Panel: CIOs Wary of Open-Source Enterprise Apps

April 24 2007

Analysts and company representatives at the Linux/Open Source on Wall Street conference discuss the obstacles in the way of mainstream adoption of mission-critical open-source applications.

Just how comfortable are CIOs in the enterprise with the use of Linux and open-source solutions, particularly on the mission-critical application front?

That was the question put before the closing panel at the Linux/Open Source on Wall Street conference here on April 23, entitled "Selling Open Source to the CIO."

Venu Pemmaraju, senior investment manager for Intel Capital, which invests in open-source companies, said that while users were comfortable with open technologies on the infrastructure side, they were not yet comfortable on the enterprise application front.

Monica Kumar, the senior director of product marketing for Linux and open source at Oracle, said customers were primarily interested in whether a solution could solve their business problem and, if so, what its value proposition was, rather than whether it was proprietary or open source.

However, "Oracle does not believe that CIOs are comfortable with using enterprise Linux and open-source software," Kumar said, noting that while the Linux operating system is becoming more mature, the open-

source applications space is still embryonic.

"Wall Street and other large companies want to make sure that their applications work perfectly, even better than before, and open-source applications are just not there yet," she said.

Raven Zachary, open-source research director at research firm The 451 Group, was more upbeat, saying that the user development community is very comfortable with Linux, which they have been using for more than 10 years.

On the CIO side, there is a growing comfort level as a result of greater familiarity with the technologies available today, along with the increased talent and vendor applications and support, he said.

Omer Soykan, senior vice president at Jefferies & Company, where he manages technologies for the investment banking division, said confidence in Linux and open source was growing, but noted that it was not yet as high as for other, more mature technologies.

Linux and open-source solutions are also found more on the peripheral side than in the mission-critical space, but it is trending upward in that regard, he said.

Jefferies had recently looked at CRM (customer relationship management) applications for use in the banking division, and there were no open solutions that met its needs, Soykan said. "Even if there were, one of the big questions we ask is, What happens if the application doesn't work? Who are you going to go after? If we know that issue is taken care of, the company and application will probably succeed," he said.

For his part, Pemmaraju said everyone wants "one throat to choke" but

"they also don't want vendor lock-in. You can't have it both ways. The financial services sector is also large, but very difficult one to service," he said.

The monetization potential of an open-source company's products is one of the primary things Intel Capital looks at when it considers investing in that firm, Pemmaraju said, as well as whether the product would be able to attract a vibrant community around it.

The investment company is increasing its investments in open-source companies, both within and outside the United States, and it us also seeing an increasing number of companies creating their own applications using other open-source technologies, he said. "But it still remains to be seen if these are sustainable over the long term. However, some, like MySQL, have already shown that they are," he said.

Oracle's Kumar said that while it was easy to set up an open-source company, the big issue was whether they would be able to sustain and grow and thrive over time. Oracle has also found that many customers want support and legal indemnification for open-source products that are being aggressively deployed, she said.

Soykan agreed that patent and intellectual issues are a concern for Jefferies & Company.

For his part, Zachary said SMBs (small and midsize businesses) prefer the software-as-a-service model, as they mostly do not have the internal resources to assemble such applications themselves and so it is easier for them to outsource the task to someone else.

Copyright 2007 by Ziff Davis Media, Distributed by United Press International

Citation: Panel: CIOs Wary of Open-Source Enterprise Apps (2007, April 24) retrieved 27 April 2024 from https://phys.org/news/2007-04-panel-cios-wary-open-source-enterprise.html

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.