

OPEN TO DISRUPTION

The Impact of Open Source in Content Management

Vendors with business models that tie in to open source increasingly challenge the establishment in Web content management and enterprise content management.

IM | INFORMATION MANAGEMENT

4 FINDINGS

- The last decade saw a lot of commercial activity in open source content management. There are more open source options in WCM than in ECM, but activity is increasing in both areas. **PAGE 14**
- Business models in open source content management are still evolving, and vary based on target market. Many with enterprise and midmarket goals are moving to subscription licenses that bundle support and deployment tools. There is also an increase in cloud-based offerings. **PAGE 18**
- In both the enterprise and SMB markets, there is a focus on recruiting, enabling and monetizing distribution via partner channels. **PAGE 26**
- Lower cost is a big adoption driver, but is generally not the only reason a customer chooses an open source content management product. **PAGE 8**

5 IMPLICATIONS

- There are many options for users interested in open source cost savings but that want to work with a product that has a commercial license or vendor associated with it. **PAGE 14**
- Given the rise in vendors applying commercial models to open source products, open source will become a bigger factor in content management. **PAGE 14**
- Open source may drive down prices in the sector overall. Even when customers are paying for commercial licenses, costs with open source are generally lower than they are with perpetually licensed products.. **PAGE 8**
- Content management remains a crowded market, and just having open source code isn't likely to be enough of a differentiator. **PAGE 18**
- There is significant specialization in WCM; it remains fragmented, with vendors focusing on various markets or use cases. We expect to see a number of proprietary and open source players here for some time. **PAGE 14**

1 BOTTOM LINE

- Vendors with models tied in some way to open source have a growing presence in content management, and this isn't going to change. Product pricing and licensing across the sector are likely to be impacted, although with more vendors moving to commercial license sales, it's not clear how disruptive this will really be.

MAY 2010

REPORT SNAPSHOT

TITLE	Open to Disruption: The Impact of Open Source in Content Management
ANALYST	Kathleen Reidy, Senior Analyst, Enterprise Software
RELEASE DATE	May 2010
LENGTH	48 pages

ABOUT THIS REPORT

Open source isn't new in content management, and open source code is used widely to power websites. Over the past five years, we have seen a marked rise in the number of vendors, many with venture capital backing, making a go of commercial business models tied to open source in content management. Many of these players have European or otherwise non-US origins and have expanded to the US market fairly recently. These vendors are looking to capitalize on the lower-cost and flexibility benefits that open source can offer organizations while providing commercial guarantees, SLAs and, in some cases, additional features via commercial licenses that may appeal to larger organizations.

This report examines the commercial implications of open source in content management. Its focus is on the vendors that have tied their business models to the availability of open source code and the customers that are willing to engage financially with these vendors. This generally means paying for support contracts, commercial versions of open source products, or other vendor-provided products or services. This report investigates these models and analyzes how this affects the content management sector overall.

TABLE OF CONTENTS

SECTION 1: EXECUTIVE SUMMARY	1
1.1 METHODOLOGY	2
SECTION 2: INTRODUCTION	4
SECTION 3: MARKET SECTORS	5
<i>Figure 1: Content Management Market Sectors.</i>	5
3.1 ECM.	5
3.2 WCM	6
3.3 TARGET MARKETS	6
3.4 RELATED SECTORS	7
SECTION 4: ADOPTION DRIVERS	8
<i>Figure 2: Adoption Drivers for Open Source</i>	8
4.1 COST	8
4.2 FLEXIBILITY.	9
4.3 PRODUCT FIT	10
4.4 VENDOR LOCK-IN	11
SECTION 5: CHALLENGES TO ADOPTION	12
5.1 WELL-ENTRENCHED INCUMBENTS	12
5.2 MICROSOFT SHAREPOINT	12
5.3 BUNDLING	12
5.4 BUSINESS-LEVEL AWARENESS OF OPEN SOURCE.	13
5.5 DIFFERENTIATING COMMERCIAL AND COMMUNITY VERSIONS	13
SECTION 6: VENDOR LANDSCAPE	14
<i>Figure 3: Content Management Vendors With Models Tied to Open Source</i>	14
6.1 IMPACT ON CLOSED SOURCE / TRADITIONAL CM VENDORS.	15
6.2 NON-US ORIGINS.	16
<i>Figure 4: European (or Otherwise non-US) Open Source Vendors Moving to the US Market.</i>	16
6.3 FUNDING	17
<i>Figure 5: VC Funding of Open Source Content Management</i>	17

SECTION 7: BUSINESS MODELS	18
<i>Figure 6: Vendor Business Models</i>18
7.1 POPULAR CONTENT MANAGEMENT PROJECTS	20
7.1.1 Drupal20
7.1.2 Plone21
7.1.3 WordPress21
7.2 IMPACT OF THESE PROJECTS ON THE MARKET	22
SECTION 8: CONCLUSIONS AND RECOMMENDATIONS	23
8.1 FOR IT DEPARTMENTS, BUYERS AND USERS	23
8.2 FOR VENDORS	24
8.3 FOR INVESTORS	25
SECTION 9: VENDOR PROFILES	26
9.1 ACQUIA	26
9.2 ALFRESCO SOFTWARE	27
9.3 CONCRETE CMS	29
9.4 DAY SOFTWARE	30
9.5 DOTCMS	31
9.6 DOTNETNUKE	33
9.7 EZ SYSTEMS	34
9.8 HIPPO	36
9.9 JAHIA	37
9.10 KNOWLEDGETREE	39
9.11 LIFERAY	40
9.12 MAGNOLIA	42
9.13 NUXEO	43
9.14 SILVERSTRIPE	44
9.15 SQUIZ	46
9.16 UMBRACO	47
INDEX OF COMPANIES	49

ABOUT THE 451 GROUP

The 451 Group is a technology analyst company. We publish market analysis focused on innovation in enterprise IT, and support our clients through a range of syndicated research and advisory services. Clients of the company — at vendor, investor, service-provider and end-user organizations — rely on 451 insights to do business better.

ABOUT TIER1 RESEARCH

Tier1 Research covers consumer, enterprise and carrier IT services, particularly hosting, colocation, content delivery, Internet services, software-as-a-service and enterprise services. Tier1's focus is on the movement of services to the Internet — what they are, how they are delivered and where they are going.

© 2010 The 451 Group, Tier1 Research and/or its Affiliates. All Rights Reserved. Reproduction and distribution of this publication, in whole or in part, in any form without prior written permission is forbidden. The terms of use regarding distribution, both internally and externally, shall be governed by the terms laid out in your Service Agreement with The 451 Group, Tier1 Research and/or its Affiliates. The information contained herein has been obtained from sources believed to be reliable. The 451 Group and Tier1 Research disclaim all warranties as to the accuracy, completeness or adequacy of such information. Although The 451 Group and Tier1 Research may discuss legal issues related to the information technology business, The 451 Group and Tier1 Research do not provide legal advice or services and their research should not be construed or used as such. The 451 Group and Tier1 Research shall have no liability for errors, omissions or inadequacies in the information contained herein or for interpretations thereof. The reader assumes sole responsibility for the selection of these materials to achieve its intended results. The opinions expressed herein are subject to change without notice.



*Analyzing the Business
of Enterprise IT Innovation*



Better perspective from the top in independent tech research