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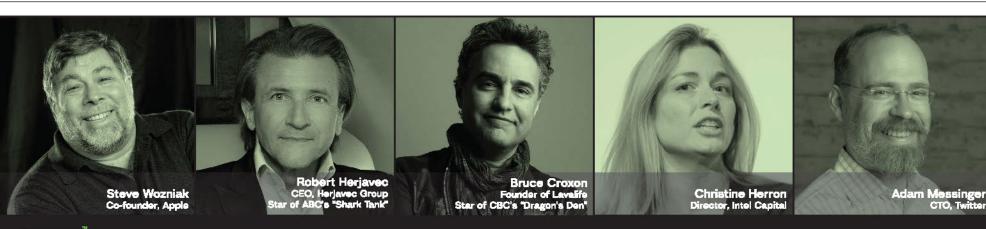
GLOBAL MARKETS Why cloud computing is key for any rapidly expanding organization

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TECH START-UPS

What three Canadian entrepreneurs have to say about their businesses





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CHALLENGES





Robert Brennan Hart FOUNDER & CEO, POLITIK

"I was just going round and round the hotel garage. Must have been touching close to ninety-four. Oh, but I'm always crashing in the same car".

- David Bowie

apoleon Bonaparte, the clever bugger that he was, once proclaimed that "the human race is governed by its imagination not crude oil." Actually, I made up the "crude oil" part, but at this very moment, I am sitting in a Starbucks in the heart of Alberta, surrounded by pick-up trucks, rednecks and the general sense that we are walking headlong into an impending apocalypse. So, the "crude oil" extension, as blasphemous as it might be, is a monumentally important extension.

A knowledge based economy

Monumentally important, why? Well, because at this moment in history, there is a seismic shift happening from a resource based economy to a knowledge based economy. World-changing innovations are being created at the speed of sound in the start-up community - many of which are destroying century old business models and creating enough wealth for the Silicon Valley elite to actually consider sharing it. The sharing economy has provided a ubiquitous platform for collaborative consumption and block chain has provided a very plausible technology framework for economic equalization and wealth redistribution. All of these things are being built by the brightest DevOps minds on the planet right now - not on Wallstreet, not in the bowels of a Saudi Arabian Oil Cartel and certainly not in a public sector think tank.

This seismic shift is a universal one and is something that goes will beyond a quietly applauded revenge of the nerds. Uber disrupting the taxi industry, Netflix destroying the cable industry, BitGold declaring war on Wall Street, and Elon Musk nipping at the heels of the old-fashioned man.But, is anyone in Alberta or Canadian politics actually paying attention? We've all been fed lip service about "economic diversification" for years when it is widely known that every political decision in Canada is brought by unoriginal men in Calgary downtown skyscrapers.

And, in the meantime, while the rednecks cry in their Tim Horton's coffee cups about another pinch to "our kid" Brent Crude, our smartest

Canadian friends with the brightest ideas and biggest bank accounts pack their bags and buy a one way ticket to San Francisco Bay and join the party. Why is it that in the last decade only three technology companies have been created in Canada that are currently valuated at over \$1 billion? Is it for a lack of talent, lack of smarts, lack of infrastructure? Or is it something much more sinister?

Why are we scared?

Apathy, conservatism and risk adversity are the Canadian ways. And they aren't going to work anymore. We need more disruptive and empathetic leadership in the Canadian Government and in the Canadian enterprise. We need to demand the creation of a viable and sustainable knowledge economy in the next federal and provincial elections. We need to stop crashing in the same car.

The Canadian oil and gas industry and our very way of living are about to be unpleasantly disrupted. Don't believe me? Ask your regional taxi union if they are losing sleep over a welcoming knock from Uber.

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The Cloud Factory 2014 launch video touches on what's in store for Interzone 2015

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EDITOR'S PICK





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Cloud computing: A game changer for fast growing companies

Adopting a cloud computing approach is essential for any fast growing organization that is expanding on a global scale.

Doing business differently

In the recent past, companies who moved applications, data and workflows to the cloud were seen as being ahead of the curve. But things have changed and implementing a cloud-based strategy is now an organizational necessity. Maintaining a competitive edge is integral for any organization that has ambitions of making significant increases in turnover, year-on-year.

"We're seeing companies of all sizes using the cloud as part of their innovation cycle," says Jonathan King, VP of Cloud Strategy and Business Development at CenturyLink Technology Solutions. "By apply-

ing cloud innovation into their businesses, companies are now able to innovate and iterate more rapidly; they're able to think differently about how they develop products, how they prototype and how they perform test and development."

Scaling to reach global markets

Cloud infrastructure strategies provide organizations with the scalability and flexibility that allows them to shift gears, spinning up IT services quickly when resources are needed and then scaling down. "It means that companies can try a lot of small things fast," says King. "It allows you to focus on the things that are working."

Cloud infrastructure is also playing a key role for companies who are looking to overseas expansion, King explains. "Working through cloud interfaces means that you don't have to get on a plane to connect things abroad, you don't even need to find someone in-market locally to do that for you," says King. "That's another dynamic of the cloud, you can use the infrastructure to help sustain global growth."

Cutting costs for growing businesses

Utilizing a public cloud infrastructure provides burgeoning organizations with the access to IT services and applications required to reach the market while removing the need for huge up-front investment in IT resources and in-house infrastructure.

"Ten years ago, starting a technology organization required tens of thousands of dollars of monthly expenditure, which had to be sourced via investment from another company or a venture capital fund," says King. "Today, you can enter the game much further up the stack. For organizations developing applications and data services, the barrier to entry is greatly reduced as is the barrier to scale."

By reducing operational costs, increasing flexibility and allowing greater scalability opportunities, cloud computing infrastructures are ticking all of the boxes for fast growing organizations that want to push their business onto the next level. "In extreme cases, companies are growing rapidly simply because they're using the cloud: it's the cloud that's enabling them to grow," says King. "Companies are using the cloud as an innovation platform to be born on because the cost of entry is so low and the tech is so powerful that you can do things that you couldn't in the past."

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INSIDE THE DRAGON'S LAIR

Mediaplanet sat down with former Dragons' Den panelist and founder of capital venture firm, Round13 Capital, Bruce Croxon, to discuss the current landscape of technology start-ups here in Canada.

Mediaplanet How has the landscape of enterprise IT affected tech start-ups here in Canada?

Bruce Croxon By landscape I assume you mean the shift to the cloud and more technology being made available to more people at less cost. This trend is good for everyone, Canada included. It makes life a bit tougher for start-up entrepreneurs because there is no longer a technology barrier to entry, but the opportunities to create companies and valuable services has never been greater.

MP Do tech start-ups here in Canada have access to the same resources as our neighbours in the United States? BC Depends what type of resources you mean. On the human resources front I would argue that Canada can be a better place to build a business. The demand for developers, for example, is lower than the valley, the loyalty is higher and the talent is comparable. Business development can be sourced in the States. Given that customers are global and can be accessed from anywhere, Canada

When it comes to capital on the other hand, we are at a disadvantage. There is an abundance of early stage capital to be had and our incubator ecosystem is solid but the growth cheques when a company is ready to scale are harder to find. This is being fixed as we speak.

is as good as it gets.

MP How important are incubators and accelerators for Canada's tech start-up sector? BC Very.



Bruce Croxon taking the stage at the Enriched Academy event at Mohawk College PHOTO: VANEH KESHISHIAN

MP How significant a role can cloud computing play for a tech company that is expanding on a global scale?

BC I would turn this question around a bit and ask: 'how is it possible to rapidly expand when speed is of the essence without making use of cloud technology?' We are in a time now where it's less about the technology and much more about being able to adapt to and orchestrate rapid change. That means partnering, preserving capital for people, marketing, and speed to market. This is increasingly hard to do without the benefits of cloud computing.

MP How do you see the Canadian start-up landscape progressing over the next few years?

BC I think the next decade is going to be all about rapid growth for IT companies. We have done the legwork to set ourselves up for success (government programs, large number of high functioning and well supported incubator programs and a growing num-

ber of 'been there done that 'entrepreneurs) and I believe we will reap the benefits as entrepreneurs and investors for some time to come.

MP Can the government do more to encourage entrepreneurs to pursue investment and effort into tech start-ups? BC More is always welcome and I think any investment in tech is a good investment, but overall our government is pretty good. If you asked me about the big five banks

my answer would be very different. The shreds program, once it was tightened up, has been a boon to technology companies and I believe has helped to foster some worldclass innovation. It took awhile, but the Vcap program is finally underway and this will help immensely. Canada can hold their own with any tech ecosystem in the world ex the growth capital - and the government has contributed to this and needs to be acknowledged.

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Tech start-ups: Cloud considerations



Martin P.J. Kratz QC, BENNET JONES LLP

Many modern electronic commerce or softwarebased start-ups are looking to the cloud, both for sources of technology to support their services mix, as well as a delivery mechanism to connect their services to their customers.

The start-up should consider a number of factors as steps to maximize their ability to build successful businesses.

It is common for a start-up to use the cloud as a delivery mechanism. Often the start-up has a specific application that it distributes using a "software as a service" modality, where the start-up hosts the application on a server so customers can receive the use of the

application as a service. The advantage for the customer is a utility like service where they have no responsibility to purchase the software, keep it current or pay for ongoing maintenance. The vendor (the start-up) does all of this. Such cloud based services are typically available at a fraction of the cost of the customer acquiring the software for the same purposes. That is why cloud based delivery of services has grown so quickly over the last decade.

The cloud start-up has to address a number of key decisions, typically done as part of the startup's business plan. This is key to the start-up's focused business opportunity and its ability to attract investors.

The start-up must develop the pricing and terms on which it provides its service such that they are acceptable to the customers. The key factors customers look at in making a decision on a cloud service include:

- Whether the service meets the customer's need.
- The cost of the service.
- The ability of the customer to control and own its data and be able to move from one vendor to another.
- The compliance by the cloud start-up with best practices in



IMPROVING ACCESSIBILITY FOR YOUR CUSTOMERS Understanding how technology can help your business is just as important as understanding how it can

security of the customer's data and personal information (often evidenced by compliance by the start-up with a leading international security standard or

hold you back.

standards). ■ The risk imposed on the cus-

tomer by the start-up's terms.

For some customers the issue of where the data resides may be an issue.

A start-up offering an application requires third party software, services including a platform (often provided by a "platform as a service" provider) and infrastructure (also often offered by an "infrastructure as a service" provider). The start-up must do their due diligence on the services, standards and terms. Typically the start-up needs to ensure its offering to the customer is consistent with the terms, services and support it receives from such third parties. In that way the start-up seeks to manage its obligations to its service providers and its commitments to its customers.

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CONNECTIVITY IS KEY FOR SMALL AND MEDIUM BUSINESSES IN 2015



Flynn Malov SENIOR DIRECTOR OF ENTERPRISE MARKETING, SMB SEGMENT, HP

t really is 2015. It's been about twenty years now since small Canadian businesses started getting knocks on the door from enterprising web designers trying to convince them that this Internet thing was going to be a big deal and that they really needed a website. Well, by all appearances, the World Wide Web is here to stay, and for most new businesses, a website and a basic IT solution is very near the top of the getting started checklist.

There's a good reason for that, too. Online sales accounted for \$136 billion in revenue for Canadian businesses in 2013 and, once the 2014 numbers are available there is every reason to expect they will be even higher. E-commerce has been on an implacable upward trend for well over a decade and very few Canadians today make any substantial purchases without, at a minimum, performing online research. In fact, Forrester Research projects that 60% of all retail sales will involve the web by 2017.

Marketing is the new sales

"Marketing is the new sales," explains Flynn Maloy, Senior Director of Enterprise Marketing, SMB Segment at Hewlett-Pack-



ard. "Marketing takes the sale quite a lot further down the field than they used to." It is no longer the case that marketing gets the customer in the door and the sales team handles the rest. When I'm making a purchase these days, even a relatively small one, I've usually visited all the competitors' websites, compared features online, and researched expected prices before I even set foot inside a store. And it's increasingly common for customers to carry UPC scanning apps on their phones, letting them access all this information instantly right there on the sales floor.

If a business is not actively involved in the online aspect of customer experience, with a dynamic website, a social media presence, and possibly even a mobile app, they are essentially invisible to a rapidly growing segment of the market. "A dynamic online presence is vital," agrees Maloy." It's about letting the customers learn about you in the way they want to learn about you. And all of that is driven by IT. You need to have the servers, storage, network infrastructure and the application infrastructure that can run and support it."

Whether your business is looking to deploy a new cloud service, purchase some of the surprisingly powerful and affordable servers, storage and networking solutions on the market today, or like most businesses, utilize a hybrid IT model, the infrastructure that drives your company's connectivity with the customer base can no longer afford to be an afterthought. It's 2015, and the small and medium Canadian businesses that will thrive this year are the ones investing heavily in a highly-connected ITdriven business model.

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A revolution in small business IT

The law of exponential growth in computing power



In 1965, Gordon E. Moore observed that the amount of computing power that could be fit into a processor of a particular size doubled roughly every two years.

After 50 years, that trend has remained remarkably stable and, with increased miniaturization and power has also come dramatically decreased costs. The phones we carry in our pockets are cheap enough that telecom providers roll their price into the service plan and yet they dwarf the computational capabilities of supercomputers like the Cray and Deep Blue that were redefining the limits of technology as recently as the 90s.This fact holds several important implications for Canadian businesses.

Firstly, the reality that it is now possible to conduct most every type of work through a phone rather than tethered to a desk is rapidly changing the way we do business. People are working from home, from the road, from the airport and it's vital that a growing business have the infrastructure to support that, especially in a Bring Your Own Device world. "We're seeing the consumerization of IT," says Flynn Maloy, Senior Director of Enterprise Marketing, SMB Segment at Hewlett-Packard. "For many, the IT they have at home may be better than what is in their office." To maximize the productivity of a mobile workforce, businesses need to reverse that trend with a modern IT infrastructure.

Big data for the little guy

Fortunately, a second consequence of Moore's Law is that advanced, enterpriselevel technology is now becoming affordable and accessible to small and medium businesses. "In the old days, as in 12 to 24 months ago," says Maloy, "a 5-person or even a 500-person company wasn't looking at a CRM solution or a business intelligence solution or to virtualize and private cloud a bunch of rack and stack blades. That sort of high-end technology solution was just out of reach for small and medium companies. That is a big part of what's changing."

And those gains in computational power in the server room bring more than just increased mobility. Faster computing means faster applications, means less downtime between tasks for employees. A powerful centralized server also opens dramatic new opportunities for efficient collaboration, indepth data analysis, and process optimization. For decades, one of the major challenges keeping small and medium businesses from competing with large multinationals has been this technology gap. Now, Moore's Law has built the bridge, and small Canadian businesses are eager to cross it.

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There's never been a better time to expand your IT footprint

Small and medium-sized businesses represent a rapidly-growing segment in the Canadian marketplace.

Business Development Bank of Canada reports that 98.2 percent of Canadian businesses have less than 100 employees, and that small and medium-sized businesses represent more than half of Canada's gross domestic product. And yet, despite the fact that the majority of Canadians are researching and making their purchases online, only 12 percent of small businesses have an online sales presence.

It's due time for Canadian business to take advantage of the new opportunities inherent in the twin trends of rapidly increasing internet connectivity and rapidly decreasing computer technology prices.

ness cost of downtime and data loss in 2014 at over \$1.7 trillion dollars. The magnitude of that number is not lost on IT providers, and companies like HP are now championing reliability at every market segment.

Finally, scalability. Nobody wants to overspend on IT but, at the same time, business owners recognize the dangers of adopting a solution that may become undersized as the business continues to grow. Between cloud computing and plug-and-play server technology, however, scalability is quickly becoming a solved problem. Young businesses are now able to adopt cloud-based solutions from day one and grow both their on-site and remote infrastructure painlessly, according to need.

In all, massive changes in the hardware and software world have resulted in ever

"Young businesses are now able to adopt cloud-based solutions from day one..."

The three metrics

There are three key factors for a business owner to consider when investing in new information technology products: affordability, reliability, and scalability.

On the affordability front, the situation could hardly be better, with solutions that were only within reach of the largest corporations as little a year or two ago now being accessible for even the smallest companies. And more than 80 percent of small businesses that invest in new technology see a measurably positive return in productivity, competitiveness, and efficiency.

In terms of reliability, its importance cannot be overstated. A recent global data protection study reported the worldwide busi-

more advanced information technologies being accessible to small businesses. With Microsoft Windows Server 2003 reaching the end of its service lifecycle, many companies are looking to upgrade their data infrastructure for the first time in decades. Others are looking to make their first steps online and stop being part of the 12 percent. In either case, and by all three metrics, there has never been a better time than now.

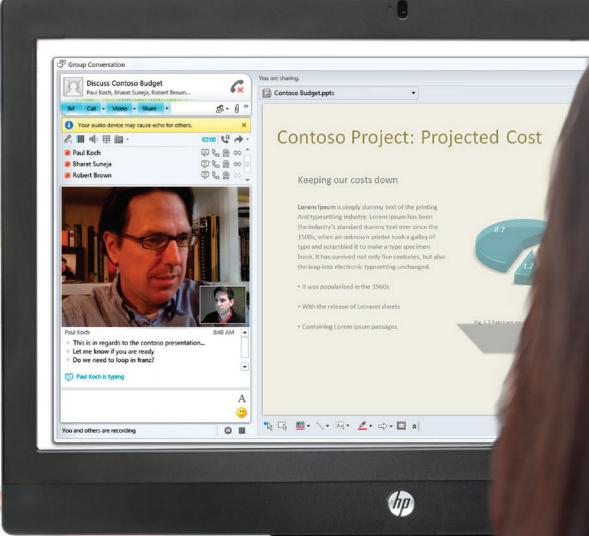
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THERE IS NO BETTER TIME THAN NOW

We took the chance to discuss start-ups and technology with three of Canada's most motivated entrepreneurs. This is what they had to say:



Alistair Croll

VP Research, CloudOps; and founder, Solve for Interesting

Mediaplanet Innovative start-ups tend to either create a new category for themselves (inventors) or create a new dimension of performance in an existing category (disruptors). Which are you?

Alistair Croll We're definitely a disruptor. Cloud technology is no longer rocket science; it's computer science. We're innovating on business model, rather than product, but at our core we're disrupting traditional IT services in Canada, delivering true cloud services, rather than managed hosting cloaked as a turnkey cloud, 10 milliseconds from the Patriot Act. That changes what's possible not only for Canadian start-ups, but also regulated governments and overseas companies looking to get a footprint in North America without running afoul of governance.

MP In today's technology world, should the teachers be afraid of the pupils?

AC I don't think technology makes professors afraid of their students, though it probably makes cheating on exams a lot easier! The teachers should learn from the pupils. We're in an era where cycle time trumps scale, it isn't about who has the most resources, or employees, or capital. It's about who can iterate the fastest to improve their business and their market. Pupils are in learning mode, and teachers need to understand that the ability to learn is essential. It's no longer about sustainable competitive advantage, it's about seeking transient competitive advantage really, really quickly. That doesn't mean old business models are dead; just that technology lubricates them and changes customer expectations.

MP Apart from your phone, tablet and/or laptop, what is the one piece of technology that you struggle to live without?

AC Really, really good headphones.

MP Does your company/system/technology provide value only for the people that use it or does it go beyond that. Is it changing the world?

AC Cloud computing in general is changing how society functions for three reasons. First, it makes experimentation possible by removing the need to make heavy upfront investments in order to try things out. Second, it makes change happen more quickly because it can spin up and tear down resources, taking provisioning from weeks to the time it takes to click a mouse. And third, it has made our species information-literate. This last one is fascinating. Before Facebook, the people who understood a feed were Bloomberg traders. But consider what an amazing tool for working with vast amounts of real-time information Facebook is. Now consider that roughly a fifth of our species is on it every day, often for over sixty minutes. The cloud just upgraded human cognition while we weren't looking.



Reuven Cohen

Former Founder Enomaly, Chief Technology Advocate Citrix

Mediaplanet Innovative start-ups tend to either create a new category for themselves (inventors) or create a new dimension of performance in an existing category (disruptors). Which are you? Reuven Cohen I am probably in the new category column. Back when I formed Enomaly in 2003, cloud computing didn't exist. I saw a need to create a platform and company that allowed our customers a better, more effective way to manage and scale applications. The problem was that most of the potential customers we'd pitch at the time didn't really understand the problems we were trying to solve. It took several years for the rest of the industry to catch up. Being early is a double-edged sword. That said, I'd probably rather be earlier than later.

MP in today's technology world, should the teachers be afraid of the pupils?

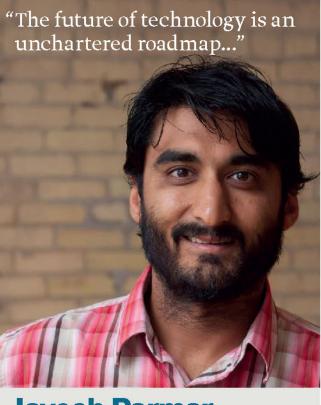
RC The key is understanding your customers and their particular needs. Blindly telling your customer what they want without asking what problems they are actually experiencing, is a recipe for disaster. Start with a customer need and work from there. Show don't tell. Advocate don't pitch. Find an actual emotional human need.

MP Apart from your phone, tablet and/or laptop, what is the one piece of technology that you struggle to live without?

AC Technology doesn't need to necessarily be digital. So for me it's simple. A pen and paper or maybe my Polarized Sun Glasses. From a technical point of view, my Google chromecast.

MP Does your company/system/technology provide value only for the people that use it or does it go beyond that. Is it changing the world?

AC At Enomaly, ultimately we created something that completely changed the way people build and think about internet based applications. Did we change the world? Maybe not the world, but we did change the way you think about clouds.



Jayesh Parmar

CEO, Co-Founder of Picatic

Mediaplanet Innovative start-ups tend to either create a new category for themselves (inventors) or create a new dimension of performance in an existing category (disruptors). Which are you?

Jayesh Parmar Definitely disrupters. Every other ticketing company in the world charges a set service fee and base fee so we asked ourselves, why? For decades tickets have been attached to this stigma of high service fees and base fees so we developed a pay what you want model in order to shake up the status quo. We are the only ticketing company in the world that allows event organizers to choose what they want to pay. Yup that's right, the price is totally determined by the end user, not us. The plus side is that event planners get to keep prices low so everyone can attend more events. Our goal is to completely transform the event industry and we feel we are well on our way.

MP in today's technology world, should the teachers be afraid of the pupils?

RC Teacher/student relationships are becoming archaic, it's too slow, it is almost becoming cliche to drop out of university and start a start-up. Tech leaders are the ones that learn how to learn and arguably more importantly learn how to learn from failing. These are the people that look at impossible as — it just hasn't been done yet. The future of technology is an unchartered roadmap, how can one teach the unknown. Technologists need to build, measure, learn, iterate and repeat.

MP Apart from your phone, tablet and/or laptop, what is the one piece of technology that you struggle to live without?

AC I cannot live without the internet. I am absolutely a fish out of water when it goes down. I might even twitch like one.... This feeling of awkwardness would of course be amplified if the cloud went down. Take those away from me and it's game over; they are my kryptonite. A recent new pain killer for me is Assistant.to — a Personal Scheduling Assistant. It literally saves me hours a month.

MP Does your company/system/technology provide value only for the people that use it or does it go beyond that. Is it changing the world?

AC Everyone goes to events, it's where many of us met our significant others, watch our kids recitals or cheer for our favorite teams. Events are our part of our future and past memories, its the fabric of life, they stir emotion and makes us who we are. We are definitely changing the world, by helping organizers make events more successful while making them more affordable for all of us that want to attend. Because of Picatic, more events are happening, which means more people gather, talk and share their lives

Should new start-ups be open source compar



Joshua McKenty FOUNDER, OPENSTACK; FIELD CTO, CLOUD FOUNDRY, **PIVOTAL**

Both the US Federal Government (18F) as well as a host of new, hot start-ups and even some recent IPOs would say yes. Even some of the most traditionally conservative of investors at **Bain Capital Ventures have** jumped on board, hosting the Open Source Start-up Summit this past spring.

In a blog post entitled "Why you should open source your start-up", NickWinter, co-founder of CodeCombat, described the amazing community engagement that followed from their first open source release. He closed with "Everyone goes closed source by default, but we believe the convention should be reversed".

A renaissance

recent history.

As of this writing, Hortonworks (HDP), the most recent IPO of an open source company, is worth roughly a billion dollars. And the last few years have seen a true renaissance of open source companies, with OpenROV, Hashicorp, Docker, CoreOS, and others headlining a list of large funding rounds and major partnership announcements. My own employer, Pivotal, is a twoyear-old spin-out of VMware and EMC composed almost entirely of the open source assets of those parent companies. Our flagship product, Cloud Foundry, is one of the fastest growing open source projects in

"Don't worry about people stealing your ideas. If your ideas are any good, you'll have to ram them down people's throats."

-Howard H. Aiken

But open source isn't simply a matter of flipping a switch. It's less like being "gluten-free", and more like being Catholic.

Introducing a third group

In 2015, from Global Climate Change to Free Speech issues in France, we are finally waking up to what economists call "externalities" and social scientists call "The law of unintended consequences" - what most of us would call side effects.

Ordinary business has two primary stakeholders — the people you pay (generally called employees or vend-

ors), and the people who pay you (gen-

erally called customers). Everyone

else who is impacted by your business

is thought of as unimportant.

In many modern organizations however deliberate thought is given to this third group - generally called the "community". They may include "users", who take advantage of your business but don't actually pay for it. They may also include "contributors" who help to develop or support your product, even though you don't pay them. At least,

not directly. Most companies are not well structured to operate as part of a larger community. As a brief look at any

typical org. chart will show you, we

arrange roles and responsibilities

and titles around our two classic

stakeholders — the people we pay,

and the people we get paid by.

So if you're serious about being an open source company, how do you get started?

Let's look at what 'not' to do. The original "open source" community site SourceForge is liberally littered with the generous detritus of "thrown over the wall" so-called "open source" efforts. At the dotScale conference in

Paris a few summers past, I waxed verbose on the idea that your project's codebase will always end up reflecting the community that contributes to it. More importantly, that community will reflect the culture of the original team. For most new start-ups, the most

important effort should be to engage in 'existing' open source communities; through osmosis, the key cultural behaviours of "rough consensus and working code", assuming positive intent, and honoring contribution at all levels, should rub off.

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