

15.905 Technology Strategy (Spring 2007)

Professor Michael A M Davies

Class # 9: Red Hat

Please note that you are *not* required to submit a write-up. However, writing down your thoughts may help you during class discussion.

Red Hat has established a leadership position within the Linux business ecosystem, indeed one which is triggering concern amongst some other members of this numerous and diverse group.

The success of Linux has been founded on its modularity, which enables development to be widely distributed, and on what can be characterized as the most open of open standards – open source. As a standard, open source publishes not just the interfaces, but its implementation, and the licensing regime makes it impossible to capture value from the intellectual property itself.

Clearly, this presents some interesting strategic challenges, particularly as far as value *capture* is concerned.

As a result, please give some thought to the following questions:

- why has open source been successful so far in the segments that it has penetrated, and what, if any, are the limits to its application?
- what should Red Hat be doing to try and accelerate value creation, and grow the overall Linux ecosystem?
- who controls the architecture of Linux, and what are the implications for the structure of the business ecosystem?
- what should the scope of Red Hat's offer be?
- what should the scope of its activities be, what should it do itself and what should it outsource?
- what should Red Hat be doing to capture value in this domain?
- as part of this, what should Red Hat do about applications, and should it fund their development, and if so how?