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New Report From The 451 Group Serves as a Practical Guide for Understanding and Calculating the Financial Benefits of Open Source

Report Includes 'Calculator' for Capturing the Costs and Potential Financial Benefits of Open Source Adoption by Enterprise Organizations

New York, November 16, 2006 – The 451 Group, a New York-based technology-industry analyst company focused on the business of enterprise IT innovation, introduced a new report today that serves as a practical guide for understanding and calculating the financial benefits of open source. A significant number of enterprise organizations do not have formal processes in place for financial analysis, even though most consider cost savings to be the primary motivator for open source adoption. This report introduces IT managers and architects to the basics of financial analysis – concepts, processes and elements – and provides a 'calculator' to help identify and capture the costs and potential benefits for adopting open source software. This is the second report from the 451 Commercial Adoption of Open Source (CAOS) Research Service, a first-of-its-kind service investigating both user experiences and vendor strategies as enterprise customers begin to deploy open source software.

"We've been told that cost savings is a main reason for open source adoption, and this report is an exploration of this topic," said Raven Zachary, Senior Analyst and Practice Head for Open Source at The 451 Group. "We've verified this belief with our own survey results and interviews with IT end users. In this research, we've found that formal IT processes are often not in place for capturing and presenting the cost savings associated with open source adoption. With this report, we've created a vendor-neutral, impartial process for IT end users to calculate the potential cost savings of open source adoption."

451 analysts believe that whether you are an end user with an internal IT project decision to make, a systems integrator considering an open source deliverable or an independent software vendor looking at embedding open source components into your software offering, calculating the financial benefits of open source can help determine how best to pursue a project, discover how much it may cost to generate anticipated benefits and prepare for the potential risks involved.

"We do not believe that cost savings as a major motivator for open source software adoption is going away anytime soon," said Zachary. "This has implications for open source software vendors, and how they sell into organizations. This is especially true for subscription-based open source software vendors that are not always the low-cost option. Open source alternatives without a compelling cost savings component will likely face hurdles with enterprise IT buyers."

This 50-page report, 'Cost Conscious – A practical guide for understanding and calculating the financial benefits of open source for enterprise IT projects,' was written by Raven Zachary together with Lee Bruno, Editorial Director, Special Reports. This 451 CAOS report was written for the IT manager or architect, who, often with no background in accounting, is tasked with building a financial analysis for a proposed open source initiative. It includes an introduction to the basics of financial analysis as they relate to the open source adoption process, and a tool to help identify and capture the costs (and potential benefits) for adopting an open source project. It offers analysis with concrete examples, as well as findings from an end-user survey.

Report Orders

To learn more about this report, or to discuss developing a client relationship with The 451 Group, contact Simon Carruthers, Vice President of Research Services, via phone at 212-505-3030 x-103, or via e-mail at: simon.carruthers@the451group.com.

About the 451 Commercial Adoption of Open Source Research Service (CAOS)

The 451 Commercial Adoption of Open Source (CAOS) Research Service helps enterprise end users, software vendors and investors track and understand the opportunities and threats presented by open source. Its emphasis is on the advantages that open source methodologies offer, as well as the impact of consequent organizational, legal and cultural disruption. As part of the service, The 451 Group will publish six reports annually – each one examining a different issue and offering insight into user and vendor experiences. Additional features of the service include a biweekly update of analysis and marketplace activity. The 451 Group also publishes a free blog for the enterprise open source community – 451 CAOS Theory – which can be found at:

<http://blogs.the451group.com/opensource/>

About The 451 Group

The 451 Group is an independent technology-industry analyst company focused on the business of enterprise IT innovation. The company's analysts provide critical and timely insight into the market and competitive dynamics of innovation in emerging technology segments. Clients of the company – at vendor, investor, service-provider and end-user organizations – rely on 451 insight to support both strategic and tactical decision-making for competitive advantage.

The 451 Group is headquartered in New York, with offices in key locations, including San Francisco, London and Boston. The company also operates Tier 1 Research – an independent division of The 451 Group, headquartered in Minneapolis – which analyzes the financial and industry implications of developments impacting public and private companies within the IT, communications and Internet sectors.

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