

Project Title: Why Enterprises Invest in Open Source – the Economic Incentives

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Project summary: Open source software (OSS) has become one of the key components in today information technology infrastructure. The rise of the open source movement has significantly changed the dynamic of the industry and business models of commercial software firms (Raymond 2001). However, past research has paid little attention to firm motivation and strategy in OSS community investment (FLOSS Final Report 2002; Lerner and Tirol 2002). In this project, we investigated the enterprise investment in open source development from a micro-economic point of view. We first used real world cases to examine different ways enterprises can contribute to open source. Then we analyzed the economic incentives for enterprises to participate in the open source community. We found it is useful to distinguish firms that build business models on OSS (OSS vendors) from those that use OSS in internal IT projects (OSS users). Based on the models we established, we will construct empirical instruments to further investigate the conditions and optimal amount of contributions from each firm.