



49 RIVERSIDE AVENUE
WESTPORT, CT 06880
PHONE: 1.203.454.3900
FAX: 1.203.454.0022
EMAIL: INFO@SAUGATECH.COM
WEB: WWW.SAUGATECH.COM

NEWS RELEASE

PR Contact:
Chris MacGregor
1-203-454-3900
chris.macgregor@saugatech.com

For Immediate Release

Saugatuck Technology Announces Open Source User Study

User executives indicate game-changing levels and areas of open source software adoption, deployment, and business value

Westport, CT (October 22, 2007) – Traditional software vendors are underestimating the presence and value of open source software to their customer base, while customers are adopting and adapting open source software – and formally managing it as an IT and business asset – in record numbers.

These are two key conclusions that Saugatuck Technology Inc. examines in its new research study on user open source software adoption, titled "Open Source: The Next Disruptive IT Influence." The 32-page study details the disruptive status and future of open source software within user enterprises, including user enterprise open source presence, drivers behind open source adoption, inhibitors to open source adoption - and the disruptive effects of these changes on software vendor offerings and business models.

“Our research and analysis tell us that the fundamentals of business software are changing due to the presence and growth of open source code and licensing,” stated Saugatuck Managing Director of Research Services Bruce Guptill. “Frankly, vendors have been underestimating the presence, use, and significance of open source within their customer bases – and they have already lost as much as 10 per cent of customer software business as a result.”

Based on 2007 survey research with 200 user enterprise IT and business executives, dozens of user executive interviews, and more than 20 software vendor interviews and briefings, the study includes Saugatuck's analysis and insight regarding not just the data, but the effects of open source on user and vendor business.

Study highlights include the following:

Open source is changing the way user enterprises perceive, buy and use software. And as a result, open source changes how IT vendors and service providers develop, license and support software.

Saugatuck sees three basic stages of open source presence, evolution and maturity through 2012 (i.e., “Early Adoption”, “Core IT Acceptance”, “Commercial Ubiquity”). User enterprises are already entering the second stage, while most vendors are stuck in the first, early stage.

Traditional vendors need to identify and understand opportunities to leverage open source development into their portfolios – not just as components within solutions, but also as tools, and as opportunities to develop or extend their services offerings, from SaaS to SI and beyond.

While the combination of reduced costs and reduced vendor dependence will continue to drive open source adoption through 2012, the ability to adapt and refine source code will remain a top-tier motivator for users – including SMBs.

The study is available for purchase via Saugatuck's web site at <http://www.saugatech.com/395order.htm>. A summary highlight presentation of the research survey data can be downloaded from Saugatuck's web site as well.

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Saugatuck Open Source Research Study – 2 of 2

This is the third of Saugatuck's four major research studies to be released in 2007. Previous studies include:

- **[Three Waves of Change: SaaS Beyond the Tipping Point](http://www.saugatech.com/342order.htm)**: Saugatuck's annual research study on the status and future of software-as-a-service, this report furthers previous Saugatuck thought leadership regarding SaaS usage, provider business models, and SaaS marketplaces and ecosystems. (For more information, go to: <http://www.saugatech.com/342order.htm>)
- **[C-Team Research: Growth and Innovation Driving the Global Business Agenda](http://www.saugatech.com/325order.htm)**: While the pace of economic expansion has moderated in 2007, growth and innovation is clearly on the minds of the 443 senior business, finance and IT executives surveyed by Saugatuck Technology and BusinessWeek Research Services. This report examines the top business and IT goals of C-level executives, and assesses their impacts on IT markets and vendors. For more information, go to: <http://www.saugatech.com/325order.htm>).

About Saugatuck Technology

Saugatuck Technology Inc. provides management consulting and subscription research services to senior executives, information technology vendors, and investors, combining strategy development, business planning, and market intelligence with first-hand research of executive technology buyer trends. Founded in 1999, Saugatuck is headquartered in Westport, Connecticut, with offices in Santa Clara, CA. For more information, visit www.saugatech.com, or call 1.203.454.3900 or 1.408.727.9700.

For Press Inquiries, including setting up one-on-one interviews with the lead authors, please contact Chris MacGregor, Analyst and Media Liaison, at 1.203.454.3900.

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