The 6th North-East Asia OSS Promotion Forum

Japan
OSS Promotion Forum

New OSS Trends and Activities of the Japan OSS Promotion Forum

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Chairman of Japan OSS Promotion Forum
(Senior Corporate Advisor of Hitachi, Ltd.)

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Reflections on worldwide IT market trends surrounding OSS
after the 1st North-East Asia OSS Promotion Forum held in 2004...

- Growth of a single global market
  Global downturn in stocks, increased speed and spread of Internet, outsourcing to BRICs...
  - Internet population exceeds one billion and cell-phone population exceeds two billion worldwide (2006).
  - Indian software services market has grown from 16.7B dollars (2004) to 39.7B dollars (2007).

- Internet-related companies have experienced rapid growth and value-added activities have shifted to non-IT processes.
  - Google has grown from 3B dollars (2004) to 11B dollars (2006).
  - SaaS: From applications to services

B$

Sales Volume of U.S. Internet-Related Companies

- 2004
- 2005
- 2006

10

5

0

Google　　Yahoo　　eBay
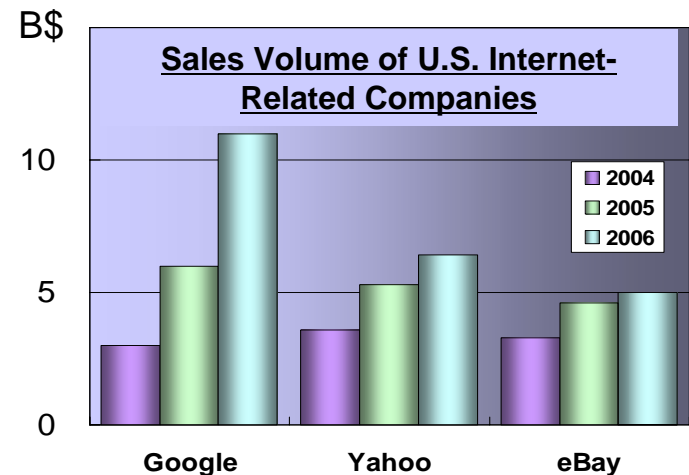
OSS has developed steadily to become the mainstream of IT infrastructure.
The catchphrase of LinuxWorld 2007 is "Open Source is everywhere".

Worldwide IT Market Trends Surrounding OSS

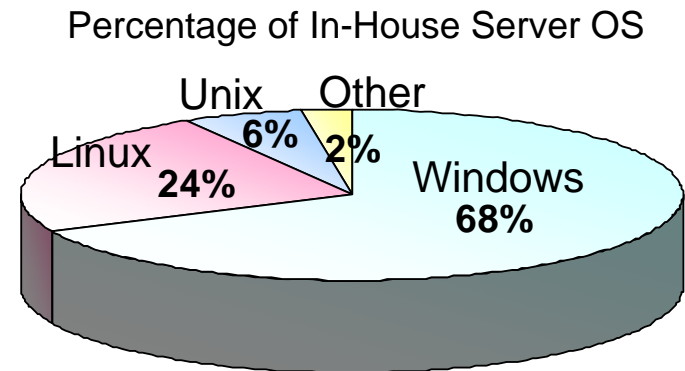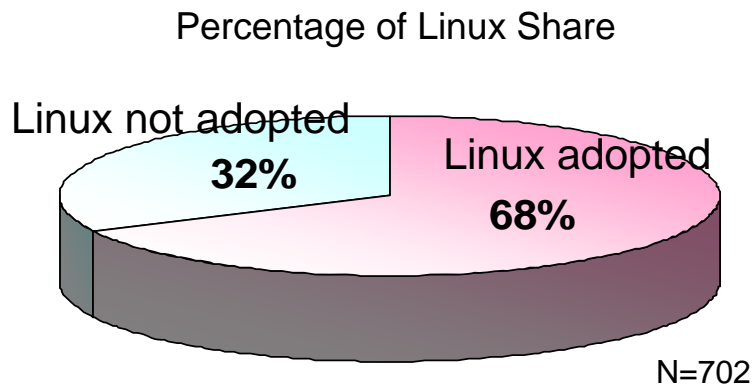## The future direction has become clear...

- Companies supporting OSS have grown moderately, but companies using OSS heavily have grown rapidly.
  - Distributors have not reached billion-dollar sales and their growth rate is less than 50%, even for well-known OSS companies such as RedHat (400M dollars, 44% growth), SuSE (53M dollars, 0% growth), and MySQL (50M dollars, 47% growth).
  - Companies using OSS, such as Google, Yahoo, and eBay, have their own advanced engineering groups and are taking advantage of OSS's benefits.

- Existing software (UNIX, DB, or AP servers) is being replaced by high-performance and highly-functional OSS.
  - The difference in performance between PostgreSQL 7.4 and 8.2 is nearly ten-fold.
  - Increased PC (hardware) performance: Mainstream has shifted from SMP in 2004 to Dual/Quad Core in 2007.
  - As OSS spreads, the needs for peripheral software (application and operational management) enhancement are also greatly increasing.

We need to redefine the meaning and main issues of OSS promotion by taking the above-mentioned changes into perspective.

OSS trends show that…

- Linux has already become commonplace.
  - It is difficult to find companies not using Linux (or companies that have a policy of not using Linux).
    (Linux has already been introduced to 70% of companies, and it accounts for one-quarter of in-house servers.)

<u>Actual Linux Share (White Paper on Linux, 2007)</u>

Percentage of Linux Share

Percentage of In-House Server OS

Linux not adopted
32%

Linux adopted
68%

Unix   Other
6% **2%**

Linux
24%

Windows
68%

N=702

  - In the Linux community, there are serious discussions about the development of error message manuals and document translations, as well as the development of new features (evidence of maturity).

OSS trends show that…

- Enterprise system features have steadily developed and technical interest has spread not only to higher order middleware and applications, but to lower virtualization layers as well.
- Operational management has been the focus in 2007.
  In LinuxWorld 2007, "application and operational management" was a key topic.
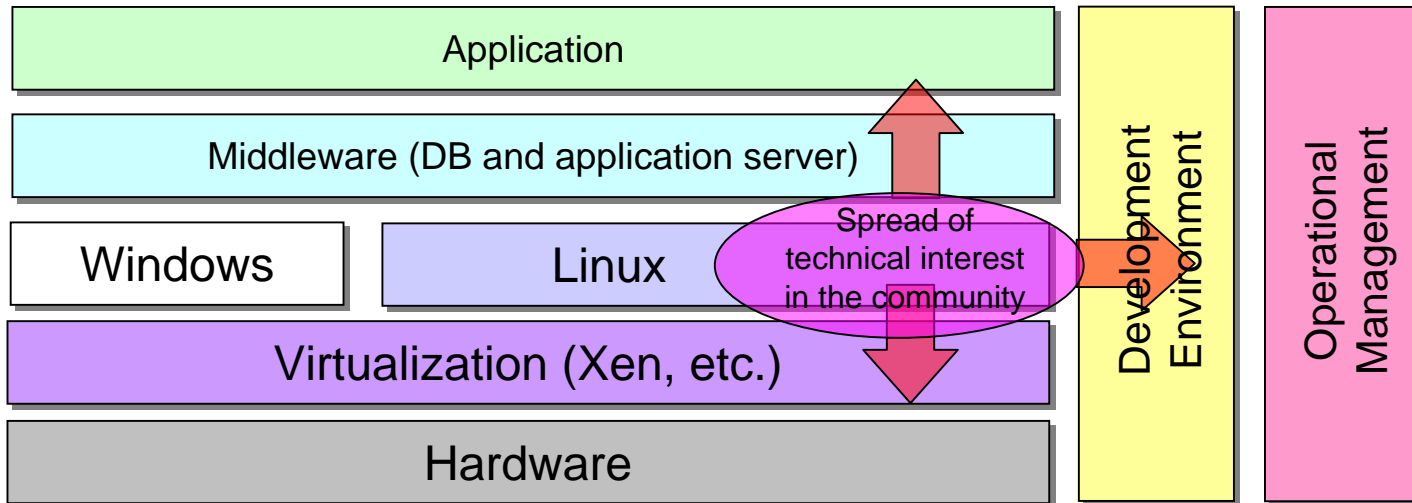
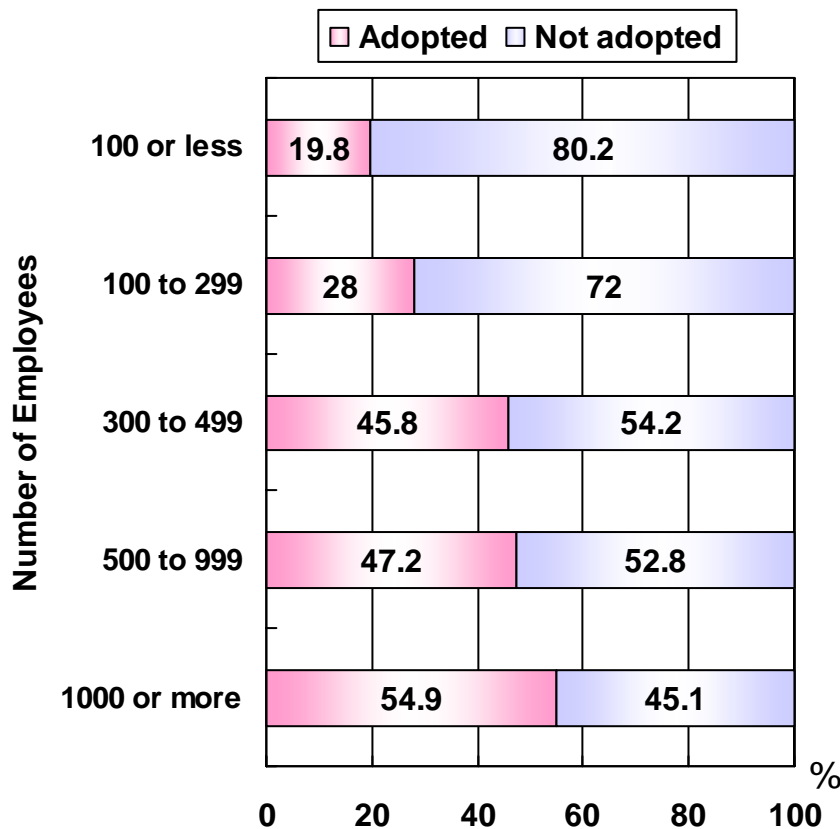## OSS trends show that…

- In the desktop market, ODF (Open Document Format) was designated as the ISO standard in 2006, and OpenOffice 2.2 (Japanese edition) was released in July, 2007.

- Linux has been applied to an increasing number of embedded devices such as cell-phones.

> Future OSS coverage will expand to entire IT systems, not just OS or network-related features.

Many large companies have already introduced OSS, but most small and medium-sized companies have not adopted it yet.
A shortage of human resources is the number one issue.

Linux Server Adoption by Employee Number

☐ **Adopted** ☐ **Not adopted**

Number of Employees

	Adopted	Not adopted
100 or less	19.8	80.2
100 to 299	28	72
300 to 499	45.8	54.2
500 to 999	47.2	52.8
1000 or more	54.9	45.1

0   20   40   60   80   100   %

Issues and Concerns about OSS
(multiple answers allowed)

White Paper on Linux, 2006

- Insufficient personnel
- Concerns about insufficient support
- Concerns about insufficient compatibility
- Concerns about reliability due to insufficient historical performance
- Increased management and operation costs
- Inferior software performance
- Concerns about intellectual property
- Other

0   20   40   60   80%

6
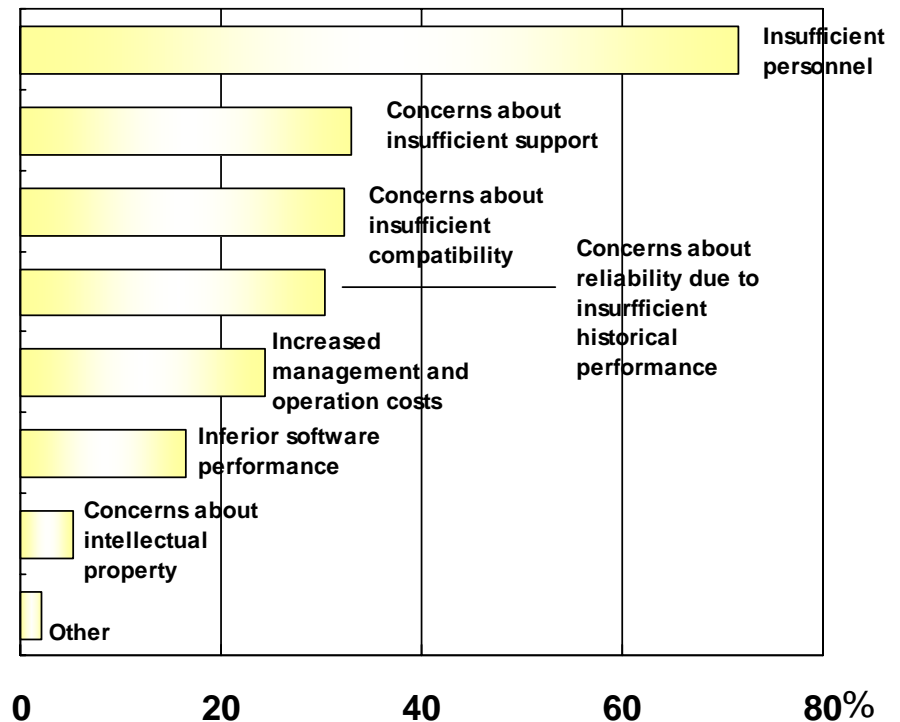
Topics in 2007

1. Cooperation with Users
   Ongoing educational activities are still needed to further the introduction of OSS.
   Local, regional, and small and medium-sized companies especially need to be targeted.
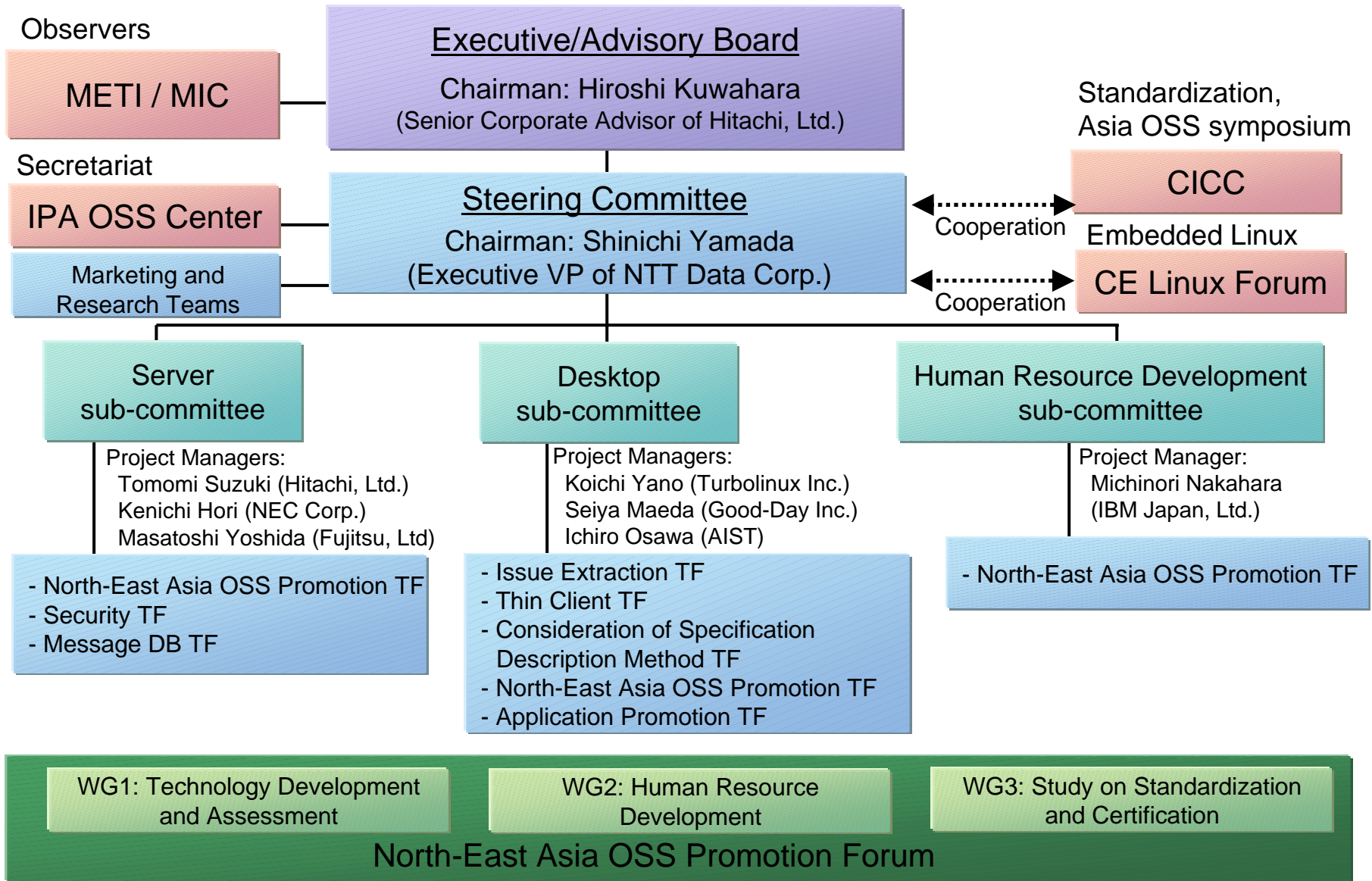
2. Cooperation with the IPA OSS Center

   Promote concrete activities with the support of government and

   official policies.

3. Development of a Long-term Vision
   Find new opportunities for cooperation in light of changes in market trends.

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Observers

METI / MIC

Secretariat

IPA OSS Center

Marketing and Research Teams

Executive/Advisory Board

Chairman: Hiroshi Kuwahara
(Senior Corporate Advisor of Hitachi, Ltd.)

Standardization,
Asia OSS symposium

CICC

Steering Committee

Chairman: Shinichi Yamada
(Executive VP of NTT Data Corp.)

Cooperation

Embedded Linux

CE Linux Forum

Cooperation

Server sub-committee

Project Managers:
 Tomomi Suzuki (Hitachi, Ltd.)
 Kenichi Hori (NEC Corp.)
 Masatoshi Yoshida (Fujitsu, Ltd)

- North-East Asia OSS Promotion TF
- Security TF
- Message DB TF

Desktop sub-committee

Project Managers:
 Koichi Yano (Turbolinux Inc.)
 Seiya Maeda (Good-Day Inc.)
 Ichiro Osawa (AIST)

- Issue Extraction TF
- Thin Client TF
- Consideration of Specification Description Method TF
- North-East Asia OSS Promotion TF
- Application Promotion TF

Human Resource Development sub-committee

Project Manager:
 Michinori Nakahara
 (IBM Japan, Ltd.)

- North-East Asia OSS Promotion TF

WG1: Technology Development and Assessment

WG2: Human Resource Development

WG3: Study on Standardization and Certification

North-East Asia OSS Promotion Forum

2007.3 Japan OSS Promotion Forum General Meeting

2007.4 WG1 Contact Person Meeting (Beijing)

2007.2 Japan-Korea DB Evaluation Camp (Daejeon, Korea)

2007.6 Japan-China DB Evaluation Camp (Beijing)

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2-3 Activities of Japan OSS Promotion Forum

2007.6 The Linux Foundation Collaboration Summit (US Google)

2006.12 CJK-WG1 Crackerjack Camp (Beijing)

2007.6 Ottawa Linux Symposium

Requirements for future activities in the North-East Asia OSS Promotion Forum

Strengthen and develop cooperation with the global community
The importance of Japan, China, and Korea speaking with one voice must be reaffirmed.

Create new businesses
For the growth of OSS business, Forum activities need to focus on harnessing the synergistic energy of the field in general.

The Japan OSS Promotion Forum also needs to cooperate with government to actively support activities among Japan, China, and Korea.