

Software start-up switches to open source

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Dan Zahlis struck upon an interesting idea in 1994 as operational risk manager for The Häagen-Dazs Company in Tulare. It was an idea that could improve an enterprise's risk management, tighten up its policies and measure their effectiveness. It could, for instance, help companies reduce workers' compensation and product liability costs.

In other words, it ultimately could save lives.

But Zahlis wanted to capitalize on the idea, and that journey led him through what he describes a "10-year battle" to bring his

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Résumé

Name: Dan Zahlis

Title: Founder, Active Agenda

Company: Active Agenda, Inc.

Age: 41

Education: Bachelor of Science in Health Science, Occupational Safety and Health from California State University, Fresno (1987)

Business Philosophy: "For me, open source is about speed to relationships, and speed to solutions - the kinds of relationships we want, and the kinds of solutions that generate measurable results."



Open Source

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idea to the public without allowing megalithic software competitors, investors or market forces to compromise it.

That idea has become Active Agenda, a software application that can help companies.

The software has been developed, and restarted, three times, he said. But in its final form, Zahlis said the product is as close to his original idea as it has ever been.

There is at least one difference. The entire application - not a trial version or limited version - is now completely free for download from his Web site activeagenda.net.

"The way we think we can compete is by not competing," Zahlis said. "I know that sounds weird."

But it doesn't sound weird to those who are already using open source software - software designed not by multi-million dollar corporations, but by individual programmers who have become frustrated with limitations they say are built into proprietary software in order to keep customers paying.

With open source software, programmers are determined to create software free from restricted use - and often that means free of charge.

Zahlis released a fully functional demo of the program on July 1 on his Web site. He plans to release the entire program, including its underlying source code, on Aug. 1.

And because the software won't cost anything to use, Zahlis said he is looking for a single company to sponsor the program for \$500,000 each year to cover Active Agenda's operational costs. He will also provide training and support services, not to the companies using the program, but to people who will be hired by those companies to customize and train employees to use the program.

"It makes a lot more sense to use open source software, which they have access to improve if they choose to," he said. "We can only support so quickly... We like to think of it as distributed capitalism. It is truly competitive and customer-centric. We're focusing resources on the consumer."

Under open source software license agreements, software can even be altered and improved, as long as it remains free and gives credit to its original programmers. Like vegetables in a stew, programmers want to add their best ingredients and the chef shares the recipe freely so everyone who wants a bowl can see exactly what's cooking,

Zahlis said.

"We're looking for people that arrive at our stew pot with vegetables and bullion in hand, and those are the people we wish to work with," he said. "Ironically, we cannot find these people quickly enough without offering our stew to everyone."

Because the entire community of programmers can access the code, vulnerabilities (both intentional and inadvertent) are often found, reported and fixed within hours, said Mike Cederquist, WAN administrator for the Institute of Technology in Clovis.

"That's the beauty of open source: it's open for anybody to see," he said. "It tightens security... The beautiful thing about that is that you have millions of people looking at it, and people don't want the code to be vulnerable."

Cederquist is also president of the Fresno Open Source Users Group, which meets every third Thursday to discuss open source trends and to troubleshoot software and hardware problems. Like open source software, the meetings are free and open to the public.

Cederquist said security vulnerabilities exist in all software, including those developed by Microsoft. While large software developers often take months to develop a patch for those vulnerabilities, open source software has updates within hours of a problem's discovery, he said.

Open source doesn't always mean free, Cederquist said. While the source code for a program may be available online, software designers have found that users are still willing to pay for certain things, such as an instruction manual or technical support.

"If you wanted to make money off of an open source product, it's not really the product but the support," he said.

But Cederquist said that eventually he hopes to see all software follow that model.

"It really should be (free)," he said. "All it is is an organization of ones and zeros, and really, it's only been the case that the money is in the service."

Open source software already is being used for most "back-end" networking installations that Drew Baker encounters. Baker, lead support technician for Eagle Networks Inc. in Fresno, estimated that 65 percent of businesses in the Valley are using some form of open source software.

Active Agenda wasn't always intended to be open source. Zahlis sought formal funding to develop the software for years, resulting in discussions with one of the world's largest insurance brokers in 1999. Discussions ultimately failed due to political realities, Zahlis

said: the broker had invested ten times the amount Zahlis was seeking in a competing product. That agency ultimately offered Zahlis \$250,000 on the condition that he not distribute his product through the other "Big 3" brokerages, which represented 90 percent of the market.

That experience led Zahlis to realize that he could not bring the software to the market he wanted to by seeking investment or equity partnerships.

But for the most part, Zahlis couldn't get a meeting with large companies that would be interested in his enterprise resource management application. It wasn't until he released his unrestricted demo version that, within two weeks, he began receiving calls from those same companies and a number of pharmaceutical companies.

Zahlis said it isn't just that they're excited about his software. Corporate software giants are worried that his distribution model will short-circuit their marketing efforts.

"I think it's telling that a 40,000-employee company is threatened by this," he said.

Even locally, when funding is short, people with ideas find that using open source technology can make a big difference.

One open source project that has taken off in the Valley is Fresno Famous, A Web-based community forum and event guide. Built with open source Web design tools, the site at fresnofamous.com was designed with the same unrestricted philosophy embodied in the open source movement, said Suzi Arnold, whose Web design company Think Inkless uses a combination of open source and proprietary software.

"I wouldn't be able to do it without open source software," she said.

Arnold developed the Fresno Famous site as a side project for owner Jarah Euston using the open source Web program, Drupal.

"To me, it's a philosophical difference is whether you are going to support a company that is using proprietary products, which some consider to be competition killers," she said. "I find the quality of open source software is much better."

Arnold said she sees open source software as a grassroots movement based in the software world. But Zahlis said many open source software developers are simple trying to reach a market of consumers without being able to compete on advertisement dollars.

"They are also quite capitalistic. Be careful from interpreting this as a socialist movement," he said. "Those who join us will do so because they see an opportunity to generate revenue."

In fact, a third source of revenue for the Active Agenda software will be in commercial licensing.

That's because the software is licensed under the "reciprocal Public License," which requires anybody who improves the software to contribute those improvements to the world, he said.

"If you are running the software but need it to track 20 other things we never thought of, you are obligated to share your improvements with the world," he said. "The commercial license removes the obligation to reciprocate. You can hoard your brilliant ideas."

This will only be available for every day users. Under their commercial license, a programmer cannot resell the program.

The open source movement still has a way to go - but Arnold said she believes the barriers to its popularity are only an illusion that will break soon.

"I think that people assign value erroneously to things that have a price tag attached to them," she said. "It's exactly backwards thinking, or can be, with software." 