Managing the Boundary Between Commerce and Commons

Position Statement

Matt Germonprez
University of Nebraska, Omaha
germonprez@gmail.com

J. P. Allen
University of San Francisco
jpallen@usfca.edu

Brett Young
Georgia Gwinnett College
byoung9@ggc.edu

Ken Kendall
Rutgers University
kendallk@camden.rutgers.edu

Julie Kendall
Rutgers University
kendallj@camden.rutgers.edu

Introduction

Commercial firms are collaborating more intensely with open source communities. Companies such as HP, Intel, and TI have created substantial open source 'technology centers' and 'program offices' to better manage their corporate use of thousands of open source packages and components, as well as hundreds of commercial software releases each year that include open source code (see ORCL, 2013). At the same time, open source communities are becoming comprised of more complex organizing structures, such as foundations and deliberately designed communities of competitors (Germonprez et al., 2013), to get the most out of relationships between commercial participants.

The complexity of these relationships has increased to the point where we conceptualize them in terms of creating and managing boundaries between different institutional contexts—between the worlds of commerce and the commons—rather than as simply participants making open source adoption decisions or participants attempting to influence the direction open source (Fitzgerald, 2006). There are obvious tensions between the institutional contexts of private and public goods that make these collaborations challenging, due to complexities in ownership, control, and in the capture private benefits (e.g., Ostrum, 2005).

From the standpoint of the open innovation literature, there are still major gaps in understanding the shift toward relying upon external sources of innovation, beyond of the direct ownership and control of commercial firms. How to best structure relationships with external innovators, and which processes to use, are still very much open questions (e.g., Gassmann et al., 2010). Though some evidence suggests that greater use of external knowledge leads to more corporate innovation, there is still substantial variation in the innovation benefits realized between different firms (e.g., Chatterji and Fabrizio, 2013).

As the worlds of commerce and commons become increasingly intertwined, we focus our attention on two aspects of boundary management: the valuation process, through which commercial firms and communities jointly construct an understanding of the value received from working together; and the management practices and structures used to routinize boundary management.

Open Source Valuation

Each institutional context provides its own methods and concepts for determining the value of investments in an open source project. The commercial side faces the challenge of trying to justify, and ideally quantify, the benefits of open source collaborations in business terms. While the value of open source participation is sometimes calculated in terms of financial benefits, the value proposition could also include strategic value (e.g., competitive advantage or ecosystem leadership), operational value (e.g., reduced time-to-market for new products), or organizational value (e.g., improved recruiting or product support). Commercial firms may not be able to justify joining an open source community, or continuing to invest resources, if the value is not presented in an institutionally acceptable way. An open source commons also has governance decisions to make about which companies can be members, and how to structure their decision-making power, that depend on valuation decisions in the context of communal resource stewardship. For example, can a company 'write a check' and become a board member, or are other types of commitment to the commons more highly valued? (e.g., Black Duck, 2013)

We anticipate that a careful study of how joint value creation is expressed, measured, monitored, and communicated across institutional boundaries will help reveal an essential aspect of commerce-commons collaboration (Morgan et al., 2013).

Open Source Management Practices and Structures

Commercial organizations developing and using software with open source components face a complex set of technical and legal issues that increasingly require systematic management. Firms that deploy open source internally, redistribute open source, embed open source in released products, and contribute open source code are creating special processes, offices, and divisions to manage the relationships with the communal world that these activities require. These offices need to reduce the corporate risk of using external sources of innovation, but also need to be advocates for, and stewards of, the benefits of using open source. Questions of how to structure corporate participation, and how to engage formal structures such as not-for-profit foundations, are important to answer.

Our knowledge these management practices and structures is at a very early stage. How companies review code, train employees, work with lawyers, and regulate open source activities within their own organizations are open questions that are increasing in importance. We expect that studies of these open source offices, and how they bridge interactions between outside communities and commercial actors, will reveal important insights into how to manage the commerce-commons boundary more generally.

References

Black Duck. 2013. "OpenStack's Secrets to Success: Igniting Rapid Innovation and Growth through Community," [http://www.blackducksoftware.com/openstack%E2%80%99s-secrets-success-igniting-rapid-innovation-and-growth-through-community accessed November 12, 2013].

Chatterji, A. K., and Fabrizio, K. R. 2013. "Using Users: When Does External Knowledge Enhance Corporate Product Innovation?" *Strategic Management Journal* (forthcoming), [http://onlinelibrary.wiley.com/doi/10.1002/smj.2168/abstract accessed November 12, 2013].

Fitzgerald, B. 2006. "The Transformation of Open Source Software," *MIS Quarterly,* (30:3), pp. 587-598.

Gassmann, O., Enkel, E., and Chesbrough, H. 2010. "The Future of Open Innovation," *R&D Management*, (40:3), pp. 213-221.

Germonprez, M., Allen, J. P., Warner, B., Hill, J., and McClements, G. 2013. "Open Source Communities of Competitors," *Interactions* (20:6), pp. 54-59.

Morgan, L., Feller, J., and Finnegan, P. 2013. "Exploring Value Networks: Theorising the Creation and Capture of Value with Open Source Software," *European Journal of Information Systems,* (22), pp. 569-588.

OCRL 2013. "Open Communities Research Lab pre-LinuxCon 2013 Workshop," [http://ocrl.unomaha.edu/organizational-participation-in-open-communities/project-workshop/ accessed November 12, 2013].

Ostrum, E. 2005. *Understanding Institutional Diversity*, Princeton, NJ: Princeton University Press.