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O-STEP Seeks to Step Up Open Source Transition
By Thor Olavsrud
Stepping up to give software makers a push to open source their products, The Center of Open Source & Government Tuesday unveiled the Open Source Threshold Escrow Program, or O-STEP.

Affiliated with the The Cyber Security Policy & Research Institute and The George Washington University, The Center of Open Source & Government intends the program to provide software makers with competitive incentives that will help them transition to the Open Source model.

The essential idea is that traditional proprietary software companies will escrow their source code with the Center until a sales threshold -- set by the company -- is reached. Once the sales threshold is hit, the code escrow breaks and the code is released to the open source community.

So what's in it for the software companies? According to Tony Stanco, founding director of the Center and associate director of Open Source & eGovernment with the Cyber Security Policy and Research Institute (and a former senior staff attorney with the U.S. Securities and Exchange Commission's Corporate Finance, Internet and Software Group), the answer is simple: their software will become enormously attractive to government buyers and Global 1000 companies that have a healthy fear of vendor lock-in.

"O-STEP will re-invigorate the software industry and result in more competition by re-balancing the rights between users and producers in a way more appropriate with the incentives framework of the U.S. Constitution," Stanco said. "The current intellectual property regime creates vendor lock-ins for critical infrastructure software."

The standards-based model has been the accepted way of doing business in the hardware world for years, where companies like Intel stay on top of the silicon heap through providing an attractive value per dollar rather than locking customers into proprietary systems.

In the past several years, that idea has been percolating in the software world, drawing companies like IBM (Quote, Chart) and Hewlett-Packard (Quote, Chart) to adopt Linux as a platform for their hardware products so they can sell customers on the idea that the customer will be able to buy the right tools for the job even if it doesn't come from them. Theoretically, customers can buy HP servers running Linux, IBM's WebSphere environment and tools, and use BEA Systems (Quote, Chart) application servers and it will all just work. With a common playing field, the idea is the companies can compete for customers based on value-added features and services.
Such a model is especially attractive to many companies because switching to a new vendor doesn't mean replacing existing infrastructure or investing in system integration.

O-STEP seeks something of a medium between proprietary and open source models, allowing companies to keep their code proprietary until the sales threshold is hit.

The Center of Open Source & Government offered Corel as an example, noting the company could put the source code for its WordPerfect suite into O-Step. According to a Yahoo Corel Profile from Feb. 21, 2003, Corel is valued at $73.4 million, though it has $77.7 million in cash and cash equivalents. Corel could decide to set the WordPerfect O-STEP Threshold at $100 million.

Once the code is part of the program, the Center said governments and Global 1000 companies would have an incentive to replace Microsoft Word with WordPerfect for two reasons. One, combined they spend more than $100 million on Word by a large factor, and two, once the threshold is reached, the code will become an Open Source standard which prevents the possibility of vendor lock-in.

For Corel, the promise is that the product will be revived and made standard. It can take the $100 million earned while the product is still in escrow and still proprietary, to innovate for the next version. The company could choose whether to escrow the improvements at a new sales threshold or keep the improvements secret. The Center stressed that the decision would belong to Corel alone.

Once the code becomes standard, Corel will still have a competitive advantage over new entrants, but will have to continue innovating or risk losing that advantage over time.