



The VAR Guy's Open Source 50 Disrupting and Redefining the IT Channel

www.theVARguy.com

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About The VAR Guy and Nine Lives Media Inc.

The VAR Guy (www.TheVARguy.com), owned by Nine Lives Media Inc. (www.ninelivesmediainc.com), covers what's next in the IT channel. Timely. Offbeat. Everywhere. The VAR Guy is the top-ranked IT channel blog in the world (source: Technorati.com).

Nine Lives Media Inc. embraces the changing IT media landscape. In fact, we help to shape it. We focus on extreme IT niches, specialized content and lead generation services. Our initial editorial platforms are The VAR Guy (www.TheVARguy.com), MSPmentor (www.mspmentor.net) and WorksWithU (www.WorksWithU.com).

Executive Summary: The VAR Guy's Open Source 50

The VAR Guy's Open Source 50 is an annual survey and research report conducted by Nine Lives Media Inc. and www.TheVARguy.com -- the IT channel's top-ranked blog.

We have a confession. When we embarked on this research project we hoped to rank the top 50 companies, one through fifty. But in some instances the data we reviewed was pretty weak. Many companies are just getting started with their open source partner programs. **We ultimately decided to split the list into two sections – the top-ranked companies (1 to 25), and the best of the rest (unsorted).**

The Top 25 rankings are based on such variables as:

- Overall partner ecosystem size
- Annual partner network growth (in raw numbers)
- Annual partner network percentage growth
- Percent of revenue derived from partners
- Internal employees per channel partner
- The VAR Guy's intense, daily coverage of open source in the IT channel
- Our team's experience – for better or for worse – covering the IT channel for more than a decade

In order to be considered for the top 25 portion of our list, companies had to complete a comprehensive online survey, which The VAR Guy and Nine Lives Media Inc. conducted from October 2008 until December 18, 2008. In addition, The VAR Guy's team reached out to dozens of open source companies and their solutions providers to assemble this report.



Our Survey Methods

- **Call for Submissions:** The survey was promoted on TheVARguy.com and a range of Web 2.0 Internet sites, social networks, blogs and media aggregators. Nine Lives Media Inc. is not, however, disclosing the exact third-party URLs used in the promotion process. We consider our survey process and promotional efforts a proprietary competitive advantage.
- **Survey Timing:** The survey was launched in October 2008 and all submissions were completed by December 18, 2008.

Strengths – And Weaknesses -- of our Survey Methodology

- **Survey Strengths:** We believe that The Open Source 50 survey is the first research of its kind to examine the health and growth of open source channel programs. It is the first information resource that clearly identifies:
 1. Staffing levels and employment growth within privately held open source companies
 2. The size and growth of open source companies' partner programs
 3. The percentage of revenue open source companies generate through IT partners vs. direct sales
 4. The key executives – channel chiefs – who are driving partner programs within open source companies

Using the above variables and several other metrics, this report for the first time sheds light on the emerging open source channel.

- **Survey Weaknesses:** Despite our research milestones, we concede that The Open Source 50 research project has potential weaknesses. Our areas of concern include:
 1. **Lack of Financial Metrics:** Alas, most open source companies are privately held. In most cases it's impossible to determine whether the companies are cash flow positive or generating positive net income. In some cases, open source companies may be expanding their partner programs and internal staffing via venture funding, rather than real-world revenue growth.
 2. **Partner Sophistication And Engagement:** Most of The Open Source 50 companies' partner programs are growing rapidly. But there's no guarantee those partners are effective solutions providers. Also, we did not measure partner satisfaction with open source channel programs.
 3. **Confidentiality Agreements:** In order to gather data, Nine Lives Media Inc. in some cases agreed to keep selected vendor information confidential. These confidentiality agreements are noted, where appropriate, in selected charts and graphs.



Key Findings: Although Linux and many open source applications are more than a decade old, the open source IT channel is like a baby learning to walk. Several data points suggest open source partner programs are growing and poised for long-term success. Still, other factors provide important warning signals for solutions providers.

Reasons for Optimism:

- **Talent Growth:** Excluding extensive layoffs at Sun Microsystems (largely unrelated to open source) and slight job cuts at Novell, the top 25 companies on our list added more than 400 new positions in 2008, up 28% from 2007. That growth suggests open source companies are poised to expand their channel commitments to fuel more sales.
- **Partner Growth:** The vast majority of open source partner programs covered in this report expanded their partner ranks in 2008 vs. 2007. For instance, partner programs for the top 25 companies in this report grew a combined 29.8% to 13,802 partners in 2008, up from 10632 partners in 2007. (Note: Sun's data not included because exact figures not available.)
- **No Signs of Saturation:** Most open source partner programs are quite small. Only 14 of the top 25 companies in this report have 100 or more partners. As a result, there's plenty of room for additional partners in many open source channel programs.
- **Consulting Margins:** Companies such as Red Hat are evangelizing the fact that open source solutions providers can generate more than \$10 in middleware consulting fees for every \$1 they generate in software licensing.
- **Channel Commitment:** Seventeen of the top 25 companies covered generate more than half of their revenue through channel partners.

Reasons for Pessimism:

- **Unknown Finances:** Red Hat, Novell and Sun Microsystems (MySQL) are the only publicly held companies on our list, and Red Hat is the only public company in this report that consistently generates positive net quarterly income. Plus, it's difficult for VARs to determine the financial viability of privately held open source companies.
- **Undelivered Potential:** Some companies on the list have immense partner potential but have yet to deliver on that potential. Sun Microsystems, for instance, remains under intense financial pressure amid a struggle to reinvent the company. As a result, Sun's MySQL partner program has yet to gain top consideration from many of Sun's key partners. (Sun acquired MySQL in January 2008). For more on Sun see Complete Company Profiles section (starting on p. 13).
- **Still Getting Started:** Some of the world's most prominent open source companies – prime example: Canonical – have incomplete partner programs that have yet to attract serious partner consideration.

The bottom line: The open source IT channel remains in its infancy but anecdotal evidence suggests open source partner programs are gaining momentum.



The Open Source 50: Companies Sorted A to Z

Summary: Here, you'll find all of the companies covered in our report.

Company	Specialty	Web Site
Acquia	Content management	http://acquia.com
Actuate	Rich Internet applications	http://actuate.com
Alfresco Software	Content management	http://www.alfresco.com
Azingo Inc.	Open mobile Linux software	http://azingo.com
Canonical Ltd.	Linux	http://www.canonical.com
CentralPointe	MSP open source services	http://www.centralpoint.com
Cleversafe Inc.	Dispersed storage	www.cleversafe.com
Compiere Inc.	ERP and CRM	www.compiere.com
Concursive Corp.	CRM	http://www.concursive.com
Continuent Inc.	Continuous data availability	www.continuent.com
Digium Inc.	Astirsk IP PBX	www.digium.com
EnterpriseDB Corp.	Databases	www.enterprisedb.com
eRacks Open Source Systems	Custom Linux and BSD rackmount servers	www.eRacks.com
Fonality	IP PBX	www.fonality.com
Funambol Inc.	Mobile messaging	http://www.funambole.com
Good OS	Operating systems	http://www.thinkgos.com
GroundWork Open Source	Network management	www.groundworkopensource.com
Hyperic Inc.	Systems management	http://www.hyperic.com
Ingres Corp.	Databases	www.ingres.com
IPBrick International	Communications servers	www.ipbrick.com
Jaspersoft Corp.	Business intelligence	www.jaspersoft.com
JumpBox Inc.	Open Source in the cloud	http://www.jumpbox.com
Kaltura Inc.	Video platform	http://www.kaltura.com
Likewise Software	Active Directory integration	www.likewiseoftware.com
Mandriva S.A.	Linux	www.mandriva.com

(Companies M-Z on next page)



The Open Source 50: Sorted M to Z

Summary: Here, you'll find all of the companies covered in our report

Company	Specialty	Web Site
Mindtouch Inc.	Enterprise collaboration	http://www.mindtouch.com
MuleSource Inc.	Open source SOA	www.mulesource.com
Novell Inc.	Linux	www.novell.com
Openbravo L.C.	ERP and point of sale	www.openbravo.com
Opengear	Secure remote access	www.opengear.com
Openmoko Inc.	Mobile	www.openmoko.com
Open-Xchange Inc.	Groupware	http://www.open-xchange.com
Pentaho, Inc.	Business intelligence	www.pentaho.com
PlatHome Co. Ltd.	Micro Linux servers	http://www.plathome.com
Qumranet Inc.	Virtualization	http://www.qumranet.com
Red Hat Inc.	Linux and JBoss middleware	www.redhat.com
rSmart	College and university applications	www.rsmart.com
StarPound Technologies inc.	Business process management and SOA	http://www.starpound.net
SugarCRM Inc.	CRM	www.sugarcrm.com
Sun Microsystems Inc.	MySQL database	www.sun.com
Untangle	Security	http://www.untangle.com
Varien, the Magento company	E-commerce Software	www.MagentoCommerce.com
Voiceroute LLC	Open source unified communications	http://www.voiceroute.org
Vyatta Inc.	Networking	www.vyatta.com
Xandros Corp.	Linux	www.xandros.com
xTuple	ERP	www.xtuple.com
Zarafa	Microsoft Exchange alternative	http://zarafa.com
Zenoss Inc.	Systems and network monitoring	www.zenoss.com
Zimbra, a Yahoo! company	Email and collaboration	www.zimbra.com
Zmanda Inc.	Backup and restore	www.zmanda.com



Best of the Best: Top Companies Ranked 1 to 25

Summary: When we embarked on this research project we hoped to rank the top 50 companies, one through fifty. But in some instances the data we reviewed was pretty weak. Many companies are just getting started with their open source partner programs. We ultimately decided to split the list into two sections – the top-ranked companies (1 to 25), and the best of the rest (unsorted). The Top 25 rankings below are based on the research parameters outlined in the Executive Summary (p. 3). For a look at each company's channel milestones, see Complete Company Profiles, starting on p. 13.

Rank	Company	Web Site	Channel Chief	Title
1	Red Hat Inc.	www.redhat.com	Mark Enzweiler	VP Global Channels Vice President, North America Partner
2	Sun Microsystems	www.sun.com	Tom Wagner	Sales
3	Novell	www.novell.com	John Dragoon	Chief Marketing Officer
4	Digium	www.digium.com	Steve Harvey	Vice President, Worldwide Sales
5	Jaspersoft	www.jaspersoft.com	Jose Morales	VP Business Development
6	Zimbra, a Yahoo! company	www.zimbra.com	Jim Morrisroe	VP Sales
7	IPBrick International	www.ipbrick.com	Raul Oliveira Emma McGrattan	CEO SVP, Engineering
8	Ingres Corporation	www.ingres.com	Chris Sterbenc	VP Sales
9	Untangle	http://www.untangle.com	Andreu Bartoli	Global sales director
10	Openbravo	www.openbravo.com	Jeff Campbell	VP Channels
11	SugarCRM Inc.	www.sugarcrm.com	Martin Musierowicz	Vice President, Alliances Senior Vice President Business Development
12	Alfresco Software	http://www.alfresco.com	Lars Nordwall	Sr. Director, Sales
13	Pentaho, Inc.	www.pentaho.com	Kyle Rosier	VP Product Management & Product Marketing
14	Compiere	www.compiere.com	Russ Kennedy	VP Worldwide Channel Development
15	Cleversafe	www.cleversafe.com	Sandra Hill	
16	Fonality	www.fonality.com	Alan Cooke	VP Sales
16	GroundWork Open Source	www.groundworkopensource.com	Todd Rychecky	VP Sales & Marketing
18	Opengear	www.opengear.com	Andy Astor	Executive Vice President, Business Development
19	EnterpriseDB Corporation	www.enterprisedb.com	Craig Stevens	Vice President, Worldwide Sales and Marketing
20	Continuent	www.continuent.com	Jeff Santelices	VP of Business Development
21	Hyperic	http://www.hyperic.com	Phil Bradley	VP of Sales
22	MuleSource	www.mulesource.com	Wally Tonra	VP Partner Sales
23	xTuple	www.xtuple.com	Dave Roberts	VP of Strategy
24	Vyatta	www.vyatta.com	Steven Mosher	VP marketing
25	Openmoko, Inc.	www.openmoko.com		



Best of the Best: Top 25 Ranked By Percent of Revenue From Partners

Generally speaking, the most successful IT growth companies of the 1990s (Cisco Systems, Microsoft) generated the majority of their revenue through channel partners. Will the same hold true with modern open source partner programs? Here are some clues:

Rank	Company	2008 Revenue From Partners	2007 Revenue From Partners
1	Untangle	100%	100%
1	Cleversafe	100%	NA
3	IP Brick	98%	95%
4	Digium Inc.	80%	80%
4	Openbravo S.L.	80%	50%
4	Compiere Inc.	80%	80%
7	Opengear	75%	42%
8	Sun Microsystems Inc.	68%	68%
9	Red Hat Inc.	60%	50%
9	Novell Inc.	60%	55%
9	Jaspersoft Inc.	60%	50%
9	Alfresco Software Inc.	60%	15%
9	Continuent Inc.	60%	50%
14	Zimbra, a Yahoo! Company	52%	34%
15	xTuple Inc.	50%	40%
15	Openmoko	50%	0%
17	Ingres Corp.	38%	28%
18	SugarCRM	35%	30%
19	Pentaho Inc.	30%	30%
20	Fonality	30%	15%
21	Hyperic	30%	20%
22	MuleSource Inc.	27%	27%
23	Vyatta Inc.	25%	5%
24	EnterpriseDB	20%	10%

Research Notes:

GroundWork Open Source declined to publicly disclose information, but The VAR Guy tracked it down for overall rankings (p. 8).

Cleversafe products not available in 2007

Novell data estimated

Ingres data estimated

Vyatta data estimated

Sun data estimated



Best of the Best: Top 25 Ranked By Number of Partners

Admittedly, “more” partners doesn’t necessarily lead to better, more successful partner programs. But open source companies’ ability to attract partners – particularly during weak economic times – suggests that solutions providers truly are pursuing disruptive alternatives to traditional IT.

Key observations:

- Fonality, which specializes in open source IP PBXes, added the largest number of net new partners (+700) in 2008.
- Of our top 25 companies, Sun is not listed because the company did not disclose an exact partner count.
- Overall, the companies below added a combined 3170 new partners in 2008, up 29.82 percent from 2007.

Rank	Company	2008 Partners	2007 Partners	Change	% Change
1	Novell	5000	5100	-100	-1.96%
2	Fonality	2500	1800	700	38.89%
3	Red Hat Inc.	1315	713	602	84.43%
4	IPBrick International	1250	895	355	39.66%
5	Untangle Zimbra, a Yahoo! company	700	342	358	104.68%
6	Digium	665	475	190	40.00%
7	Jaspersoft	550	173	377	217.92%
8	Ingres Corporation	510	350	160	45.71%
9	SugarCRM Inc.	350	250	100	40.00%
10	Vyatta	150	125	25	20.00%
11	Alfresco Software	140	20	120	600.00%
12	Pentaho, Inc.	125	75	50	66.67%
13	Openbravo	110	50	60	120.00%
14	Compiere	100	60	40	66.67%
15	Opengear	65	40	25	62.50%
16	EnterpriseDB Corporation	60	30	30	100.00%
17	Continuent	50	10	40	400.00%
18	GroundWork Open Source	36	18	18	100.00%
19	xTuple	30	30	0	0.00%
19	MuleSource	30	20	10	50.00%
21	Hyperic	28	25	3	12.00%
22	Cleversafe	20	30	-10	-33.33%
23	Openmoko, Inc.	10	0	10	NA
24	Totals	8	1	7	700.00%
	Totals	13802	10632	3170	29.82%



Best of the Best: Full Time Employees

Summary: More employees doesn't necessarily lead to better channel programs. However, it's interesting to note that the vast majority of open source companies covered in this report increased their headcount in 2008 – at a time when most IT companies were beginning staff cuts. Excluding Sun (which has been cutting staff aggressively), Novell (minor cuts) and Red Hat (data incomplete), the companies below added a combined 411 new positions, a 28 percent increase from 2007. Is that a sign of continued sales and channel momentum, or are open source companies leveraging venture money to increase payrolls? We'll be exploring that very question in our continuing online coverage.

Rank	Company	2008	2007	Employees Added	Percentage Growth
1	Sun Microsystems	NA	33,350	NA	NA
2	Novell Inc.	4100	4400	-300	-7%
3	Red Hat Inc.	2635	NA	NA	NA
4	Ingres	350	300	50	17%
5	SugarCRM	165	120	45	38%
6	Digium	160	128	32	25%
7	Fonality	125	50	75	150%
7	GroundWork Open Source	125	95	30	32%
9	Zimbra, a Yahoo Company	120	100	20	20%
10	Alfresco Software	110	60	50	83%
11	EnterpriseDB	100	160	-60	-38%
12	Openbravo	95	55	40	73%
13	JasperSoft	75	60	15	25%
14	Pentaho	70	50	20	40%
15	OpenMoko	61	59	2	3%
16	MuleSource	60	40	20	50%
17	Hyperic	52	35	17	49%
18	Cleversafe Inc.	42	35	7	20%
19	IPBrick International	40	30	10	33%
19	Untangle	40	28	12	43%
21	Vyatta	35	35	0	0%
22	Continuent	30	20	10	50%
23	xTuple Inc.	20	7	13	186%
24	Opengear	12	9	3	33%



Best of the Rest: 25 Companies to Watch

Summary: The following 25 open source companies are committed to building channel programs. However, they are relegated to our 'Best of the Rest' list either because of management changes, incomplete data or other challenges. For a closer look at each company, see our Complete Company Profiles section, starting on p. 13.

Company	Web Site	Specialty	Channel Chief	Title
Acquia	http://acquia.com/partners	Content mgmt	Jay Batson	CEO and Co-founder
Actuate	http://www.actuate.com/	Rich Internet apps	Peter Cittadini	President and CEO
Azingo	http://azingo.com/partners/	Open Linux mobile software	Krish Kupathil	VP, Strategic Alliances and Business Development
Canonical	http://www.canonical.com/	Linux	Chris Kenyon	Director of business dev
CentralPointe	http://www.centralpointe.com/	Open source for service providers	Michael Proper	CEO
Concursive Corp.	http://www.concursive.com/	CRM	Jeff Herskey	VP, Business Development
eRacks Open Source Systems	http://www.eracks.com	Linux and BSD rackmount servers	M Haskvitz	Sales Development
Funambol	http://funambol.com/	Mobile messaging	Rony Greenberg	Senior VP, Strategy and Business Development
JumpBox	http://www.jumpbox.com/	Open source apps in the cloud	Kimbro Staken	CEO
Kaltura	http://corp.kaltura.com/	Video platform	Linda Drabik	Director of business development
Likewise Software	http://www.likewise.com/	Active Directory integration	Tracy Lothringer	Director of Strategic Alliances
Mandriva	http://www.mandriva.com/	Linux	Gaurav Parakh	V.P. Partnership Network
Mindtouch Inc.	http://www.mindtouch.com/	Collaboration	Aaron Fulkerson	CEO
Open-Xchange Inc.	http://www.open-xchange.com/	Groupware	Stephan Martin	Head of Professional Services
Plat-Home Co. Ltd.	http://www.plathome.com	Micro Linux servers	Martin Killmann	International Sales
Qumranet	http://www.qumranet.com http://www.rsmart.com/	Virtualization	Acquired by Red Hat	Acquired by Red Hat
rSmart		College applications	Tom Chapman	CFO & VP Business Development
StarPound Technologies	http://www.starpound.net/	Business process management	Robert Shoe	VP Business Development
Good OS	http://thinkgos.com/	Operating systems	David Liu	Founder
Varien, the Magento Company	www.magentocommerce.com/	E-commerce software	Chris Marshall	Business Development Manager
Voiceroute LLC	http://www.voiceroute.net	Unified communications	Ming Yong	CEO
Xandros Corp.	http://www.xandros.com	Linux	Dirk Vanderwal	Vice President of Sales
Zarafa	http://zarafa.com/	Microsoft Exchange alternative	Brian Joseph	CEO
Zenoss Inc.	http://www.zenoss.com	Systems and network monitoring	Brian Riley	Director, Global Alliances
Zmanda	http://www.zmanda.com	Backup and restore	Rich Nave	Partner Account Manager



Complete Company Profiles

Summary: Now the real fun begins. Unlike traditional research reports – filled with euphemisms for under-performing companies – this Complete Company Profiles section mixes hard facts with our honest perspectives. Based on our research plus nearly 1,000 blog entries covering the IT channel, here are our views on each of the 50 open source companies covered in this report.

A-A-A

Acquia, www.acquia.com

Andover, Mass.

Acquia specializes in content management systems -- or more specifically the Drupal system that competes with WordPress. Definitely gaining momentum in the Web 2.0 world, the company launched its partner program in October, 2008 – so it's far too early to grade their channel efforts. But a recent win with Red Hat – wherein Acquia's software will be offered on the Red Hat Exchange – suggests the company is the real deal.

- **Open Source 50 Rank:** Best of the Rest
- **Specialty:** Content Management
- **Get to know:** Jay Batson, CEO

Actuate, www.actuate.com

San Mateo, Calif.

Actuate is another company that caught our attention – even though they're not necessarily a channel power yet. Actuate's partners accelerate development and deliver of targeted business intelligence, performance management and reporting applications. At least, that's the spin from the company's Web site. But we got some background on the company from two trusted sources. Their take: Watch for a growing relationship with IBM, plus a growing partner program that will accelerate in 2009, to propel Actuate forward.

- The Open Source 50 Rank: Best of the Rest
- Specialty: Tools that accelerate business intelligence
- Get to know: Peter Cittadini, president and CEO



Alfresco Software, www.alfresco.com

Maidenhead, UK

Full disclosure: We speak regularly with Matt Asay, a key member of the Alfresco Software team. And we read his CNet blog (The Open Road) daily. But even without our pro-Asay bias, there are clear indications Alfresco is the real deal in corporate content management. In 2007, only 15 percent of Alfresco sales went through the channel. In 2008, that figure shot up to 60 percent. Very impressive. Alfresco has successfully positioned itself as an open source alternative to Microsoft SharePoint. Disrupting one of Microsoft's fastest-growing product bases was a stroke of genius in our opinion.

- The Open Source 50 Rank: 12
- Specialty: Content management
- Get to Know: Martin Musierowicz, VP of alliances

Azingo Inc., www.azingo.com

Sunnyvale, Calif.

We must admit, Azingo represents a leap of faith on The Open Source 50 list. The company develops open mobile phone software. To the casual observer that means Azingo competes with Google Android. Plus, the company's partner base primarily involves chipset vendors, handset OEMs, mobile operators and service providers – not exactly your classic mix of VARs and integrators. But we did some digging around the company and kept hearing buzz around chief marketing officer Gabi Schnindler, a Palm veteran who came to the company in April 2008.

- The Open Source 50 Rank: Best of the Rest
- Specialty: Mobile open source
- Get to Know: Krish Kupathil, VP, strategic alliances and business development

B-B-B

No companies

C-C-C

Canonical Ltd., www.canonical.com

London, UK

Full disclosure: The VAR Guy's sister site – WorksWithU.com – positions itself as “the independent guide to Ubuntu Linux.” With that fact in mind, you'd think we'd be raving about Canonical's partner program. But we're not.

(Canonical continued to next page)



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By all indications, Canonical is still striving to piece together a compelling partner program for solutions providers and integrators. Proving our point: The company respectfully declined to participate in this research report. Of all the open source companies we contacted, Canonical was the only one that said “thanks, but no thanks.”

Canonical’s Ubuntu Linux distribution has major momentum on so-called Netbooks (sub-notebooks) and desktops, but Canonical is still striving to be a force in the IT channel.

Among the challenges facing Canonical:

- Lack of server momentum: Sun Microsystems is the only major server vendor actively offering Ubuntu as a certified option. Dell, Hewlett-Packard and IBM each have taken a wait-and-see attitude to Ubuntu Server Edition. And without server momentum, it’s difficult for Canonical to promote Ubuntu to integrators.
- Limited server ISV support: During LinuxWorld 2008, Canonical announced ISV partnerships with Alfresco, Openbravo and application providers. But as of late 2008, many promised Ubuntu-based applications had yet to ship.
- Too many irons in the fire: To Canonical’s credit, the company is trying to push Ubuntu upstream (onto servers) and downstream (onto mobile Internet devices, known as MIDs). But as a small company Canonical may be “stretched too thin” to successfully attack so many different markets at once.

Still, there’s no doubting Canonical’s continued growth and momentum. According to a January 2009 report in The New York Times, Canonical’s annual revenues are roughly \$30 million. At the same time, Canonical is catching on with selected solutions providers and small systems builders such as System76 and ZaReason.

- The Open Source 50 Rank: Best of the Rest
- Specialty: Linux
- Get to Know: Chris Kenyon, director of business development

CentralPointe, www.centralpointe.com

Lindon, Utah

CentralPointe is a recent spin-off from DirectPointe, the top-ranked managed service provider for 2007-2008, according MSPmentor (The VAR Guy’s sister site CentralPointe CEO Michael Proper has been making the rounds at open source companies near Boston and throughout California. Think of CentralPointe as online open source middleware that connects VARs and solutions providers to multiple cloud services. We are not suggesting that CentralPointe is a channel force today, but Proper is among the most aggressive evangelists we know in the managed services market.

- The Open Source 50 Rank: Best of the Rest
- Specialty: Online middleware that connects VARs with a range of third-party cloud services
- Get to Know: Michael Proper, CEO



Cleversafe Inc., <http://www.cleversafe.com/>

Chicago, Ill.

Storage and open source: A match made in heaven? Cleversafe sure seems to think so. The company's partner program got off to a modest start in 2008 – with roughly 10 companies signing on. But here's the key point: Partners drive 100 percent of Cleversafe's revenue. That will be an important selling point as the “dispersed storage technology” company pushes ahead with its partner program in 2009.

- The Open Source 50 Rank: 15
- Specialty: Dispersed storage technology
- Get to Know: Russ Kennedy, VP, product management & product marketing

Compiere, www.compiere.com

Redwood Shores, Calif.

One of several ERP and CRM software providers on The Open Source 50, drives roughly 80 percent of its revenues through partners. The company plans to spend February 2009 hosting training programs for VARs and end-customers. But even before those efforts, Compiere's Q3 2008 revenue jumped 195% compared to Q3 2007. And during 2008, Compiere added partners in the North America, Europe, Middle East and Africa, and Asia Pacific regions.

- The Open Source 50 Rank: 14
- Specialty: CRM and ERP
- Get to Know: Kyle Rosier, senior director, sales

Concursive Corp., www.concursive.com

Norfolk, Va.

Another CRM specialist on our list, Concursive (formerly CentricCRM) is difficult to read. Michael Harvey, executive VP and CMO, has been responsive to us over the years. But we also worry: Concursive's Web site is rarely updated and we don't hear much “buzz” from partners or end-customers. And we always worry – big time – when a company's “contact us” web page features a generic form to fill out, rather than clear directions for where you can find help. Concursive is offering a free 100-user hosted CRM system in an apparent effort to accelerate business. But sometimes free gets a bad rap in the open source industry.

- The Open Source 50 Rank: Best of the Rest
- Specialty: CRM
- Get to Know: Jeff Hershey, VP, business development



Continuent, www.continuent.com

San Jose, Calif.

There's basic storage management, and there's the stuff Continuent develops. The San Jose-based company specializes in open source database replication software for MySQL and Oracle. True believers include such integrators as Capgemini and Fujitsu's consulting team. Red Hat, Oracle and Sun Microsystems have also lined up to become Continuent partners.

- The Open Source 50 Rank: 20
- Specialty: Database replication
- Get to Know: Craig Stevens, VP, worldwide sales and marketing

D-D-D

Digium, www.digium.com

Huntsville, Ala.

When financial markets improve, pundits expect Digium to be one of the open source industry's leading candidates to launch an initial public offering (IPO). Widely known as the company behind Asterisk – the widely popular open source IP PBX – Digium drives 80 percent of its revenue through partners, and the company's partner program swelled to 550 partners in 2008, up from 173 in 2007. Many solutions providers are now testing Digium as a hosted telephony service, which allows them to generate recurring monthly fees from customers.

One of the safest bets for solutions providers looking to test the open source waters, Digium has quietly disrupted traditional unified communications vendors in the small and midsize business markets.

- The Open Source 50 Rank: 4
- Specialty: Asterisk open source IP PBX
- Get to Know: Steve Harvey, VP, worldwide sales

E-E-E

EnterpriseDB, www.enterprisedb.com

Edison, N.J.

Sometimes overshadowed by MySQL, the folks at EnterpriseDB are building a strong open source story of their own. EnterpriseDB leverages PostgreSQL, an open source database positioned as an enterprise-class alternative to Oracle. Sound too good to be true? Alas, only 20 percent of EnterpriseDB's revenue comes from partners – but that figure did double from 2007. Plus, EnterpriseDB has been busy recruiting and training its partner ecosystem – which grew to 50 companies in 2008, up from 10 in 2007.

- The Open Source 50 Rank: 19
- Specialty: Databases
- Get to Know: Andy Astor, executive VP, business development



**eRacks Open Source Systems, www.eracks.com
Orange, Calif.**

Not a classic open source software company, eRacks builds rack servers that run open source operating systems and applications. The company flies below most radars, but eRacks caught our attention because eRacks offers Ubuntu Server Edition as a preloaded option. On the partner front, eRacks is seeking sales agents, resellers and distribution partners.

- The Open Source 50 Rank: Best of the Rest
- Specialty: Rack servers
- Get to Know: M Haskvitz, head of sales

F-F-F

**Fonality, www.fonality.com
Los Angeles, Calif.**

At first glance, Digium dominates the Asterisk open source IP PBX market. But Fonality has quietly built an empire of its own. The company's phone systems are based on Asterisk, but Fonality is quick to note that Asterisk now represents a very small piece of the company's overall home-grown code base. Recent months have been filled with huge channel wins, including a major distribution agreement with Tech Data and a commitment by Dell to resell Fonality's gear. Only 30 percent of Fonality's revenue comes from partners, but that figure did double from 2007. Keep a close eye on Fonality's Hybrid-Hosted business model, where part of the system is deployed on-premise at a customer site and another piece of the system is hosted in Fonality's cloud.

- The Open Source 50 Rank: 16
- Specialty: IP PBXes, and cloud-based telephony services
- Get to Know: Sandra Hill, VP of worldwide channel development

**Funambol Inc., www.funambol.com
Redwood City, Calif.**

The mobile messaging specialist. Funambol's software allows thousands of different mobile phones – even legacy devices – to support mobile messaging. Although not a big draw for VARs, Funambol does have strong relationships with service providers, carriers, OEMs and ISVs. Funambol also works with a range of open source partners – including Open-Xchange, the collaboration software maker.

- The Open Source 50 Rank: Best of the Rest
- Specialty: Mobile messaging
- Get to Know: Rony Greenberg, senior VP, strategy and business development



G-G-G

Good OS, www.thinkgos.com

Xindian, Tapei

Hot, hot, hot. Good OS develops gOS and Cloud OS for so-called Netbooks (sub-notebooks) and other mobile devices. We met with founder David Liu at LinuxWorld Expo 2008 and were floored by his company's operating system. Now, OEMs are lining up to support it – though it's far too early to predict whether Good OS will make a lasting impression with VARs.

- The Open Source 50 Rank: Best of the Rest
- Specialty: Operating systems
- Get to Know: David Liu, founder

GroundWork Open Source, www.groundworkopensource.com

San Francisco, Calif.

GroundWork is giving HP OpenView and other traditional systems management platforms fits. We've been watching a colorful, engaging feud between GroundWork and HP, which started when GroundWork published a price sheet highlighting its cost advantages over OpenView. Several major HP OpenView partners have made the move to GroundWork's camp. And GroundWork has managed to attract key open source talent, such as SugarCRM marketing veteran Tara Spalding. Is GroundWork a perfect channel partner? Not quite yet. In terms of overall channel revenue, GroundWork isn't driving much money through channel partners yet. But the company's ability to disrupt big, established software companies should attract channel attention in 2009.

- The Open Source 50 Rank: 16
- Specialty: Systems and network management
- Get to Know: Alan Cooke, VP of sales

Hyperic Inc., www.hyperic.com

San Francisco, Calif.

A real-time monitoring specialist, Hyperic seems like an ideal tool for managed service providers seeking to remotely maintain customer systems – especially Web systems. Still, Hyperic has been working hard not to define itself as a “low-cost” alternative to Big 4 system administration tools from HP, CA, IBM and BMC. Instead of focusing on low prices, Hyperic evangelizes the simplicity of its tools to partners. Eager partners include Openwater Solutions, Archer Systems and Domino IT.

- The Open Source 50 Rank: 21
- Specialty: Remote administration and monitoring
- Get to Know: Jeff Santelices, VP of business development, channels and alliances



I-I-I

Ingres Corp., www.ingres.com

Redwood City, Calif.

We've got to admit: We haven't spent much time covering Ingres. But now we have a reason to: The company drives a decent 38 percent of its revenue through partners. But that's up sharply from 28 percent in 2008. And Ingres's partner program grew to 350 partners in 2008, up 40 percent from 250 in 2007. Growing relationships with Red Hat and Alfresco will certainly help Ingres to bolster its business story in 2009.

- The Open Source 50 Rank: 8
- Specialty: Enterprise databases
- Get to Know: Emma McGrattan, senior VP, engineering

IPBrick International, www.ipbrick.com

PORTO, Portugal

More than 1200 partners have lined up to support IPBrick, up from 859 in 2007. What's attracting solutions providers to the company? Perhaps IPBrick's ability to focus on multiple fast-growing markets explains the situation. The company specializes in intranet and communications servers, unified communications and disaster recovery solutions – each of which maintains decent growth prospects during the down economy. Oh, and check out this stat: IPBrick generates 98 percent of its revenue from partners. Translation: There's little – if any – risk of channel conflict when you work with the company.

- The Open Source 50 Rank: 7
- Specialty: Communications servers
- Get to Know: Raul Oliveira, CEO

J-J-J

Jaspersoft Corp., www.jaspersoft.com

San Francisco, Calif.

A business intelligence specialist, Jaspersoft's revenues climbed 75 percent in 2008 vs. 2007. The company has attracted investment money from Red Hat, and more than 500 channel partners are now backing Jaspersoft. As the traditional BI market consolidates around Oracle, SAP, IBM, SAS and a few other large vendors, open source alternatives like JasperSoft are seeking to promote simplicity, low costs and ease of deployment to their customers. So far, that message seems to be catching on with channel partners. Oh, but one closing thought: Watch for increasingly intense competition between Jaspersoft and rival open source BI provider Pentaho (ranked 13 on our list).

- The Open Source 50 Rank: 5
- Specialty: Business intelligence
- Get to Know: Jose Morales, VP of business development



JumpBox Inc., www.jumpbox.com

Tempe, Ariz.

We admit: JumpBox is a bit of an unknown, and putting the company on our “Best of the Rest” list requires a leap of faith. But JumpBox’s market focus is too compelling to ignore. The company caught our attention shortly before The Open Source 50 was finalized. JumpBox develops “instant infrastructure” that allows VARs and customers to quickly set-up open source applications in Amazon.com’s Elastic Compute Cloud (EC2). From Drupal to SugarCRM, JumpBox is attempting to push open source applications – rapidly – into the cloud. Will they succeed? Too soon to say. But definitely one to watch for 2009.

- The Open Source 50 Rank: Best of the Rest
- Specialty: Rapid, cloud-based application deployments
- Get to Know: Kimbro Staken, CEO

K-K-K

Kaltura Inc., www.kaltura.com

Another leap of faith from The VAR Guy, Kaltura has zero track record in the IT channel. But the company’s open source video platform has been turning heads in the Web 2.0 world. As we put this report to bed, Kaltura was seeking site integrators and value added resellers. The business pitch: Kaltura’s platform is a set of widgets that allow integrators to plug video applications into Web platforms of any kind. Sound too good to be true? Two sources who work closely with Drupal say Kaltura’s software works as advertised.

- The Open Source 50 Rank: Best of the Rest
- Specialty: Video applications
- Get to Know: Linda Drabik, director of business development

L-L-L

Likewise Software, www.likewissoftware.com

Bellevue, Wash.

We can sum up Likewise’s market pitch in a single sentence: Directory services integration software – with an emphasis on Microsoft Active Directory. Likewise typically works with larger integrators serving midsize to very large companies. Key proponents include Avanade (a consulting firm backed by Microsoft and Accenture) and IBM Global Services. Like we said, Likewise pushes into the enterprise market. Mom and Pop resellers need not apply.

- The Open Source 50 Rank: Best of the Rest
- Specialty: Windows and Linux integration
- Get to Know: Tracy Lothringer, director of strategic alliances



M-M-M

Mandriva SA, www.mandriva.com

Paris, France

We've got mixed thoughts on Mandriva, maker of a Linux distribution that's either wildly popular or on thin ice, depending on whom you interview. When the company filled out our survey, Mandriva indicated that it had more than 2,000 IT partners – a stunning 800-partner increase from 2007. Sounds great. But major executive changes, layoffs and a frustrated user community knocked Mandriva off of our Best of the Best Top 25 list, and down into our Best of the Rest category.

- The Open Source 50 Rank: Best of the Rest
- Specialty: Linux
- Get to Know: Gaurav Parakh, VP of Mandriva's Partnership Network

Mindtouch Inc., www.mindtouch.com

Another enterprise collaboration specialist, MindTouch develops an open source collaboration platform that deployed Microsoft (yes, Microsoft), Fujitsu, Siemens, Gannett, The Washington Post, Intel and the U.S. Department of Defense. So where do partners enter the picture? Opportunities for VARs appear limited, but partners that hook up with Mindtouch have carved out really big geographies for themselves. For a prime example, Fairway Technologies and OpenPoint Solutions are Mindtouch's first major solution provider partners in the US.

- The Open Source 50 Rank: Best of the Rest
- Specialty: Enterprise collaboration
- Get to Know: Aaron Fulkerson, CEO

N-N-N

Novell Inc., www.novell.com

Waltham, Mass.

Is the glass half full or half empty? Novell continues to have its share of critics but it's hard to argue with the company's recent open source momentum. Year over year sales of SUSE Linux are up more than 30 percent, and relationships with ISVs (Microsoft, IBM, SAP and beyond) appear to be growing rapidly. So far, so good – except that SUSE Linux represents less than 20 percent of Novell's annual revenues.

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Although the Linux story remains strong, Novell must address several challenges:

- **Channel Leadership:** The company has changed its channel chief multiple times in recent years. Chief Marketing Officer John Dragoon in January 2009 took over for Javier Colada, who was promoted out of the Channel Chief slot after only four months in the position. Novell has recruited former F5 Networks Channel Chief Steve Hale to assist with the channel program. Hale should bring much-needed enterprise application expertise to Novell's organization.
- **Product Integration:** How do Novell's various product lines (SUSE Linux, Identity Management, Security and so on) fit into integrated solutions? And how can solutions providers begin to offer the complete Novell product suite, rather than working with point products? Novell will need to address those questions in the months ahead.
- **Education:** Novell cancelled its annual BrainShare conference for 2009 because the weak economy would have prevented many partners and customers from attending the show. Now, Novell must fill that education void with online education seminars and local training efforts. We expect details around those efforts to emerge in February 2009 or so.
- **Independent Software Vendors:** Yes, Novell has made immense progress attracting ISVs to SUSE Linux. But some corners of the open source world remain intensely skeptical of Novell because of the company's Microsoft relationship. Fast-growing open source application providers (MySQL, SugarCRM, JasperSoft) appear more closely aligned with Red Hat. Whether that's merely perception or true market reality, the situation is clear: Novell must do more to build and promote its ISV relationships.

Despite the criticisms above, there's no doubt that Novell has made progress in the past two years or so. We admit: We wrote off the company in mid-2007, but as SUSE Linux sales grew we gave the company a second- and third-look. Progress? Absolutely. Especially since server hardware makers want a viable alternative to balance Red Hat's growing power in the market. Novell has largely rebuilt its OEM relationships. Now, it's time to strengthen the company's channel relationships.

- The Open Source 50 Rank: 3
- Specialty: Linux
- Get to Know: John Dragoon, Chief Marketing Officer



O-O-O

Openbravo L.C., www.openbravo.com

Pamplona, Spain

The ERP and open source POS (point of sale) specialist held its first US-based partner meetings in 2008, and the results appear promising: Openbravo generated 80 percent of its revenue from the channel in 2008, up from 50 percent in 2007. The company's partner program has hit the 100-company mark, up from 60 in 2007.

Still, we'd like to hear a lot more about Openbravo partners deploying the company's POS software – which Openbravo acquired in 2007. Plus, we think Openbravo has its hands full trying to re-write some of its software to work on MySQL – the widely popular open source database owned by Sun. With fewer than 100 employees, Openbravo will need to use its resources wisely as it balances ISV efforts (a relationship with Canonical appears to be moving slowly) and partner efforts.

- The Open Source 50 Rank: 10
- Specialty: ERP (enterprise resource planning) and POS (point of sale)
- Get to Know: Andreu Bartoli, global sales director

Opengear, www.opengear.com

Sandy, Utah

Opengear officially launched its partner program in January 2009, but the company's commitment to the channel has been evident for quite some time. Opengear, which develops infrastructure management platforms, generated 72 percent of its revenue via partners in 2008, up from 42 percent in 2007. The company had about 60 partners as of January 2009 – double the number from a year ago – but a new partner program should push Opengear into the triple-digit partner range this year. Opengear expects partners to enjoy 25 percent margins on the company's products. Plus a new partner portal allows solutions providers to give customers live demos using Opengear's network.

- The Open Source 50 Rank: 18
- Specialty: Remote management
- Get to Know: Todd Rychecky, VP of sales, North America



Openmoko Inc., www.openmoko.com

Taipei, Taiwan

Now here's another company that doesn't fit in the traditional IT channel. Openmoko develops open mobile products (including the Neo Freerunner phone) for both software developers and consumers. In mid-2008, Openmoko inked Neo Freerunner distribution deals with Pulster, Golden Delicious Computers and TRIsoft (located in Germany), Bearstech (France) and IDA Systems (India).

During the 2009 Consumer Electronics Show, Openmoko demonstrated the Neo Freerunner running Google Android. While the company remains committed to its own software, the Android demo was meant to drive home the fact that Openmoko truly supports open hardware.

Based mainly on its growing distribution relationships, Openmoko was the final company to qualify for the Best of the Best: Top 25 portion of our research list.

- The Open Source 50 Rank: 25
- Specialty: mobile software
- Get to Know: Steve Mosher, VP of marketing

Open-Xchange Inc., www.open-xchange.com

Tarrytown, NY

In some ways, Open-Xchange continues to succeed in spite of itself. Difficult to reach via phone (at least for this media company) and difficult to research on the Web, Open-Xchange nevertheless has an incredibly strong – and rapidly growing – installed base of collaboration software.

Much of the company's momentum occurs in Europe, where systems integrators and Web hosting firms frequently swap out Microsoft Exchange for Open-Xchange. Eager partners include Swiss Dynamic-NET (one of Switzerland's top ISPs), Econtec (a German systems integrator) and Ojonet (another German firm that hosts Open-Xchange for customers).

According to our own research (Open-Xchange didn't reply to our research requests), the company has more than 160 distribution, reseller and hosting partners worldwide.

- The Open Source 50 Rank: Best of the Rest
- Specialty: Collaboration and e-mail software
- Get to Know: Stephan Martin, head of professional services



P-P-P

Pentaho, Inc., www.pentaho.com

Orlando, Fla.

Pentaho wasn't really on our radar – until Lars Nordwall landed in the company's corporate offices as VP of business development. Nordwall previously helped to build SugarCRM, the most popular open source CRM platform. Arriving at Pentaho in October 2008, Nordwall is charged with taking Pentaho's channel program to the next level. Only 30 percent of Pentaho's revenues come from partners, but the company more than doubled its partner base in 2008. Watch for the company to compete aggressively against Jaspersoft in the business intelligence sector.

- The Open Source 50 Rank: 13
- Specialty: Business intelligence
- Get to Know: Lars Nordwall, VP of business development

Plat'Home Co, Ltd., www.plathome.com

Tokyo, Japan

Plat'Home has carved out a big niche for itself designing small Linux servers for appliances in Asia. But in 2008 the company started to gain momentum in North America with a compact, highly reliable OpenMicroServer. However, Plat'Home hasn't made much of a dent in the North American IT channel, nor has the company made a major push to line up resellers.

The Open Source 50 Rank: Best of the Rest

Specialty: Highly specialized Linux servers

Get to Know: Martin Killman, international sales leader

Q-Q-Q

Qumranet Inc., www.qumranet.com

Sunnyvale, Calif.

Acquired by Red Hat in September 2008, Qumranet software allows customers to host Windows and Linux desktops centrally on servers. For solutions providers, this so-called virtualized desktop trend is expected to be super-hot in 2009 and beyond. Ironically, Qumranet was just beginning to build out its partner channel in August shortly before Red Hat moved in and acquired the company.

- The Open Source 50 Rank: Best of the Rest (prior to Red Hat acquisition)
- Specialty: Virtualization software for hosting desktops on servers
- Get to Know: Time to dial Red Hat



R-R-R

Red Hat Inc., www.redhat.com

Raleigh, N.C.

We're not suggesting Red Hat's partner program is perfect. But in terms of open source companies, Red Hat is setting the pace for defining the new IT channel. We expect Red Hat to spend 2009 positioning itself as a total open source solutions provider – rather than a Linux specialist.

Sales of JBoss, the company's open source middleware software, are growing twice as fast as Red Hat's core Linux infrastructure business. Also, Red Hat has indicated to us that partners are earning more than \$10 in consulting fees for every dollar of JBoss they sell.

On the virtualization front, Red Hat's September 2008 acquisition of Qumranet (profiled on the previous page) holds considerable promise. Qumranet should allow Red Hat's servers to centrally host Windows and Linux desktops – potentially reducing PC administration costs.

Red Hat's partner network continues to grow swiftly, but the company hasn't fully bet its business on partners: During a typical year, Red Hat drives 50 to 60 percent of its revenue through its channel. Partners would certainly like to see that figure climb higher.

During 2008, we also saw Red Hat's partner program shift to more of a global focus. North American Channel Chief Mark Enzweiler – a veteran of Lenovo and IBM – moved into the global channel chief slot.

Established and aspiring Red Hat partners should keep a close eye on Red Hat Partner Summit 2009 (scheduled for Sept. 1-4 in Chicago). JBoss World will also be held during the Summit, allowing solutions providers to get up to speed on middleware and Linux opportunities.

- The Open Source 50 Rank: 1
- Specialty: Linux and JBoss middleware
- Get to Know: Global Channel Chief mark Enzweiler



rSmart, www.rsmart.com

Phoenix, Arizona

Many colleges and universities have struggled to maintain their legacy ERP (enterprise resource planning) and financial systems. Enter rSmart, which promotes Sakai (an open source collaboration and learning environment) and Quali (an open source financial management system). Dozens of colleges worldwide are testing and/or deploying both systems – and rSmart has lined up integration partnerships with BearingPoint, IBM and Optimized Learning (a hosting facility), among others.

- The Open Source 50 Rank: Best of the Rest
- Specialty: Financial and learning systems for colleges and universities
- Get to Know: Tom Chapman, CFO and VP of business development

S-S-S

StarPound Technologies Inc.

Atlanta, Ga.

We always get a little nervous when technology companies change their names. But StarPound (formerly M1 Global) seems to be adjusting well to its new moniker. The company develops an open source J2EE platform that helps companies transition to service oriented architectures. They're on our radar mainly through word of mouth from three of our trusted IT sources in Atlanta. Does that sound like a stretch? You bet. We're curious about StarPound, but the company will need to articulate a channel strategy for 2009 in order to remain on our radar.

- The Open Source 50 Rank: Best of the Rest
- Specialty: J2EE software, service oriented architectures
- Get to Know: Robert Shoe, VP of business development

SugarCRM Inc.

Cupertino, Calif.

We expected SugarCRM to launch an IPO (initial public offering) in 2009 or 2010, but those plans may remain on the back burner until financial markets stabilize. Still, there's no doubting SugarCRM's momentum. In mid-2008, CEO John Roberts told us that 30 percent of SugarCRM's new revenue came from SaaS (software as a service) deployments. And in many cases, those deployments involved channel partners that compete (and cooperate) with SugarCRM's own hosting systems. SugarCRM's partner network grew to a respectable 150 companies in 2008, up from 125 in 2007. However, only 35 percent of the company's revenue comes from partners – though that figure rose from 30 percent in 2007.

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Our big question: Will SugarCRM remain independent and hold out for an eventual IPO, or will the company pursue M&A activity within the next two years? When we spoke with Roberts in mid-2008, a long-term IPO plan seemed to be in place. But we think all bets are off in the current economy.

- The Open Source 50 Rank: 11
- Specialty: Customer relationship management, on-premise and SaaS (software as a service)
- Get to Know: Robert Shoe, VP of business development

Sun Microsystems Inc.

Ranked No. 2 in The Open Source 50, Sun Microsystems carries huge potential and big question marks for open source solutions providers.

First, the good news: MySQL, which Sun acquired a year ago, remains the open source industry's best-known database. In theory, Sun should be able to promote MySQL through its vast network of enterprise integrators, distributors and solutions providers. Based on our research methodology – which rewarded companies for the size of their partner networks and their sheer manpower (i.e., internal workforce) – Sun trailed only Red Hat in The Open Source 50 list.

But we concede – fully – Sun's ranking on our list seems far too generous. Our key concerns:

- Sun is a shrinking company, where Q1 fiscal 2009 revenues dropped 7.1 percent to \$2.990 billion. Even worse, the company delivered a \$1.667 billion net loss (ouch).
- In the quarterly results press release Sun offered five Q1 highlights. MySQL was not, however, mentioned anywhere within the release.
- Major portions of Sun's traditional IT channel are not yet up to speed yet on MySQL. A prime example: Avnet Technology Solutions (ATS), a major Sun distributor, has yet to really get its arms around MySQL opportunities, according to an interview we conducted with ATS in December 2008.
- We've requested MySQL channel briefings from Sun multiple times, but so far those requests have not been fulfilled. Sun is responsive to our requests for interview on other topics, leading us to believe the MySQL channel strategy remains a work in progress.

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Still, MySQL remains one of the open source industry's prized platforms. The database has more than 11 million installations. And MySQL continues to gain momentum with hosting partners – from Atos Worldwide to Savvis Inc. – around the globe. MySQL's continued success with hosting partners reinforces the database's popularity as a SaaS (software as a service) platform.

Solutions providers seeking to understand Sun's MySQL strategy should pay particularly close attention to the MySQL Conference and Expo (April 20-23, Santa Clara, Calif.).

But hold onto your hats: Even as MySQL itself gains momentum, parent Sun Microsystems could continue to face financial woes as the company diversifies beyond its legacy RISC and Unix businesses.

T-T-T

None

U-U-U

**Untangle Inc., www.untangle.com
San Mateo, Calif.**

Untangle develops a network gateway for spam blocking, web filtering and other purposes. The company positions itself as an open source alternative to SonicWall and other traditional IT security companies. So far, that strategy appears to be working. In 2008 Untangle successfully launched a channel program to recruit managed service providers (MSPs). The company doubled its partner base to roughly 700 solutions providers in 2008. And in a rare feat, Untangle generates 100 percent of its revenue via channel partners.

- The Open Source 50 Rank: 9
- Specialty: Secure network gateways
- Get to Know: Chris Sterbenc, VP of sales



V-V-V

Varien, the Magento company, www.MagentoCommerce.com

Varien develops e-commerce software for online merchants. The company overhauled its Magento partner program in July 2008, but we've yet to hear much feedback from solutions providers. And the company has been extremely quiet with the media since mid-December. Still, the platform has generated more than 400,000 platforms to date – and Varien claims Magento remains the fastest-growing e-commerce platform on the planet.

- The Open Source 50 Rank: Best of the Rest
- Specialty: E-commerce software for online merchants
- Get to Know: Chris Marshall, business development manager

Voiceroute LLC, www.voiceroute.org Norwalk, Conn.

At Voiceroute, open source meets unified communications. We first met CEO Ming Yong at LinuxWorld Expo in mid-2008. He pitched us aggressively on Voiceroute's offerings. Within minutes, we were sitting in front of a product demo – and wound up impressed. Voiceroute has lined up several dozen integrators and partners, but it's far too early to determine whether the company has gained critical mass in the channel.

- The Open Source 50 Rank: Best of the Rest
- Specialty: Unified communications
- Get to Know: CEO Ming Yong

Vyatta Inc., www.vyatta.com Belmont, Calif.

Vyatta either has brilliant marketing or a death wish. The company positions itself as the open source alternative to Cisco Systems. Partners and press quickly took notice – but so has Cisco. So far, Vyatta seems to be benefiting from all the publicity.

At first glance, Vyatta doesn't have much of a channel strategy. Only 25 percent of the company's revenue comes from partners. But that's up dramatically from 2007. Moreover, the company has about 140 channel partners – up from 20 in 2007. If we were gamblers, we'd bet heavily that Vyatta is poised for even faster partner growth in 2009.

- The Open Source 50 Rank: 24
- Specialty: networking
- Get to Know: Dave Roberts, VP of strategy

W-W-W

None



X-X-X

**Xandros Corp., www.xandros.com
Ottawa, Ontario**

We first saw the magic of Xandros during a CIO-focused event we hosted in 2005. At the time, Xandros co-founder Rick Berenstien (who died later that year from cancer) held a standing-room-only demonstration of desktop Linux. For the Windows-centric crowd, it was an eye-opener.

Fast-forward to the present, and Xandros has carved out a respectable niche for itself as a provider of both desktop and server Linux. And Xandros has also become a key Linux distribution driving the Netbook (sub-notebook) craze. But we're not hearing much for Xandros solutions providers. In fact, sometimes their silence is deafening.

- The Open Source 50 Rank: Best of the Rest
- Specialty: Linux
- Get to Know: Dirk Vanderwal, VP of sales

**xTuple, www.xtuple.com
Norfolk, Va.**

Here's another open source company that was not on our radar – until we heard the ERP software provider generates half of its revenues from roughly 30 partners worldwide. The 451 Group, a market research firm, notes that xTuple (formerly known as openMFG) plans to launch a point-of-sale module in 2009 – potentially positioning xTuple to eventually compete against Openbravo (which also offers ERP and POS software). The 451 Group also believes xTuple has been profitable for at least 3 years.

- The Open Source 50 Rank: 23
- Specialty: ERP
- Get to Know: Wally Tonra, VP of partner sales

Y-Y-Y

None



Z-Z-Z

Zarafa, www.zarafa.com

Delft, The Netherlands

It's a classic open source strategy: Find a large installed base of frustrated Microsoft users, then offer them a better mouse trap. In Zarafa's case that meant developing a software platform that offers Outlook's "look and feel" at only 50 percent of the price of a typical Microsoft Exchange deployment. At least that's the marketing spin from Zarafa.

Zarafa has several dozen channel partners worldwide, but by our count only two business partners in the US – both of which are located in New York. Does that spell opportunity for other North American solutions providers?

- The Open Source 50 Rank: Best of the Rest
- Specialty: Email and collaboration
- Get to Know: Brian Joseph, CEO

Zenoss Inc., www.zenoss.com

Annapolis, Md.

Yet another system and network monitoring specialist on our list, Zenoss has a startling list of customers – including Motorola, Rackspace and VMware. So far, Zenoss only has eight partners that can be described as integrators or managed service providers. But the company has a powerful list of technology partners, including Red Hat, Novell and Intel.

- The Open Source 50 Rank: Best of the Rest
- Specialty: Systems and Network Monitoring
- Get to Know: Brian Riley, director, global alliances

Zimbra, a Yahoo! Company, www.zimbra.com

Sunnyvale, Calif.

Some open source pundits expected the worst when Yahoo purchased Zimbra in 2007. Now, even we are surprised to see Zimbra signing up so many new channel partners while working under Yahoo's flag. Zimbra says its email and calendaring software is now used by 30,000 organizations with 20 million Zimbra inboxes. Not too shabby.

But the impressive stats don't end there. Roughly 52 percent of Zimbra's revenue comes from partners, up from 34 percent in 2007. And Zimbra has 665 channel partners, up sharply from 475 in 2007.

Are things perfect at Zimbra? Certainly not. The company remains largely overshadowed within Yahoo. And Zimbra's popular hosted offerings for colleges will face increased competition from Google Apps as well as Google's new App Reseller program.

- The Open Source 50 Rank: 6
- Specialty: Email and calendaring software
- Get to Know: Jim Morrisroe, VP of Sales



**Zmanda Inc., www.zmanda.com
Sunnyvale, Calif.**

When we launched this research initiative, we thought – for sure – that Zmanda would land among the top few companies within our rankings. However, we were surprised to learn that only 20 percent of Zmanda’s revenue comes from partners. That’s a significant increase from 2007 (when 10% of revenue was from partners), but still not enough to push Zmanda into our top 25.

Still, Zmanda’s brand is impossible for open source solutions providers to ignore over the long haul. Widely considered a leader in backup and storage management, Zmanda has roughly 20 channel partners (up from 5 in 2007). And key partnerships with high-profile players like MySQL should give Zmanda an even higher visibility in 2009.

- The Open Source 50 Rank: Best of the Rest
- Specialty: Backup and storage management
- Get to Know: Rich Nave, Partner Account Manager



Research Conclusions

As a whole, we remain cautiously optimistic about open source partner programs. The open source IT channel is learning to walk, and solutions providers are finally looking beyond Linux to find new open source opportunities in applications, networking, mobility, storage and security.

However, neither Nine Lives Media Inc. nor TheVARguy.com suggests that open source solutions are recession-proof. We expect many of the company on The Open Source 50 list to carefully evaluate internal staffing as well as their partner programs during the recession.

Future Research

Nine Lives Media Inc. is developing additional research projects featuring traditional editorial and custom editorial components.

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- Version 1.2 (Jan. 26, 2009) – Grammatical corrections