

## Open-source approach finds financial backing

**By Ross Wehner**

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A growing number of companies along Colorado's Front Range is finding ways to make money from the "open source" movement, a sharing of software code between programmers all over the globe.

"You're starting to see a local ecosystem built up around open source," said Brad Feld, managing director of the Mobius Venture Capital fund in Superior.

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Mobius is one of several venture funds investing in local companies that use open-source software as a key part of their business strategy.

The traditional hubs for open-source-related companies include the San Francisco Bay area, North Carolina's Research Triangle and Portland, Ore.

Denver-based Appian Ventures and other funds last week poured \$4 million into OpenLogic, a software startup in Broomfield. OpenLogic helps businesses integrate and manage the bewildering variety of open-source software programs available on the Internet

"Through one way or another, open source has made it into mainstream business," says OpenLogic chief executive Roy Kligfield. "We're riding the wave."

Earlier this month, the Fort Collins Incubator inducted Ruffdogs, an open-source systems integrator that is seeking venture capital.

Though neither OpenLogic nor Ruffdogs is profitable, OpenLogic counts General Motors as a customer, and Boeing's Integrated Defense Systems in Aurora is testing its software.

The success of both companies hinges on how fast corporate America adopts open-source software.

Open source started in the 1970s as a late-night hobby for U.S.-based programmers but has blossomed into a worldwide movement that grabs market share from Microsoft and other pay-only software companies.

There are other local companies that use a hybrid approach toward open source. They frequently take the free code to build their own commercial software, sort of like copying homework from thousands of classmates around the globe.

Denver-based 5Bridge Open Solutions used open- source code as the base for its software, which manages networked computers in far-flung locations. The company has raised \$2.7 million and is in the hunt for \$6 million more.

"Open source is cheaper for our clients and leverages millions of programmers around the world," said 5Bridge CEO Ross Duncan.

Rally Software, which raised \$4.5 million in venture funds from Mobius, Boulder Ventures and other funds in January, makes software that manages the software-development process. Rally used bits and pieces of open-source code to develop its product, and it's making sure it works well with open-source programs.

"Most programmers use open-source tools," said Richard Leavitt, Rally's vice president of product marketing. "We want to integrate and play nice with them."

Denver-based Ping Identity got a boost in both technology and marketing from open source. The company published its Internet security software for free on the Internet to gain market share and solicit ideas from programmers around the world. Ping, founded in 2002, has raised \$5.8 million so far and is looking for another \$8 million.

"People play with what is free," said Ping CEO Andre Durand. "Next thing you know, they are hooked."

In 2000, Durand helped found Jabber Inc. with \$15 million in financing. The company relies on an open-source project, [www.jabber.org](http://www.jabber.org) , for its Jabber instant-messaging software.

Louisville startup StillSecure uses open-source software as the basis for commercial software that protects businesses from Internet intruders. The company raised \$21 million from Mobius and other funds in 2000.

The company is part of a growing number of businesses that contribute voluntarily to open-source projects by donating new code or money.

"Open source as we know it will not exist in five years," said StillSecure CEO Mitchell Ashley. "There will be more corporate participation and restrictions for commercial use."

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## **The Front Range's open-source ecosystem**

Here's a look at some Front Range companies that are finding ways to make money from the community of open- source programmers around the globe.

Pure open-source companies

OpenLogic, Broomfield, software company that helps firms manage open- source programs.

SourceBeat, Denver, publisher of open- source e-books and documents.

Open-source consultants and systems integrators

Ruffdogs, Fort Collins.

The Uptime Group, Lakewood.

The Linux ETC Company, Louisville.

Tummy.com, Fort Collins.

Virtuas Solutions, Denver.

Commercial companies that leverage open source for product development or marketing

5Bridge Open Solutions, Denver, software that manages remote computers.

Aspen Systems, Fort Collins, supercomputer and other high-end computer systems.

Jabber, Denver, instant-messaging software.

Pillar Data, Longmont, networking storage.

Ping Identity, Denver, software that allows Internet users to sign in once with a password and do business safely on different websites.

Rally Software, Boulder, software that guides the software-development process.

StillSecure, Louisville, network security software.

Local, volunteer-only open-source projects

Jinzora: a Web-based music program organized by software geeks Ross Carlson and Ben Dodson. [www.jinzora.com](http://www.jinzora.com)

Open Solutions for Government: a sharing of open-source software for government agencies organized by Anthony Fortenberry in Broomfield. [www.ogov.org](http://www.ogov.org)  
Open-source software can be downloaded for free from websites such as [www.freshmeat.net](http://www.freshmeat.net) and [www.sourceforge.net](http://www.sourceforge.net) The free Mozilla Web browser can be downloaded from [www.mozilla.org](http://www.mozilla.org)

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