of the main questions to be answered to understand the potential viability of PLM Open Source. Just my thoughts… I'm looking to your comments, opinions and discussion.

Best, Oleg

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Vladislav Skoupski • 2 years ago

Oleg, I think that Smarteam licenses in some configurations of CATIA packages (PLM Express for example) with free (or included in price :) are sort of you second type (free software). Didn't it? The customer gets Smarteam "4free" and can start deploy Smarteam... hmmm?

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beyondplm Mod ➜ Vladislav Skoupski • 2 years ago

Vladislav, You are right and wrong at the same time. SmarTeam licenses were embedded into CATIA licenses. Pure marketing and packaging. Customer is paying anyway... Oleg

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cheng zhang • 2 years ago

Great post! I totally agree with oleg: free/open source is not silver bullet. I think Aras should put more energy on their Aras community and encourge more company or 3rd party to contribute to Aras innovator platform, may be can follow App store to sell the application to some customers. I think SMB need some additional application, but unlike big company, they don't have too much resource for customization.

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beyondplm Mod ➜ cheng zhang • 2 years ago

Cheng, 100% agree. If 3rd parties need to gain values from sharing/selling solutions on top of Aras free platform it will be a turning point. However, it is hard for a company to develop solutions on a platform controlled by another company, even if it is free.. It means they can (potentially) shutdown you. Just my thoughts... Best, Oleg

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Yoann Maingon ➜ cheng zhang • 2 years ago

I agree with cheng. As SMBs don't have much ressources, they are reluctant to use Open Source software as they imagine it needs some tech work to make it work.

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