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NEWS ANALYSIS
 By Jim Kerstetter

Will IBM's Gift Keep on Giving?

By donating Cloudscape to the open source movement, Big Blue aims to seed new markets and, like Sun and CA, outflank Microsoft

David Taber is a new kind of software guru. Taber, a veteran of big companies such as Sun Microsystems ([SUNW](#)) and Sybase ([SY](#)), is a go-to man when a traditional software company is trying to give away code to the worldwide collective of software developers known as the open source community. Giving away software should be easy, right? Turns out, it can be as tricky as creating it in the first place. "Open source requires a cultural change, mostly in executive management," says Taber, who runs a small consulting company in Palo Alto (Calif.). "There are a lot of issues people don't even think about. With open source, you have to give away your intellectual property, give away your baby."

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Nonetheless, an increasing array of large and small software outfits are happily providing computer code to the open source buffet, and they are doing so for quite ruthless and competitive reasons.

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ENLIGHTENED SELF-INTEREST. On Aug. 3, IBM ([IBM](#)) announced it has submitted a lightweight database called Cloudscape to the Apache Software Foundation, an open source group that manages the Apache Web server -- the most widely used in the world. IBM's move follows on the heels of major open source donations by BEA Systems ([BEAS](#)), Computer Associates ([CA](#)), and Sun, to name just a few.

So what's in it for them? Namely, keeping the money flowing in the face of ever-present competition from Microsoft ([MSFT](#)) and growing competition from companies like RedHat ([RHAT](#)), which was built from the ground up to sell the open source Linux operating system (see BW Online, 8/4/04, "[Red Hat in Big Blue's Space](#)").

Call it enlightened self-interest. IBM says its Cloudscape donation is worth about \$85 million, but the company believes the move in the long run will more than pay for itself by generating sales of other IBM software products, hardware, and services.

REDMOND'S SHADOW. Just how to pursue that enlightened self-interest depends on the company, of course. Some, like BEA, are trying to seed interest among software developers. BEA's open source project, appropriately called Beehive, will lure software developers to build their products on top of software that BEA sells.

Computer Associates, on the other hand, is trying to jumpstart an older asset, a database it acquired in 1995 and which has just 0.4% of the market, according to IDC. The Ingres database, at one time one of the most popular corporate databases, still has about 15,000 customers. "If you have tons of users, and have a product that they like, then you say, 'I can lose a little money here, do a little jujitsu on the industry,'" says Taber. On Aug. 4, Computer Associates is expected to announce a \$1 million contest for the developer of the best tool to convert software and data stored on more popular databases to the Ingres database.

It's too early to know who the winners will be. Ultimately, they're all trying to fend off Microsoft's never-ending offensive on the rest of the industry. For two decades, Redmond has been adept at luring software developers to work with its tools and program on top of the Windows operating system. With every program those developers create, Microsoft's software becomes more important. And it argues that its product is still cheaper to maintain than what competitors offer.

SUN'S BRIGHT IDEA. Projects like Beehive and IBM's Cloudscape, could keep developers working with the Java programming platform, which those companies use, rather than Microsoft's competitor, .Net. And of course, companies are hoping to gain access to markets that would otherwise be inaccessible. For example, Taber is working with a small Silicon Valley software company called Niku to iron out the kinks involved in donating old PC-based project management software to the open source community. If Niku can get developers to work with the software it's handing over to open source, it just may be able to get them interested in its expensive server-based software.

Of course, IBM and Sun have been working with the open source

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community for years. In the early 1990s, Sun gave away an important program for making computer servers work together. Called the Network File System, it became a de facto standard for computer networking and helped to create the market that turned Sun into one of techdom's stars in the second half of the decade. IBM is already working on more than 150 open source projects, and has continually donated code to the increasingly popular Linux program.

Over the next few years, expect this flow of code to increase. Now, more than ever, such moves are a strategic weapon against Microsoft in the endless fight for the hearts and minds of the programming world.

[Kerstetter](#) is a writer for *BusinessWeek* in the Silicon Valley bureau
Edited by Beth Belton

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