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# Innovation & Transformation, The Open Source Way

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# TRANSFORMATION, THE OPEN SOURCE WAY

“We can't solve problems by using the same kind of thinking we used when we created them.” – A. Einstein

We have quite some problems in IT:

- \$1.3T USD Enterprise IT spending
- 18% IT projects abandoned before production
- 55% “challenged” (late, lacking, broken)
- \$500B USD is *wasted* due to “bad software”
- \$3.5T USD anticipated value *not delivered*



Open Source is a new approach that can radically improve both IT and the businesses that use it

Reference: <http://opensource.com/business/10/6/integral-innovation>



# TRANSFORMATION, THE OPEN SOURCE WAY

## Adaptability is important

- Darwin's theory of natural selection *not* “survival of the fittest” but “survival of the most adaptable”
- Adaptability now understood as a strategic capability:

References: See Attachment 1

To effectively achieve its missions, the Department of Defense must develop and update its software-based capabilities faster than ever, to anticipate new threats and respond to continuously changing requirements. The use of Open Source Software (OSS) can provide advantages in this regard. This memorandum provides clarifying guidance on the use of OSS and supersedes the previous DoD CIO memorandum dated May 28, 2003 (reference (a)).

Open Source Software is software for which the human-readable source code is available for use, study, reuse, modification, enhancement, and redistribution by the users of that software. In other words, OSS is software for which the source code is “open.”



# TRANSFORMATION, THE OPEN SOURCE WAY

Adaptability is important

- Core to the design/evolution of the Internet
- Innovation not possible without it
  - Interoperability
  - Modularity
  - Participation
  - Training/Education

Systems should be *designed* for adaptability

- Modularity, Accessibility, Inclusivity

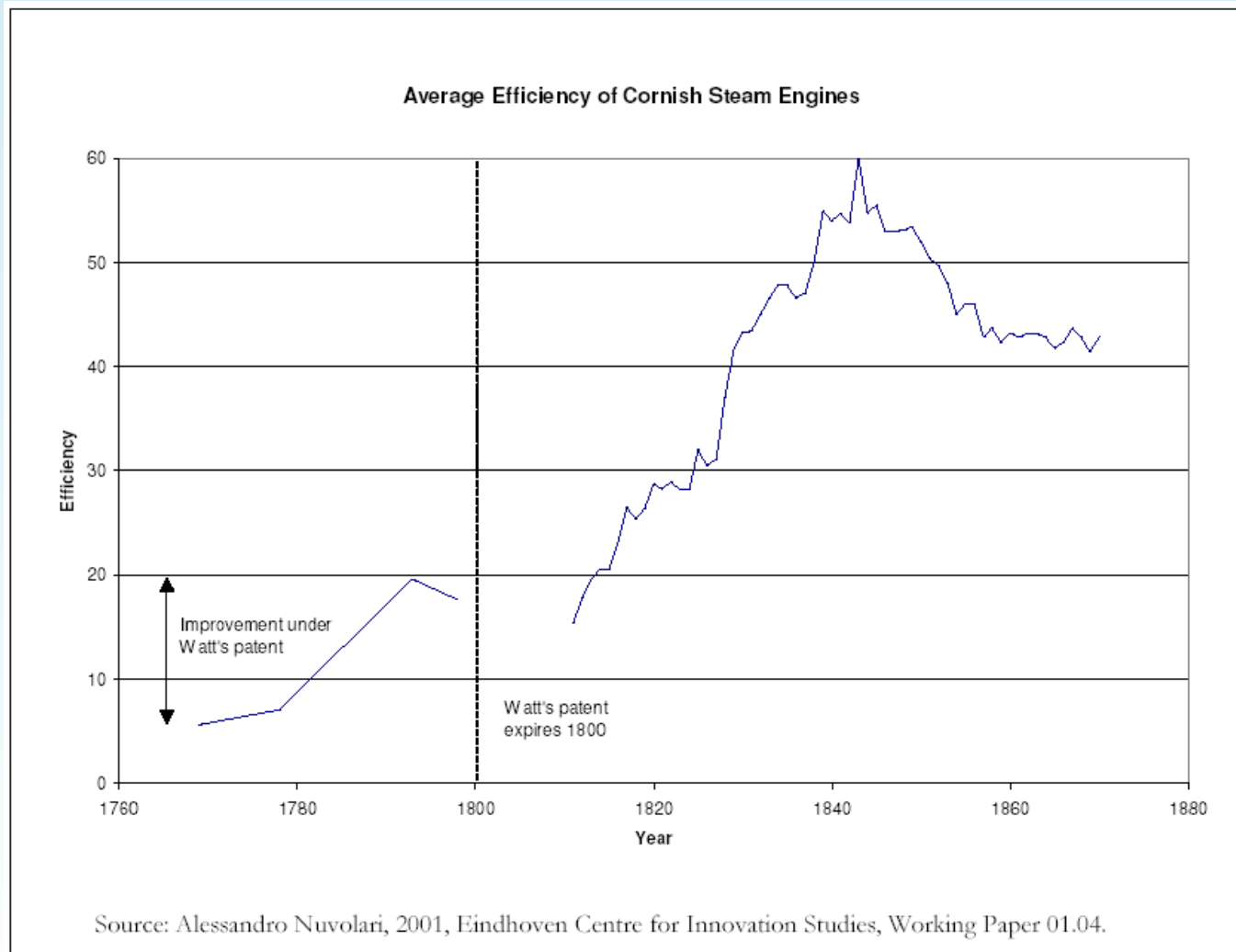
Greater adaptability means less abandonment

- It also means better re-use

<http://david.upton.com/opensource>

# TRANSFORMATION, THE OPEN SOURCE WAY

Improving products and services constantly and forever



# TRANSFORMATION, THE OPEN SOURCE WAY

- Open Source Security—NSA's SE Linux Project
  - Built on 10 years of NSA's OS security research
  - Application of NSA's Flask security architecture
  - Cleanly separates policy from enforcement using well-defined policy interfaces
  - Allows users to express policies naturally and supports changes
  - Fine-grained controls over kernel services
  - Transparent to applications and users
  - Role-Based Access Control, Type Enforcement
  - *Initially rejected as “impossible”*

# TRANSFORMATION, THE OPEN SOURCE WAY

- What Makes *IT* Valuable?
  - Helps to *increase revenue*
  - Helps to *decrease costs*
  - *Solves the business problem* paid to solve
  - Delivers a measurable *ROI*
- What makes *Vendors* valuable?
  - Delivers *on time and on budget*
  - *Flexible and Responsive*
  - Delivers a *quality product*
- *If you had a choice, would you do business again?*

See <http://www.redhat.com/promo/vendor/>



# TRANSFORMATION, THE OPEN SOURCE WAY

- How can Open Source transform your project/company?
  - Drive out proprietary costs—more money for innovation
  - Improve productivity and collaboration with open source best practices
  - Encourage user-driven innovation
    - Make more of the world your R&D lab
    - Make more of the world your customers
- The proprietary software model is simply unsustainable
- Transformation is *everybody's* job



# TRANSFORMATION, THE OPEN SOURCE WAY

- Open Source is trusted:
  - New York Stock Exchange (NYSE)
  - Deutsch Börse (Frankfurt), TSE (Tokyo), LSE (London)
  - <http://www.whitehouse.gov/>
  - US National Institutes of Health (NIH) PubMed Central
  - NOAA's National Weather Service  
([http://www.noaanews.noaa.gov/stories2010/20100105\\_nhc.html](http://www.noaanews.noaa.gov/stories2010/20100105_nhc.html))
  - Gartner predicts  $\geq 80\%$  of all commercial software solutions will be based on open source
    - Already 78% of Accenture clients are using Open Source

See <http://www.opensource.org/node/486>

# TRANSFORMATION, THE OPEN SOURCE WAY

Summary: Doing More with Less

Infinite modularity enables

- Infinite participation
- Infinite experimentation

Infinitesimal changes are small enough to

- Be implemented infinitely fast
- With infinitely small risk

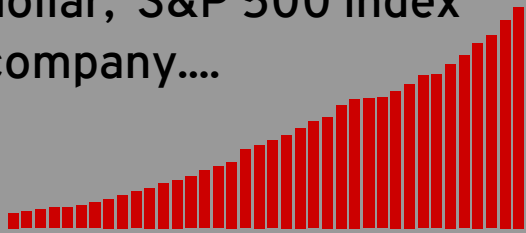
The integral of these infinitesimals over time leads to

- More innovation
- Less risk



# RED HAT IS:

A high-growth, billion dollar, S&P 500 index company...



The world's leading developer & supplier of open source software for Enterprise IT...

...offering a comprehensive portfolio of products and services.

CLOUD

CONSULTING

MIDDLEWARE

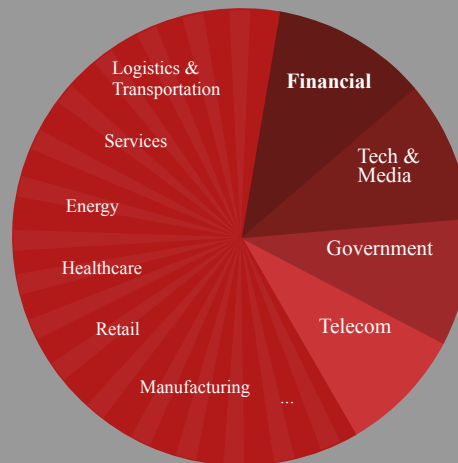
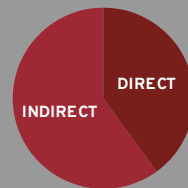
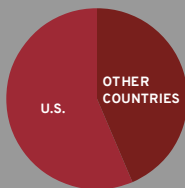
TRAINING

OPERATING SYSTEM

VIRTUALIZATION

STORAGE

...globally active in all major vertical markets, with strong channel & direct delivery models.



## AND DELIVERING:

- Exceptional Price/Performance
- Operational Flexibility
- Open Source Quality & Innovation
- Alignment with Customer Requirements